NBG FACTORS

Annual Financial Report

31 December 2019

In accordance with the International Financial Reporting Standards

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Board of Directors Annual Report
on the Financial Statements of Ethniki Factors S.A.
for the financial year 2019

According to the provisions of Company's Act and Company's Articles of Association, the activities of the Company during its eleventh financial year which covers the period from 1 January to 31 December 2019 are presented below.

Company's strategy for the period from January 1 to December 31, 2019 was substantially differentiated between the two semesters, due to the imposition of the contribution of Law 128/75 on the disbursements of the financial institutions in force under Law 4607/2019. (Article 63, Government Gazette A 65). Specifically, during the first half of the year, the Company mainly focused on broadening portfolio clientele basis enhance factoring services to most corporate clientele of the parent Bank , in contrast to the second half where efforts were mainly focused on reducing losses due to of the comparative disadvantage caused by the aforementioned contribution of Law 4607/2019.

On 31 December 2019 Company's loans and advances to customers despite the imposition of contribution of L.4607/2019 amounted to €439,212.4 thousand recording an increase of 2.5% compared to the corresponding figures of fiscal year of 2018, were reached to €428,459.1 thousand. Total factoring volume amounted to €2,711,457.8 thousand against €2,710,765.6 thousand in 2018 remaining stable. Profit before tax for the period amounted to €13,482.2 thousand against €12,785.4 thousand in 2018 (increase 5.5%) due to the reversal of impairment collectively assessed expected from improvement in macroeconomic variables. Profit after tax resulted to €10,400.0 thousand against €9,692.7 thousand in 2018 (increase 7.3%), mainly due to decline in income tax rate to 24% in 2019 (2018:29%).

Company's capital adequacy is being monitored by Bank of Greece which is responsible for collecting necessary reporting data, in accordance with the Bank of Greece Governor's Act 2640/18.01.2011 (as it has been replaced by Bank of Greece Governor's Act 2651/20.1.2012). The calculation of capital adequacy, from 1 January 2010, regarding Factoring Companies is carried out under the monitoring framework of Basel II.

In 2019 the Company's capital adequacy ratios of basic and total equity amounted to 18.90% against 20.56% in 2018.

The Company during its eleventh financial year charged additional credit provisions of €437.8 thousand on individual basis whereas reversed credit provisions collectively assessed amounted to €781.8 thousand due to improvement in macroeconomic variables in the fiscal year of 2019. Total credit provisions charged in statement of financial position amounted to €5,063.5 thousand. Management believes that the accumulated allowance for loan losses clearly reflect the real situation as at 31 December 2019.

The Company's net interest income in 2019 amounted to €11,134.6 thousand against €10,956.2 thousand of 2018 resulting in small increase of 1.6%, whereas net commission income amounted to €4,216.6 thousand against €4,644.9 thousand of 2018 resulting in a decrease of 9.2%, reflecting the impact of the imposition of the contribution of L.4607/19 that limited business development during the second half of 2019. As a result, total income amounted to €15,385.8 thousand against €15,590.4 thousand of 2018 recording a minor decrease of 1.3%. Total expenses, amounted to €2,247.6 thousand (increase 2.7%) of which €988.6 thousand (increase 2.6%) relate to personnel expenses and the remaining amount of €1,249.0 thousand (increase 2.8%) relates to other administrative and operating expenses (premiums, marketing expenses, third party expenses, depreciation of property & equipment , amortization of intangible assets etc). Thus the total expenses (excluding credit provisions) over the total income ratio reached 14.6% compared to 14.0% in 2018.

Going concern

The Company as a 100.0% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the other companies of the NBG Group. Those synergies mainly relate to a) Company's funding for new factoring financing, b) business development and client credit assessment and c) various operational issues. As a result the Company highly correlates its operations to its parent Bank strategy.

As at 31 March 2020, funding to parent Bank from European Central Bank ("ECB") increased by €1.2 billion through long-term refinancing operations ("LTROs") at €3.4 billion (31 December 2019 and 2018: €2.2 billion). As of 31 March 2020 the Bank's secure interbank transactions with foreign financial institutions amounted to €2.0 billion, while the Bank's liquidity buffer stood at €12.3 billion (cash value).

Macroeconomic developments

Economic activity in Greece remained on a steady upward trend in 2019, with GDP increasing by 1.9% y-o-y in FY:2019, same pace as in FY:2018, against a backdrop of weak economic growth in the euro area. This performance was driven by a positive 0.8-pp contribution from net exports, and by the pick-up in private consumption and gross fixed capital formation (0.8% y-o-y and 4.6% y-o-y, respectively), along with a rise in public consumption of 2.2% y-o-y in 2019.

Economic sentiment remained on an upward trend in December 2019, increasing further to a 19-year high in 2M:2020, on the back of buoyant consumer confidence and has been accompanied by a further strengthening in the services, retail and, more recently, construction confidence[1]. The above trends have been bolstered by supportive labour market conditions (the unemployment rate declined to 16.3% in December 2019, the lowest level since March 2011) and an easing in the fiscal stance since 2019[2]. Fiscal overperformance for 2019 was confirmed by the official announcement by Eurostat of annual fiscal data on 22 April 2020, when the primary surplus in General Government reached 4.4% of GDP according to the Enhanced Surveillance definition.

The Budget for 2020 envisages the implementation of expansionary measures of 0.6% of GDP (€1.2 billion) in 2020, which had been planned to be exclusively financed by efficiency improvements and supportive cyclical conditions. The budgeted fiscal expansion is broadly balanced between corporates (decline in corporate income tax rate to 24% from 28%)[3].

The COVID-19 pandemic is inflicting high and rising human costs worldwide, leading to a sharp deterioration in economic conditions since March 2020. Increasing uncertainty and the necessary protection measures, which led to the effective suspension of a wide range of business activities in Greece and a large number of countries globally, are expected to take an unprecedented toll on the economic performance in 2020. The consensus projection for Gross Domestic Product ("GDP") contraction in Q2:2020 points to the sharpest decline ever recorded in national accounts in most economies.

Official sector forecasts for economic activity have been significantly revised downwards in April-May 2020, with the International Monetary Fund ("IMF") projecting on 14 April 2020 a contraction of global GDP of -3.0% y-o-y in FY:2020, compared to the January 2020 forecast of a 3.3% y-o-y increase. Similarly, the 2020 GDP growth forecasts of 2.4% y-o-y for Greece and of 1.2% y-o-y for the euro area published by the EU Commission (Economic Forecasts, Winter 2020) on 13 February 2020 have been revised to -9.7% y-o-y and -7.7% y-o-y, respectively, in the Spring 2020 Economic Forecasts on 6 May 2020. Moreover, the official sector and private consensus forecasts for the time being are pointing to a very sharp, but relatively short, recession, which will be followed by a relatively strong recovery in 2021. These projections are also based on the assumption that the spread of the pandemic will be put under control and no significant recurrence will occur before the end of the year.

Against this backdrop, the Greek economy, which recovered from a 10-year crisis, faces an exogenous shock of unprecedented dimensions. GDP increased by 1.9% y-o-y in 2019, whereas a subset of economic indicators in Q1:2020 pointed to an additional expansion, in a period when the euro slipped into recession. However, economic pressure increases, since the crisis disproportionately affects tourism, transportation and broader services sectors, which play a key role in Greece's economic performance, while it hits the economy at the early stages of its recovery, with a still significant share of businesses and households remaining in a fragile state.

On a positive note, Greece's successful crisis management strategy, involving a pre-emptive lockdown on a wide range of economic activities, led to a timely flattening of the pandemic curve, minimizing human losses. Greece is classified among the best performers in the EU in controlling the spread of the virus, whereas the Government has already proceeded to a gradual lifting of the COVID-19 related restrictions since May 2020, which will continue in June 2020. Moreover, the government activated a fiscal and liquidity package comprised of fiscal transfers, tax deferrals and guarantees, corresponding to almost 8.0% of GDP, which could exceed 10% of GDP including bank leverage. The fiscal support is expected to continue during the rest of the year, with the EU developing new initiatives and mechanisms to financially support the recovery. Similarly, the ECB maximizes its effort to improve its policy transmission to all Eurozone economies (reinstatement of the waiver for Greece, PEPP (Pandemic Emergency Purchase Programme), temporarily loosening of regulatory requirements). However, economic risks remain considerable, with the severe drop in economic activity leading to a significant deterioration in the financial position of the private sector – which is only partly offset by freedom of movement measures – and the pace of recovery remaining uncertain. Moreover, there is still low visibility on the potential longer-term impact of the pandemic on specific economic activities – especially tourism – in the event that COVID-19 remains a significant health concern in the coming year.

For a list of measures that have been adopted in 2020 in order to provide support to the European banking system and the Greek economy in dealing with COVID-19 please see Note 30 Risks and responses related to the COVID-19 outbreak.

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[1] Source: European Commission, Business and consumer survey database

[2] Source: EL.STAT., Labour Force Survey, Monthly Data, December 2019

[3] Source: EL.STAT., Press Release, Fiscal data for the years 2015-2018, 2nd Notification, October 2019 & Ministry of Finance, Budget 2020, November 2019

Management actions during 2019 and for the first five months of 2020

As stated above, during the eleventh financial year Company's strategy was substantially differentiated between the two semesters. During H1 of 2019 main activities were mainly focused on broadening portfolio clientele basis, enhance of strategic partnerships and empowering of synergies with parent Bank, in contrast to H2 where efforts mainly focused on reducing losses due to of the comparative disadvantage caused by the aforementioned contribution of Law 4607/2019.

The Company's course of business is mainly developed through notificated Factoring aiming to provide customers liquidity while maintaining credit risk in acceptable low levels. From total factoring turnover, approximately 76.0% concerns notificated Factoring (i.e. €2,060,847.6 thousand of a total €2,711,457.8 thousand), a fact which certifies the significant acceptance of product in domestic and international market, respecting the credit protection of the Company against risks arising from third party rights.

Company's turnover related to international factoring amounted to €400,752.4 thousand against €496,878.3 thousand of 2018 recording a decrease of 19.3% due to the completion of major projects by strategic clients. As a result export factoring turnover reached to 14.8% of total turnover compared to 18.3% of 2018. Moreover, an amount of €336,061.8 thousand (2018: €431,108.1 thousand) relates to direct export factoring and €64,690.6 thousand (2018: €65,770.2 thousand) relates to factoring was executed via the two-factor system.

Moreover, regarding credit risk against debtors, 72.6% of the total factoring turnover (i.e. €1,969,643.7 thousand) concerns Factoring with recourse and 27.4% concerns Factoring without recourse. It is also be noticed that for a significant part of the credit risks against debtors the Company maintains cooperation with a credit insurance company to mitigate those risks.

Finally, out of total Company's turnover, reverse factoring turnover amounted to €139,878.4 thousand against €126,316.2 thousand of 2018 resulting an increase of 10.7%.

In first months of 2015, Company also applied a detailed pricing model for corporate customers while processing on further optimization.

During 2019 the NBG Group Internal Audit Division performed internal audit concerning Credit Procedures. The reports of the aforementioned audits and the progress on findings' settlement are periodically communicated to Board of Directors.

Also, within 2019, due diligence process was carried out and completed by the European Bank for Reconstruction and Development ("EBRD") and Black Sea Trade and Development Bank ("BSTDB") in order to activate new credit facilities to the Company within 2020.

At the operational level, the Company has carried out significant tests and adjustments by implementing upgraded procedures for interconnecting its infrastructure with customer ERP's, which have adopted e-billing in order to increase productivity, reduce operational risk and operating costs.

In the context of the significant development of the Company's activities in Northern Greece, it was deemed appropriate to establish an office in Thessaloniki within 2019, which is located in parent bank headquarters of financing Medium Corporates.

Since November 2009 the Company is, an inaugural member of Hellenic Factors Association represented in its Board of Directors. Furthermore, the Company is a full member of international factoring association "Factors Chain International" "FCI", since 2009, which counts more than 350 members in 90 different countries.

Factoring market evolution

According to Hellenic Factoring Association "HFA", during 2019 factoring turnover in Greece amounted to €15.0 billion against €14.6 billion of 2018 resulting in an increase of 2.8%. Regarding the distribution of factoring turnover in Greek market based on the criteria of domestic or international Factoring, with or without recourse and notificated or non notificated, 87.3% concerns domestic Factoring (2018: 85.3%), 66.3% refers to Factoring with recourse (2018: 61.5%), and the noticicated Factoring occupies 79.6% of the total turnover (2018: 77.7%). For 2019 Ethniki's Factors market share stood to 18.0%.

According to "EU Federation for the Factoring and Commercial Finance Industry" "EUF" factoring turnover in Greece reached to 8.0% of GDP slightly increased by 0.3% compared to 2018. The stabilization of factoring turnover reflects the strong demand for factoring as financial instrument providing continuous liquidity and exploitation of total assets.

For 2019 the global market according to "FCI" managed an increase of 5.0% against 2018 in factoring turnover amounted to €2.9 trillion, whereas according to "EUF" European market reached to €2.0 trillion increased by 8.0% year-over-year ("y-o-y"). However, an important factor is the average penetration rate of Factoring turnover in

European GDP that stands at 11.3%, against 10.9% of 2018, reflecting the increasing trend and positive prospects for Greek factoring market.

Events after the reporting period

COVID 19 outbreak

The COVID 19 outbreak is a new emerging risk. The Company's priority is always the well-being of our customers and staff. Therefore, we have invoked our business continuity plans to help ensure the safety and well-being of our staff, as well as our capability to support our customers.

In the first quarter of 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has caused a significant global economic downturn which has adversely affected, and is expected to continue to adversely affect, the Company's business. The future impacts of the COVID-19 pandemic on the Greek and global economy and the Company's business. The COVID-19 pandemic has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures severely restrict economic activity. These measures have also negatively impacted, and could continue to negatively impact, businesses, market participants, counterparties and clients as well as the Greek and global economy for a prolonged period of time. The COVID-19 pandemic led to the activation of the Company with the aim of dealing with increased measures regarding our employee health & safety, business continuity through remote work and client support in response to COVID-19 pandemic (see below: Key Focus on Employee, Client Support and Other Stakeholders in Response to the COVID-19 pandemic).

Depending on how the situation develops and the duration of the disruption, there is the potential for any associated economic slowdown to impact Company's expected credit losses. It is also possible that we may see revenue reductions from lower lending and transaction volumes, which may impact Company's RWA and capital position.

While economic scenarios used in cooperation with parent Bank to calculate ECL capture a range of outcomes, the potential economic impact of the COVID 19 was not considered at the year. Moreover, a tightening of financial conditions expected to increase ECL allowance concerning advances to customers during 2020.

The ECL at 31 December 2019 was estimated based on a range of forecast economic conditions as at that date. The impact on GDP and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that will be used to estimate ECL under IFRS 9 in 2020, upon assessment of the duration of the disruption caused by the virus.

The COVID-19 outbreak and uncertainties surrounding the evolution of the disease and its economic impact remain highly uncertain, we continue to monitor the situation closely.

Key Focus on Employee, Client Support and Other Stakeholders in Response to the COVID-19 pandemic

Leveraging on our business continuity plans and capabilities to ensure that our employees remain healthy and safe as well as being able to serve our customers and other related parties of the Company was put as our key priority. This was achieved through:

A. Employees

- Continuous information to the employees of issues related to COVID-19 in collaboration with the parent Bank Human Resources Department.

- Physical presence in the Company's premises of 50% of the employees for the period from March 16, 2020 to March 30, 2020 and 35% for the period after March 30, 2020. The staff cyclically alternates every two weeks.

- Telework for all employees belonging to vulnerable groups.

B. Business Continuity Plan ("BCP")

- Memo for the implementation of the BCP.

- Information to e- factoring services regarding electronic facilities for sending supporting documents.

- Instructions for clients (suppliers) and debtors (buyers) on the Company's website (http://www.nbgfactors.gr/Content/Files/pdf/COVID-19.pdf).

- Receipt in total twenty-seven (27) laptops (i.e., approximately 74% of the total number of employees) from parent Bank IT Department for telework purposes.

- Activating RCSA (Risk Control Self-Assessment) in collaboration with Bank's Operational Risk Department to measure the risks from the adoption of teleworking.

C. Corporate Social Responsibility

- Donation to the Ministry of Health for the supply of 14,000 protective masks with a total cost of €30,100 from the "Corporate Social Responsibility" amount approved for 2020.

The Company will continue its efforts to manage the increased operational risk in relation to the execution of BCP in accordance with the Risk Framework, the Operational Risk Management Program, and the Business Continuity Management System.

Client and Debtor Liabilities Modifications related to COVID-19

Medium & Large Corporates

To facilitate Medium-sized and Large Enterprises, whose operations have been impacted by the COVID-19 following the outbreak of the pandemic in our country, the Company examines the option in cooperation with parent Bank credit committees to defer the payment of their factoring loans, in all or in part. More specifically the Company examines positively requests from clients and debtors regarding the extension of recourse period and payments transfer of factorable receivables accordingly. Respectively, for major debtors, with agreement of the related clients, positive requests are considered for the transfer of their receivables payments until September 30, 2020.

Response to COVID-19 by Greek and European authorities

Greek authorities

In response to the economic and market conditions resulting from the COVID-19 pandemic the Greek government has provided the following measures:

Financial state aid measures

The measures for the qualifying businesses include:

- Granting of guarantees on working capital.
- Subsidising the interest cost for performing loans for April, May and June.
- New loans through the Hellenic Fund for Entrepreneurship & Development S.A. with a 100% interest rate subsidy for the first two years.

Tax measures

The measures for the qualifying businesses and the individuals that affected by the COVID-19 crisis includes:

- Suspension of tax obligation payments until 31 August 2020.
- Suspension of VAT payments until 31 August 2020.
- Suspension of Social Security Contributions (SSC) payments for the period of February and March 2020, until 30 September 2020 and 31 October 2020, respectively.
- 3-month extension of the deadline for the payment of scheduled instalment, in the context of a debt settlement scheme until 31 August 2020.
- 25% discount on tax and social security contributions instalment schemes for April, in case they are paid on time. Only for tax liabilities paid between 30 March and 30 April 2020, for employees of halted firms as well as for self-employed, freelancers and firms.
- Provision of a set off on certified tax liabilities with payment date from 1 May 2020 onwards, equal to 25% of VAT payable in April, in case the latter is paid in due time. Only for VAT payable in April, for qualifying businesses.
- Accelerated refunds of up to 30,000 Euros for income tax and VAT for all open tax audit cases, as on 20 March 2020 for all legal entities for income tax and VAT refunds and all individuals for VAT refunds.
- VAT reduction to 6%, from 24%, for sanitary products (masks, gloves, etc.) until 31 December 2020.
- Relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 crisis until 31 July 2020 for legal persons or individuals, provided, however, that such items shall be made available free of charge to beneficiaries specified in decision.
- The calculation of the Tax on Ownership of Real Estate Property (ENFIA) will be based on the currently applicable "deemed" property values for 2020.

Labor protection measures

• Special allowance of 800 Euros: (1) for short period of time for qualifying self-employed, freelancers and individual businesses affected by the COVID-19 crisis, (2) during the suspension period for employees of firms affected by the COVID-19 crisis, whose labor contract has been suspended based on specific NACE codes, (3) for short period of time for employers (with up to 20 employees) affected by the COVID-19 crisis.

• Special allowance of 600 Euros for a short period of time for economists/accountants, engineers, lawyers, doctors, teachers and researchers

• Unemployment benefit of 400 Euros. Lump sum payment for 155.000 individuals that became long term unemployed since April 2019.

• Extension of the regular unemployment benefit payment, as well as extension of the long term unemployment benefit.

• Introduction of special purpose leave up to 31 May 2020, only for workers with children attending to schools (while schools are closed), the cost of which will be shared between the state, the firm and the employee.

• 40% reduction in commercial rent for March and April 2020 for businesses affected by the COVID-19 crisis.

• 40% reduction in primary and student residence rent for March and April 2020 for employees of firms affected by COVID-19 crisis.

• Ability to suspend contracts of employment of part or all of the staff for a continuous period of 45 days, while prohibiting employees' dismissal. It can be applied for short period of time for qualifying businesses affected by the COVID-19 crisis.

• Ability of transfer staff to other companies within the same group, following a relevant intra company agreement. For qualifying businesses affected by the COVID-19 crisis. Duration of measure is to be determined.

• Possibility for employers to pay the Easter bonus at a later time and until 30 June 2020 for qualifying businesses affected by the COVID-19 crisis.

New measures announced on 20 May 2020

The Greek Ministry of Finance, though a Press Release on 20 May 2020 announced the following new series of tax measures aimed at alleviating the COVID-19 crisis;

• Postponement of the payment of any instalments of debts owed to the tax authorities by qualifying businesses and for employees, whose employment contracts have been suspended.

• Payment of reduced commercial lease (40% reduction) for up to June, July and August 2020 by qualifying businesses.

• Owners of real estate property rented to affected businesses, may also benefit from offsetting part of the revenue lost against their tax liabilities arising after July 2020.

• The right to suspend employment contracts, the provision of the special purpose compensation, as well as the social security coverage will be extended for a prolonged period.

• Advance tax payment reduction for qualifying businesses with turnover decrease in March, April and May 2020 under certain conditions.

• R&D expenses will have a super deduction of 200% instead of the current 130% for expenses incurred as of 1 September 2020 onwards.

• The granting of a new State loan ("Repayable Advance") will be conditioned upon turnover loss in March, April and May 2020, and the total amount to be granted for the two phases will amount to €2 billion.

• Reduction of the Value Added Tax ("VAT") on certain goods and services from a rate of 24% to a rate of 13% for the period from 1 June 2020 to 31 October 2020;

• Tourist packages from 80/20 (80% taxable at 13%, 20% taxable at 24%) to 90/10 (90% taxable at 13%, 10% taxable at 24%) for the period from 1 June 2020 to 31 October 2020.

The Bank believes the above measure implemented or announced by Greek authorities will help its customers meet their financial obligations.

The European Central Bank

In March and April 2020, ECB announced the following measures:

• Temporary increase in the Asset Purchase Programme ("APP") of €120 billion (12 March 2020).

• Pandemic Emergency Purchase Programme ("PEPP") €750 billion until the end of 2020 for all asset categories eligible. Expanded the range of eligible assets under the corporate sector purchase programme ("CSPP") to non-financial commercial paper (18 March 2020).

• Modifications to the terms and conditions of its targeted longer-term refinancing operations (TLTRO III): Interest rate on all targeted longer-term refinancing operations (TLTRO III) reduced by 25 basis points to -0.5% from June 2020 to June 2021. For banks meeting the lending threshold of 0% introduced on 12 March 2020, the interest rate can be as low as -1%. Start of the lending assessment period brought forward to 1 March 2020 (30 April 2020).

• Collateral easing measures: Package of temporary collateral easing measures to facilitate the availability of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations. The main features are:

• Collateral measures to facilitate an increase in bank funding against loans to corporates and households,

• General reduction of collateral valuation haircuts by a fixed factor of 20% and other measures (lowering of the non-uniform minimum size threshold for domestic claims, increase of maximum share of unsecured debt instruments issued by any single other banking group in a credit institution's collateral pool and waiver of the minimum credit quality requirement for marketable debt instruments issued by the Hellenic Republic for acceptance as collateral in Eurosystem credit operations) (7 April 2020).

• New pandemic emergency longer-term refinancing operations: Series of additional longer-term refinancing operations to ensure sufficient liquidity and smooth money market conditions during the pandemic period. Operations allotted on a near monthly basis maturing in the third quarter of 2021 (30 April 2020).

The following prudential measures have also been implemented by ECB;

• Pillar 2: Banks permitted to cover Pillar 2 requirements with capital instruments other than common equity tier 1 (CET1) (12 March 2020).

• Operational flexibility in implementation of bank specific supervisory measures (12 March 2020).

• Will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance ("P2G"), the capital conservation buffer ("CCB") and the liquidity coverage ratio (LCR). The ECB considers that these temporary measures will be enhanced by the appropriate relaxation of the countercyclical capital buffer ("CcyB") by the national macroprudential authorities (12 March 2020)

• Will consider rescheduling on-site inspections and extending deadlines for the implementation of remediation actions stemming from recent on-site inspections and internal model investigations, while ensuring the overall prudential soundness of the supervised banks. In this context, the ECB Guidance to banks on non-performing loans also provides supervisors with sufficient flexibility to adjust to bank-specific circumstances. Extending deadlines for certain non-critical supervisory measures and data requests will also be considered (12 March 2020).

• Capital relief: Total package amounts to €120 billion to absorb losses, or potentially finance up to €1.8 trillion of lending (20 March 2020).

• NPLs: Supervisory flexibility regarding the treatment of NPLs (20 March 2020)

• Dividends and Buy Back: Banks should not pay dividends for financial years 2019 and 2020 until at least 1 October 2020. Also, banks should refrain from share buy-backs (27 March 2020).

• Non-objection opinion on measures taken by macro-prudential authorities in the Euro area by releasing or reducing capital buffer in reply to COVID19 (15 April 2020).

• Market Risk: Temporary relief on market risk capital charges, by allowing banks to adjust the supervisory component of this requirement. The ECB will reduce the qualitative market risk multiplier. This decision will be reviewed after six months on the basis of observed volatility (16 April 2020).

• Grandfathering until September 2021 of eligible marketable assets used as collateral in Eurosystem credit operations falling below current minimum credit quality requirements (22 April 2020).

The European Commission

In April 2020, European Commission announced the following measures:

• Banking package to facilitate lending to households and businesses in the EU (28 April 2020).

• Amendments to the Capital Requirements Regulation (CRR). The European Commission proposes exceptional temporary measures to alleviate the immediate impact of Coronavirus-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favorably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer and by modifying the way of excluding certain exposures from the calculation of the leverage ratio. The European Commission also proposes to advance the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects.

• Interpretative Communication on the EU's accounting and prudential frameworks. The Communication confirms the recent statements on using flexibility within accounting and prudential rules, such as those made by the Basel Committee of Banking Supervision, the European Banking Authority (EBA) and the ECB, amongst others. For example, the respective communication confirms – and welcomes – the flexibility available in EU rules when it comes to public and private moratoria on loan repayments (EBA guidelines of 2 April 2020).

European Banking Authority

In March and April 2020, European Banking Authority (“EBA”) announced the following measures:

• Stress tests: EU-wide stress test postponed to 2021 (12 March 2020).

• Supervisory requests: Competent Authorities (“CAs”) recommended to be pragmatic, flexible and to postpone non-essential activities (12 March 2020).

• Pillar 2: CAs encouraged to make full use of flexibility in Pillar 2 Guidance (P2G) to provide the necessary support (12 March 2020).

• Dividends and share buy backs: EBA stressed institutions should refrain from the distribution of dividends of share buy-backs and assess their remuneration policies in line with the risks stemming from the economic situation (1 April 2020).

• Risk weights for specialised lending exposures: The EBA published a response to the European Commission’s intention to amend the EBA’s final draft regulatory technical standards (“RTS”) for assigning risk weights to specialised lending exposures. The EBA takes the view that the proposed changes, despite their substantive nature, do not alter the draft RTS in a significant manner, as they still maintain a good balance between the flexibility and risk sensitivity required for the Internal Ratings Based (“IRB”) approach and the need for a harmonised regulatory framework (16 April 2020).

• Prudent Valuation RTS: Amendment of the regulatory technical standard on prudent valuation by introducing the use of a 66% aggregation factor to be applied until the 31 December 2020 under the so-called core approach (22 April 2020).

• SREP 2020: Need for a pragmatic approach focusing on the most material risks and vulnerabilities driven by the crisis (22 April 2020).

Council of Ministers of the European Union

On 12 March 2020 the Ministers of Finance of the Member States of the EU agreed with the assessment of the Commission, that the conditions for the use of the general escape clause of the EU fiscal framework – a severe economic downturn in the euro area or the Union as a whole – are fulfilled.

The use of the clause will ensure the needed flexibility to take all necessary measures for supporting our health and civil protection systems and to protect our economies, including through further discretionary stimulus and coordinated action, designed, as appropriate, to be timely, temporary and targeted, by Member States.

Ministers remain fully committed to the respect of the Stability and Growth Pact. The general escape clause will allow the Commission and the Council to undertake the necessary policy coordination measures within the framework of the Stability and Growth Pact, while departing from the budgetary requirements that would normally apply, in order to tackle the economic consequences of the pandemic.

European Banking Association

On 25 March 2020 the EBA stated it is of the view that the public and private moratorium to the extent they are not borrower specific but rather addressed to broad ranges of product classes or customers, do not have to be automatically classified as forbearance measures as for IFRS9 and the definition of default.

Hellenic Bank Association

The Hellenic Bank Association announced in March 2020 that workers, freelancers and small business owners that have been directly affected by the COVID-19 crises as a result of the Government ordering the suspension of their business operations in order to fight the pandemic, will benefit, if the customer so desires, with a deferral of all loan payments for a short period of time. Furthermore, corporations effected by the COVID crisis measures will also benefit, if they choose so, with a short term deferral in the payment of capital and an extension of 75 days that has been provided for post-dated cheques at maturity.

Similar initiatives have been taken by other countries and central banks where the Group operates.

Hellenic Factors Association

The Board of Directors of the Hellenic Factoring Association, in collaboration with domestic business associations and national European Factoring associations, examines the contribution of factoring to relief the effects on the economy from COVID-19 impact. Moreover, in correspondence with the aforementioned associations is expected to be continued investigation, planning and implementation of actions and initiatives aimed at relieving businesses from the effects of COVID-19 pandemic.

Risk Management

The Company adopts the Risk Management Policies of the NBG Group. National Bank of Greece Group operates in a fast growing and changing environment and acknowledges its exposure to banking risks as well as the need for effective risk management. Efficient risk management and control reflect NBG Group commitment to achieve high returns for its shareholders.

Credit Risk

Credit risk arises from an obligor's (or group of obligors) failure to meet the terms of any contract established with the Company. Ethniki Factors faces a concentration of credit risk as far as cash and cash equivalents and loans and advances to customers arising from factoring contracts. This is the most important risk for the Company. Credit risk processes are conducted in cooperation with parent Bank under the framework of the contractual management of this risk. The credit risk procedures established for the Company are coordinated by the Group Risk Control & Architecture Division. The Group's credit granting processes include:

- Credit-granting criteria based on the particular target market, the borrower or counterparty, as well as the purpose and structure of the credit and its source of repayment.
- Credit limits that aggregate in a comparable and meaningful manner different types of exposure, at various levels.
- Clearly established procedures for approving new credits as well as the amendment, renewal and re-financing of existing credits.

The Group maintains on-going credit administration, measurement and monitoring processes, including in particular:

- Documented credit risk policies.
- Internal risk rating systems.
- Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities.

The Group's internal controls that are implemented for the credit risk related processes include:

- Proper management of the credit-granting functions.
- Periodical and timely remedial actions on deteriorating credits.
- Independent, ongoing assessment of the credit risk management processes by Internal Audit, covering in particular the credit risk systems/models employed by the Group

Operational risk

Operational risk is defined as the current or future risk on the Company's earnings and capital arising from inadequate or ineffective internal procedures, from insufficient management of Human Resources or from external factors.

The Company, acknowledging the importance of operational risk, has established and maintained a firm wide and effective, high quality framework for its management.

The Company has outsourced to its parent Bank responsibilities related to operational risk management. Since 2010, the Company has developed an Operational Risk Management Framework (ORMF) considering qualitative and quantitative criteria of Standardised Approach.

During 2019 the annual cycle of ORMF was implemented using the "Open Pages" application developed by IBM Corp.

Especially, in the context of ORMF implementation conducted the following procedures:

- The identification, assessment and monitoring of operational risks (Risk Control Self-Assessment "RCSA")
- The determination of Action Plans for their mitigation
- The collection of operational risk loss events

Liquidity risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner and on reasonable terms.

The Company's principal sources of liquidity are from subordinated bond loans agreements and overdraft accounts with its parent Bank.

Corporate Social Responsibility

The Company since April 2014, has developed and implemented actions of Corporate Social Responsibility regarding donations, sponsorships and charitable contributions, aiming at ensuring high level of ethics on donations, complying with the applicable legal and regulatory, as well as adopting procedures that promote transparency in Company's donations. It should be noted that all actions are approved by the Board of Directors and completed in cooperation with parent Bank and especially with Corporate Governance and Corporate Social Responsibility Department of NBG Group.

The Company shall not undertake and / or participate in actions to support political organizations, parties or movements.

Furthermore, in accordance with international best practices related to donations, sponsorships and other related actions and in compliance with the provisions of Article 6 of Greek Law 4374/2016 regarding transparency in the relationships between banks and media companies and sponsored persons, the Company discloses information on all payments made within the relevant fiscal year, to media companies and sponsored persons. In the context of compliance with the above policy, the Company reports analytically the donations to NBG Group on a quarterly basis.

The Company during 2016-2018 donated €90.000,00 to the following non-profit organizations:

Date	Actions of Corporate Social Responsibility	Amounts in €
February 2016	Medical care and humanitarian aid at frontier islands of the Eastern Aegean via the crowdfunding program of the online platform act4Greece	4,000
February 2016	''Digital Archive'': Creation of an online educational and research platform on the Greek Revolution 1821 via the crowdfunding program of the online platform act4Greece	4,000
April 2016	Support of research and educational needs of the A' Psychiatric Clinic of the University of Athens / Department of Psychotherapy Center	4,000
May 2016	Donation to Chatzikiriakeio Foundation of Child Support	4,000
May 2016	Donation to voluntary non-profit organization of mother and child protection ''Ark of the World''	4,000
March 2017	Construction of a model playground for children with vision problems and additional disabilities in Amymoni via the crowdfunding program of the online platform act4Greece	4,000
March 2017	Support of Hellenic Book Club's initiative with creation of quality lending libraries in 20 Greek schools via the crowdfunding program of the online platform act4Greece	3,000
March 2017	Provision of school meals to primary schoolchildren in the Municipalities of Trikala and Kavala via the crowdfunding program of the online platform act4Greece.	8,000
December 2017	Renovation works and furnishing of Pedopolis – Vocational School ''Agia Varvara''of the Center of Social Welfare of Attica	15,000
March 2018	''I Care & Act'': Educational visits for experiential volunteer actions via the crowdfunding program of the online platform act4Greece	15,000
March 2018	Epikentro: Supporting vulnerable social groups in the municipality of Athens via the crowdfunding program of the online platform act4Greece	5,000
December 2018	Donation to Standard National Nursery School of Kallithea	20,000
Total		**90,000**

Board of Directors Annual Report

For 2019, the budget for actions of Corporate Social Responsibility amounted to €40,000 of which €3,000 have already offered to the Association of Shareholders of NBG for 2020 notebook publication and €5,800 for the provision of audiovisual equipment to Middle School of Anafi with High School Classes.

Finally, on April 2020, the Company aware of its responsibility towards to the growing needs of the National Health System due to Covid-19 pandemic proceeded in cooperation with Ministry of Health to donation of €30,100 for the supply of 14,000 FFP2 type masks.

2020 Perspectives

The COVID-19 impact is expected to be significant for the global economy. Considerable parameters that will determine factoring turnover entirely will be supply chain finance operations in receivables financing, the increase of credit risk due to the deterioration of the financial position of entities, and the consequent policy pursued by credit insurance companies where concerns the maintenance or limitation of debtors' insurance limits and the occurrence of fraud in commercial transactions. Respectively, COVID-19 effects are also expected to be negative for Greek economy and consequently Greek companies. Despite the fact that the forecasts for GDP growth present a significant but temporary recession, taking into consideration the endurance shown by the industry during the years of economic recession in Greece, we consider that the total factoring turnover in 2020 will present slightly negative up to marginal stabilized trends.

Among the strategic goals of the Company for the financial year 2020 are the following:

1. To maintain the extremely low NPL's rate to a temporary under economic recession environment for entities.
2. To facilitate entities, whose operations have been impacted by the COVID-19 in cooperation with parent Bank.
3. To increase robust profitability and enhance market share.
4. To improve the cost to income ratio (C/I).
5. To develop international and selective reverse factoring activities.
6. To maintain and improve the high quality services tailored to the specific needs of client.
7. To invest in modernize IT platforms and processes in order to minimize costs and operational risk.
8. To develop e-services to business clientele in order to digitalize a great variety of factoring transactions.
9. To focus on employees development and training.

Dividend Policy

The Management will propose to the Annual General Assembly of the shareholders to approve the appropriation of amount €520.0 thousand as a statutory reserve according to provisions of Law 4548/2018 and the distribution of dividend of €6.800 thousand from current and past year's profits. This decision is subject to the approval from the Annual General Assembly of the Shareholders.

Athens, 3 June 2020

The Chairman of the Board of Directors	The Chief Executive Officer
Charalampos Vovos	Alexandros Kontopoulos

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of "ETHNIKI FACTORS SINGLE MEMBER S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of "ETHNIKI FACTORS SINGLE MEBER S.A." (Company) which comprise the statement of financial position as of 31 December 2019, the statements of comprehensive income, changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

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pwc

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the Board of Directors' Report for the year ended at 31 December 2019 is consistent with the financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Law 4548/2018, and for such internal control as the Board of Directors 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, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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, 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 the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 those charged with governance 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

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Athens, 4 June 2020

The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
Soel Reg. No 113

Marios Psaltis
Soel Reg. No 38081

Statement of Comprehensive Income
For the period ended 31 December 2019

Amounts in €	Note	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Interest and similar income	4	19,944,119	17,885,838
Interest expense and similar charges	4	(8,809,473)	(6,929,624)
Net Interest Income		**11,134,646**	**10,956,214**
Fee and commission income	5	7,251,223	7,561,062
Commission expense	5	(3,034,612)	(2,916,179)
Net fee and commission income		**4,216,611**	**4,644,883**
Net trading income		34.559	(10,668)
Net Operating Income		**15.385.816**	**15,590,429**
Personnel expenses	6	(998,557)	(973,472)
General, administrative and other operating expenses	7	(1,131,450)	(1,168,947)
Amortization of intangible assets	12	(39,957)	(39,957)
Depreciation of property and equipment	13	(77,609)	(5,872)
Credit provisions	8	343,970	(616,785)
Total Expenses		**(1,903,603)**	**(2,805,033)**
Profit before tax		**13,482,213**	**12,785,396**
Tax expense	9	(3,082,199)	(3,092,718)
Profit for the period		**10,400,014**	**9,692,678**
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		(14,538)	4,244
Other comprehensive income for the period, net of tax:		(14,538)	**4,244**
Total comprehensive income for the period		**10,385,476**	**9,696,922**

Athens, 3 June 2020

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD OF FINANCIAL SERVICES
CHARALAMPOS VOVOS No of Pol. Identity AK226323	ALEXANDROS KONTOPOULOS No of Pol. Identity X549459	PANAGIOTIS MAVRAGANIS No of Pol. Identity X010495

The notes on pages 17 to 62 form an integral part of these financial statements

Statement of Financial Position
as at 31 December 2019

Amounts in €	Note	31.12.2019	31.12.2018
ASSETS			
Cash and balances with banks	10	21,417,013	20,872,098
Loans and advances to customers	11	439,212,404	428,459,080
Software and other intangible assets	12	346,204	386,161
Property and equipment	13	562,455	5,540
Current income tax asset	9	546,414	-
Other assets	15	46,591	38,388
Total assets		**462,131,081**	**449,761,267**
LIABILITIES			
Due to banks	16	67,526,535	13,051,318
Debt securities in issue	17	299,976,667	346,302,724
Due to customers	18	10,919,048	11,696,765
Deferred tax liabilities	14	4,574,158	3,832,520
Retirement benefit obligations	19	150,725	118,056
Current income tax liabilities	9	-	222,064
Other liabilities	20	3,337,245	2,576,593
Total liabilities		**386,484,378**	**377,800,040**
SHAREHOLDERS' EQUITY			
Share capital	21	20,000,000	20,000,000
Share premium	21	30,000,000	30,000,000
Reserves	22	3,582,769	3,112,673
Retained earnings	23	22,063,934	18,848,554
Total Shareholders' Equity		**75,646,703**	**71,961,227**
Total Liabilities and Equity		**462,131,081**	**449,761,267**

Athens, 3 June 2020

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Statement of Changes in Equity
For the period ended 31 December 2019

Amounts in €	Share Capital	Share Premium	Defined benefit plans	Statutory Reserve	Retained earnings	Total
Balance at 1 January 2018	**20,000,000**	**30,000,000**	**(23,652)**	**2,718,186**	**17,723,840**	**70,418,374**
Impact of IFRS9	-	-	-	-	(1,654,069)	(1,654,069)
Balance at 1 January 2018 adjusted for IFRS9 impact	**20,000,000**	**30,000,000**	**(23,652)**	**2,718,186**	**16,069,771**	**68,764,305**
Other comprehensive income	-	-	4,244	-	-	4,244
Profit for the period	-	-	-	-	9,692,678	9,692,678
Dividends paid	-	-	-	-	(6,500,000)	(6,500,000)
Statutory reserve	-	-	-	413,895	(413,895)	-
Balance at 31 December 2018 & at 1 January 2019	**20,000,000**	**30,000,000**	**(19,408)**	**3,132,081**	**18,848,554**	**71,961,227**
1 January 2019	**20,000,000**	**30,000,000**	**(19,408)**	**3,132,081**	**18,848,554**	**71,961,227**
Other comprehensive income	-	-	(14,538)	-	-	(14,538)
Profit for the period	-	-	-	-	10,400,014	10,400,014
Dividends paid	-	-	-	-	(6,700,000)	(6,700,000)
Statutory reserve	-	-	-	484,634	(484,634)	-
Balance at 31 December 2019	**20,000,000**	**30,000,000**	**(33,946)**	**3,616,715**	**22,063,934**	**75,646,703**

Athens, 3 June 2020

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Cash Flow Statement
For the period ended 31 December 2019

Amounts in €	Note	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Cash Flows from operating activities			
Profit before tax		**13,482,213**	**12,785,396**
Non cash items included in statement of total comprehensive income and other adjustments:		**6,961,479**	**7,606,178**
Depreciation of property and equipment	13	77,609	5,872
Amortization of intangible assets	12	39,957	39,957
Credit provisions	8	(343,970)	616,785
Provision for employee benefits	19	13,881	13,940
Interest expense and similar charges	4	7,174,002	6,929,624
Net (increase)/decrease in operating assets :		**(11,195,274)**	**(92,334,732)**
Due from / to customers		(11,187,071)	(92,334,727)
Other assets		(8,203)	(5)
Net increase/(decrease) in operating liabilities:		**(2,910,246)**	**(2,088,326)**
Other Liabilities		194,543	405,577
Income tax paid		(3,104,789)	(2,493,903)
Net Cash flows from/(for)operating activities		**6,338,172**	**(74,031,484)**
Cash flows from investing activities:			
Purchase of software and other intangibles	12	-	(127,054)
Purchase of property and equipment	13	-	(6,890)
Net Cash flows from/(for) investing activities		**-**	**(133,944)**
Cash flows from financing activities:			
Proceeds from debt securities		34,838,983	358,589,480
Repayment of debt securities		(81,208,374)	(242,242,578)
Debt securities issue costs	17	-	(80,000)
Due to banks	16	54,335,841	(14,375,417)
Repayment of debt securities interest expenses		(6,926,022)	(6,138,203)
Repayment of interest expenses of ROU assets		(13,923)	-
Principal elements of lease payments		(68,415)	-
Interest paid		(51,347)	(666,545)
Dividends paid		(6,700,000)	(6,500,000)
Net cash flows from/(for) financing activities		**(5,793,257)**	**88,586,737**
Net increase/(decrease) in cash and cash equivalents		**544,915**	**14,421,309**
Cash and balances with the banks at beginning of period		20,872,098	**6,450,789**
Cash and balances with the banks at end of period		**21,417,013**	**20,872,098**

Athens, 3 June 2020

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD OF FINANCIAL SERVICES
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No of Pol. Identity AK226323	No of Pol. Identity X549459	No of Pol. Identity X010495

The notes on pages 17 to 62 form an integral part of these financial statements

Notes to the Financial Statements

NOTE 1: General information

The Company was founded on 19 May 2009 and operates under the name "ETHNIKI FACTORS S.A." (hereinafter the "Company"). The Company's headquarters are located at 128-132 Athinon Av. & Ifigeneias Str. Athens, Greece, (Reg. 68123/01/B/09/166) and register number G.E.MH. 008805601000. Company's duration has been set to be fifty (50) years and can be extended with resolution of its Shareholders' General Assembly. Company's purpose is to provide all types of factoring services according to the provisions of law 1905/1990.

The Company is a subsidiary of National Bank of Greece S.A., which owns 100% of the Company's share capital. The Company's financial statements are consolidated in the financial statements of National Bank of Greece S.A. under the full consolidation method.

The Board of Directors, whose term expires at 23 December 2022 according to the art. 13 of the Company's Article of Association, consists of the following members:

Charalampos K. Vovos	The Non-Executive Chairman of the Board of Directors
Alexandros V. Kontopoulos	Chief Executive Officer and Executive Member
Effrosyni K. Griza, Non-executive Member	Non – Executive Member
Eleni A. Kappatou	Non – Executive Member
Panteleimon D. Maraveas	Non – Executive Member
Ioanna I. Sapountzi	Non-executive Member
Dimitrios G. Katsikavelis	Independent Member

These annual financial statements have been approved for issue by the Company's Board of Directors on 3 June 2020.

The financial statements are subject to approval by the Company's Annual General Assembly of the Shareholders.

NOTE 2: Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company for the year ended 31 December 2019 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the E.U. The amounts are stated in Euro rounded to the nearest thousand, (unless otherwise stated for ease presentation).

The financial statements have been prepared under the historical cost convention. The preparation of the financial statements in conformity with the IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Use of the available information and application of judgment is inherent in the formation of estimates in the following areas: retirement benefits obligation, impairment of loans and receivables, liabilities from unaudited tax years and contingencies from litigation. Actual results in the future may differ from those reported.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Going Concern

The Company as a 100.0% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the other companies of the NBG Group. Those synergies mainly relate to a) Company's funding for new factoring financing, b) business development and client credit assessment and c) various operational issues. As a result the Company highly correlates its operations to its parent Bank strategy.

As at 31 March 2020, funding from the ECB increased by €1,2 billion through longer-term refinancing operations (''LTROs'') at €3,4 billion (31 December 2018: €2,2 billion, solely TLTROs).As of 31 March 2020 the Bank's secure interbank transactions with foreign financial institutions amounted to €2.0 billion, while the parent Bank's liquidity buffer stood at €12,3 billion (cash value).

Macroeconomic developments

Economic activity in Greece remained on a steady upward trend in 2019, with Gross Domestic Product ("GDP") increasing by 1.9% year-over-year ("y-o-y") in FY:2019, same pace as in FY:2018, against a backdrop of weak economic growth in the euro area. This performance was driven by a positive 0.8-pp contribution from net exports, and by the pick-up in private consumption and gross fixed capital formation (0.8% y-o-y and 4.6% y-o-y, respectively), along with a rise in public consumption of 2.2% y-o-y in 2019.

Economic sentiment remained on an upward trend in December 2019, increasing further to a 19-year high in 2M:2020, on the back of buoyant consumer confidence and has been accompanied by a further strengthening in the services, retail and, more recently, construction confidence. The above trends have been bolstered by supportive labor market conditions (the unemployment rate declined to 16.3% in December 2019, the lowest level since March 2011) and an easing in the fiscal stance since 2019. Fiscal overperformance for 2019 was confirmed by the official announcement by Eurostat of annual fiscal data on 22 April 2020, when the primary surplus in General Government, according to the Enhanced Surveillance definition, reached 4.4% of GDP.

The Budget for 2020 envisages the implementation of expansionary measures of 0.6% of GDP (€1.2 billion) in 2020, which had been planned to be exclusively financed by efficiency improvements and supportive cyclical conditions. The budgeted fiscal expansion is broadly balanced between corporates (decline in corporate income tax rate to 24% from 28%)[4].

The COVID-19 pandemic is inflicting high and rising human costs worldwide, leading to a sharp deterioration in economic conditions since March 2020. Increasing uncertainty and the necessary protection measures, which led to the effective suspension of a wide range of business activities in Greece and a large number of countries globally, are expected to take an unprecedented toll on the economic performance in 2020. The consensus projection for Gross Domestic Product ("GDP") contraction in Q2:2020 points to the sharpest decline ever recorded in national accounts in most economies.

Official sector forecasts for economic activity have been significantly revised downwards in April-May 2020, with the International Monetary Fund ("IMF") projecting on 14 April 2020 a contraction of global GDP of -3.0% y-o-y in FY:2020, compared to the January 2020 forecast of a 3.3% y-o-y increase. Similarly, the 2020 GDP growth forecasts of 2.4% y-o-y for Greece and of 1.2% y-o-y for the euro area published by the EU Commission (Economic Forecasts, Winter 2020) on 13 February 2020 have been revised to -9.7% y-o-y and -7.7% y-o-y, respectively, in the Spring 2020 Economic Forecasts on 6 May 2020. Moreover, the official sector and private consensus forecasts for the time being are pointing to a very sharp, but relatively short, recession, which will be followed by a relatively strong recovery in 2021. These projections are also based on the assumption that the spread of the pandemic will be put under control and no significant recurrence will occur before the end of the year.

Against this backdrop, the Greek economy, which recovered from a 10-year crisis, faces an exogenous shock of unprecedented dimensions. GDP increased by 1.9% y-o-y in 2019, whereas a subset of economic indicators in Q1:2020 pointed to an additional expansion, in a period when the euro slipped into recession. However, economic pressure increases, since the crisis disproportionately affects tourism, transportation and broader services sectors, which play a key role in Greece's economic performance, while it hits the economy at the early stages of its recovery, with a still significant share of businesses and households remaining in a fragile state.

On a positive note, Greece's successful crisis management strategy, involving a pre-emptive lockdown on a wide range of economic activities, led to a timely flattening of the pandemic curve, minimizing human losses. Greece is classified among the best performers in the EU in controlling the spread of the virus, whereas the Government has already proceeded to a gradual lifting of the COVID-19 related restrictions since May 2020, which will continue in June 2020. Moreover, the government activated a fiscal and liquidity package comprised of fiscal transfers, tax deferrals and guarantees, corresponding to almost 8.0% of GDP, which could exceed 10% of GDP including bank leverage. The fiscal support is expected to continue during the rest of the year, with the EU developing new initiatives and mechanisms to financially support the recovery. Similarly, the ECB maximizes its effort to improve its policy transmission to all Eurozone economies (reinstatement of the waiver for Greece, PEPP (Pandemic Emergency Purchase Programme), temporarily loosening of regulatory requirements). However, economic risks remain considerable, with the severe drop in economic activity leading to a significant deterioration in the financial position of the private sector – which is only partly offset by freedom of movement measures – and the pace of recovery remaining uncertain. Moreover, there is still low visibility on the potential longer-term impact of the pandemic on specific economic activities – especially tourism – in the event that COVID-19 remains a significant health concern in the coming year.

For a list of measures that have been adopted in 2020 in order to provide support to the European banking system and the Greek economy in dealing with COVID-19 please see Note 30.

Going concern conclusion

Management of the parent Bank concluded that a going concern issue does not exist after considering (a) the current level of European Central Bank ("ECB") funding mainly from Targeted Long-term Refinancing Operations ("TLTROs") and the current access to the Eurosystem facilities with significant collateral buffer and Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") well above 100%, (b) the parent Bank's and the Group's CET1 ratio of 31 March 2020 which exceeded Supervisory Review and Evaluation Process "SREP" requirements, (c) the unprecedented response to Coronavirus ("COVID-19") from European and Greek authorities to provide both fiscal and monetary support.

[4] Source: EL.STAT., Press Release, Fiscal data for the years 2015-2018, 2nd Notification, October 2019 & Ministry of Finance, Budget 2020, November 2019

Management of the Company taking into account the strong profitability, the capital adequacy ratio, the positive cash flows from operating activities and the fact that the parent Bank prepares its financial statements with the going concern assumption, that is well positioned to adequately support its business plan over the coming year (2020) and for this reason prepared its own financial statements on a going concern basis.

2.3 Adoption of International Financial Reporting Standards (IFRS)

2.3.1 New standards, amendments and interpretations to existing standards effective from 1 January 2019

New standards

-IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019). IFRS 16 supersedes relevant lease guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an agreement contains a lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal From of a Lease*, and establishes principles for the recognition, measurement, presentation and disclosure of lease agreements, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use (RoU) asset, representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the future lease payments, discounted using the rate implicit in the lease or, if this rate cannot be readily determined, the lessee's incremental borrowing rate (IBR). The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The RoU asset is initially measured at the amount of the lease liability plus any additional direct costs by the lesee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligation or similar.

Subsequently, the RoU asset is amortised over the length of the lease, and the lease liability is measured at amortised cost. The operating lease expense for the leases accounted for under IAS 17 is replaced by a depreciation charge for the RoU asset and an interest expense from the unwinding of the discount on the lease liability. The change in presentation of operating lease expenses results in an improvement in cash flows from operating activities and a corresponding decline in cash flows from financing activities.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases, using the same classification criteria provided by IAS 17.

Leases in which the Company is a Lessee

The Company applied the modified retrospective approach, where the RoU asset is set equal to the amount of the lease liability upon adoption, and did not restate the comparative information. The Company applied the practical expedient to grandfather the lease definition on transition to IFRS 16 and not reassess whether a contract is or contains a lease. Therefore, at the transition date (i.e. 1 January 2019), the Company applied IFRS 16 solely to contracts that were previously identified as leases based on IAS 17 and IFRIC 4.

The Company has elected to take a recognition exemption for short-term leases and leases of low-value items, for which lease payments are recognized as operating expenses on a straight-line basis over the lease term.

As at 31 December 2018, the Company had non-cancellable operating lease commitments of €535,972. Since most of these arrangements relate to leases, IFRS 16 increased the assets and liabilities of the Company by €517,319. Refer to Note 31 for more details on the impact of the first time adoption of IFRS 16 as at 1 January 2019.

The Company's RoU assets and lease liabilities are included in line items 'Property and equipment' and 'Other liabilities', respectively.

Amendments and interpretations

The Company has adopted the following amendments and interpretations which did not have a material impact on the Group's consolidated or separate financial statements.

-Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7- On 26 September 2019 the International Accounting Standards Board (IASB) published 'Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7' (the "amendments"). This concludes phase one of the IASB's work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an "RFR"). These amendments were endorsed by the European Commission on 15 January 2020 and apply from 1 January 2020 with early adoption permitted.

-IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment under IAS 12 “Income Taxes”. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, unused tax losses and unused tax credits and tax rates.
-IAS 19 (Amendments) Plan Amendment, Curtailment or Settlement. The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

Annual Improvements to IFRS Standards 2015–2017 Cycle. The amendments set out below include changes to four IFRSs.

IFRS 3 Business Combinations – the amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.
IFRS 11 Joint Arrangements – the amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
IAS 12 Income Taxes – the amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.
IAS 23 Borrowing Costs –the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

-IFRS 9 (Amendments) Prepayment Features with Negative Compensation. The amendments to the existing requirements in IFRS 9 regarding termination rights allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or depending on the business model at fair value through other comprehensive income if a specified condition is met instead of at fair value through profit or loss.

-IAS 28 (Amendments) Long-Term Interests in Associates and Joint Ventures. The amendments clarify that companies account for long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied, using IFRS 9.

New standards, amendments and interpretations to existing standards effective for subsequent periods

Amendments and interpretations

-Definition of Material - Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on 1 January 2020). In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ’Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are not expected to have an impact on the Company’s financial statements.

-**Conceptual Framework. In March 2018**, the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the “Framework”), which becomes effective in annual periods beginning on 1 January 2020. The Framework sets out the fundamental concepts of financial reporting that guide the IASB in developing IFRS Standards. The Framework underpins existing IFRS Standards but does not override them. Preparers of financial statements use the Framework as a point of reference to develop accounting policies in rare instances where a particular business transaction is not covered by existing IFRS Standards. The IASB and the IFRS Interpretations Committee will begin to use the new Framework immediately in developing new, or amending existing, financial reporting standards and interpretations.

IAS 1 (Amendment) ‘Classification of liabilities as current or non-current’ (effective for annual periods beginning on or after 1 January 2022). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability. The amendment has not yet been endorsed by the EU.

The amendments are not expected to have an impact on the Company’s financial statements.

2.4 Foreign currency transactions

Items included in the financial statements of the Company are measured and presented in Euro (€), which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of total comprehensive income.

When preparing the financial statements, monetary items are translated at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the translation of monetary items at the preparation of financial statements are recognised in the statement of total comprehensive income.

2.5 Financial assets and liabilities

This category includes cash and cash equivalents, customer receivables, other assets and liabilities and finally debt securities issued and other bank borrowings.

Financial instruments are presented as assets, liabilities or equity in accordance with the substance of the contractual arrangements from which they derive. Interests, dividends, gains or losses derive from financial instruments characterized as assets or liabilities are recognized as income or expenses respectively. Dividends' distribution is recognized directly in Equity. The Company does not enter into derivative financial instruments used for hedging and trading.

2.6 Classification of financial assets

The Company uses the measurement category "Debt instruments at amortised cost" for its financial assets on the basis of:

a) the Company's business model for managing the financial asset and

b) the contractual cash flow characteristics of the financial asset.

Business model assessment

The business models reflect how the Company manages its debt financial assets in order to generate cash flows. This assessment is performed on the basis of scenarios that the Company reasonably expects to occur. The assessment is based on all relevant and objective information that is available at the time of the business model assessment. The Company has identified the business model "**Held to collect contractual cash flows ("HTC")"** for debt its financial assets. The Company's objective is to hold the financial assets and collect the contractual cash flows. All the assets in this business model give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Debt instruments classified in this business model are measured at amortised cost. Loans within this category may be sold to manage the concentration of the Company's credit risk to a particular obligor, country or industrial sector, without an increase in the asset's credit risk. Such sales are consistent with the business model objective if they are infrequent (even if significant in value) or insignificant in value both individually and in the aggregate (even if frequent).

Contractual cash flow characteristics

The Company assesses the characteristics of its financial assets' contractual cash flows at initial recognition in order to determine whether they are SPPI. This is referred to as the "SPPI test". Interest amount within a basic lending arrangement, is typically the consideration for the time value of money and the credit risk. Interest may also include consideration for other basic lending risks such as liquidity and costs (e.g. administration associated with holding the financial asset for a particular period of time), as well as a profit margin. Interest may also be negative if the Company decides to effectively pay a fee for the safekeeping of its money for a particular period of time. The Company considers that an originated or a purchased financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form and irrespective if it was purchased at a deep discount.

Non-recourse loans

When a financial instrument's contractual cash flows are specifically derived from specified assets of the borrower (seller), the Company assesses whether the cash flows arising from the debt instrument are SPPI. In order to conclude whether the loan represents a basic factoring agreement and its return does not vary based on the performance of the underlying asset or project, the Company assesses whether there is an adequate buffer to absorb credit losses.

2.6.1 Measurement of financial assets

Financial assets measured at amortised cost

A debt financial asset is measured at amortised cost if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that pass the SPPI test.

The financial assets classified within this category, mainly include the following asset classes:

- Sight and time deposits with banks

- Loans and advances to customers
- Other receivables included in line item "other assets"

Subsequent to initial recognition, the debt financial asset is measured at amortised cost using the effective interest rate ("EIR") method for the allocation and recognition of interest revenue in line item "interest and similar income" of the income statement over the relevant period. The amortised cost is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income on debt financial assets is calculated on the gross carrying amount if the asset is classified in stage 1 or 2. When a debt financial asset becomes credit-impaired (classified in stage 3), interest income is calculated on the amortised cost (i.e. the gross carrying amount adjusted for the impairment allowance).

The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's gross carrying amount. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (e.g. prepayment, extension, call and similar options). The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts. Fees that are an integral part of the EIR of a financial instrument are treated as an adjustment to the EIR.

Except for purchased or originated financial assets that are credit-impaired ("POCI") on initial recognition, expected credit losses ("ECL") are not considered in the calculation of the EIR. For a POCI financial asset, the credit-adjusted EIR is applied when calculating the interest revenue and it is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's amortised cost. The Company includes the initial ECL in the estimated cash flows when calculating the credit-adjusted EIR for such assets.

2.6.2 Impairment - Expected Credit Losses

ECL are recognised for all financial assets measured at amortised cost, debt financial assets measured at FVTOCI, lease receivables, financial guarantees and certain loan commitments. ECL represent the difference between contractual cash flows and those that the Company expects to receive, discounted at the EIR. For loan commitments and other credit facilities in scope of ECL, the expected cash shortfalls are determined by considering expected future draw downs.

Recognition of expected credit losses

At initial recognition, an impairment allowance is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 1. For instruments with a remaining maturity of less than 12 months, ECL are determined for this shorter period.

In the event of a significant increase in credit risk ("SICR"), an ECL allowance is required, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of the financial instrument ("lifetime ECL"), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 2.

Lifetime ECL are always recognised on financial assets for which there is objective evidence of impairment, that is they are considered to be in default or otherwise credit-impaired. Such instruments are referred to as instruments in Stage 3.

POCIs are classified as credit impaired. An instrument is POCI if it has been purchased with a material discount to its par value that reflects the incurred credit losses or is originated with a defaulted counterparty.

For POCI financial assets, the Company recognises adverse changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the income statement. POCI are initially recognised at fair value with interest income subsequently being recognised based on a credit-adjusted EIR. POCI may also include financial instruments that are newly recognised following a substantial modification and remain a separate category until maturity. Any favourable changes for POCI assets are impairment gain even if the resulting expected cash flows exceed the estimated cash flows on initial recognition.

The Company does not apply the practical expedient that allows a lifetime ECL for lease receivables to be recognised irrespective of whether a SICR has occurred. Instead, all such receivables are incorporated into the standard ECL calculation.

ECL are recognised in the income statement with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the statement of financial position. For financial assets measured at FVTOCI, the carrying value is not reduced, but the ECL allowance is recognised in OCI. For off-balance sheet financial instruments, the ECL allowance is reported as a provision in “other liabilities”. ECL are recognised within the income statement in “credit provisions and other impairment charges”.,

Write-off

A write-off is made when the Company does not have a reasonable expectation to recover all or part of a financial asset. Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are generally credited to “credit provisions and other impairment charges”. Write-offs and partial write-offs represent derecognition or partial derecognition events.

Definition of default

The Company has aligned the definition of default for financial reporting purposes, with the non performing exposures (NPE) definition used for regulatory purposes, as per EBA Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures, as adopted by the Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (“EBA ITS”). The definition of default for financial reporting purposes is consistent with the one used for internal credit risk management purposes.

Measurement of expected credit losses

The Company assesses on a forward-looking basis the ECL associated with all financial assets subject to impairment under IFRS 9. The Company recognises an ECL allowance for such losses at each reporting date. The measurement of ECL reflects:

• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Company uses three macroeconomic scenarios and estimates the ECL that would arise under each scenario. A weighting is allocated to each scenario, such that the weighted probabilities of all three scenarios are equal to one. The distribution of possible ECL may be non-linear, hence three distinct calculations are performed, where the associated ECLs are multiplied by the weighting allocated to the respective scenario. The sum of the three weighted ECL calculations represents the probability-weighted ECL.

• The time value of money.

• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For the purposes of measuring ECL, the estimate of expected cash shortfalls reflects the cash proceeds expected from collateral liquidation (if any) and other credit enhancements that are part of the contractual terms and are not recognised separately by the Company. The estimate of expected cash shortfalls on a collateralized loan exposure reflects the assumptions used regarding the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether the foreclosure is probable.

The ECL calculations are based on the following factors:

• **Exposure at Default (“EAD”):** This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

• **Credit Conversion Factor (“CCF”):** The CCF converts the amount of a credit line and other off-balance sheet amounts to an EAD amount.

• **Probability of Default (“PD”):** Represents the likelihood of a borrower/issuer defaulting on its financial obligation, assessed on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default either over the next 12 months for Stage 1 financial assets, or over the remaining lifetime, for Stage 2 and 3 financial assets.

• **Loss given default (“LGD”):** Represents the Company’s expectation of the extent of loss on a defaulted exposure. The LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The determination of LGD takes into account expected future cash flows from collateral and other credit enhancements, or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims. LGD is expressed as a percentage loss per unit of EAD.

• **Discount Rate:** The implied discount factor based on the original EIR of the financial asset or an approximation thereof.

The PD and LGD are determined for three different scenarios whereas EAD projections are treated as scenario independent.

The ECL is determined by projecting the PD, LGD and EAD for each time step between future cash flow dates and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival, if appropriate. This effectively calculates an ECL for each future period, which is then discounted back to the reporting date and summed.

Forward looking economic inputs

Forward looking information (FLI) is incorporated in the ECL measurement of collectively assessed loans and debt securities through the PD and LGD models. The expected recoveries (cash flow recoveries or liquidation of collateral) used in the ECL calculation of corporate lending exposures individually assessed, takes into account FLI based on the Company's forecasts of the relevant macroeconomic factors.

The Company applies three scenarios, i.e. baseline, optimistic, pessimistic, developed by the parent Bank Economic Research and Analysis Division. The macroeconomic scenarios used for measuring ECL are the same with the ones used for evaluating SICR.

The main macroeconomic variable utilized by the Company, affecting the level of ECL is GDP growth rate.

Significant increase of credit risk

A financial asset is considered as non-credit impaired, when the definition for Stage 3 classification is not met. The exposure is classified as Stage 2 if it has suffered a SICR, otherwise it is classified as Stage 1.

At each reporting date, the Company performs the SICR assessment comparing the risk of a default occurring over the remaining expected lifetime of the exposure with the expected risk of a default as estimated at origination.

The Company's process to assess SICR has three main components:

• a quantitative element, i.e. reflecting a quantitative comparison of PD or credit rating at the reporting date versus the respective metric at initial recognition (see below);

• a qualitative element, i.e. all Forborne Performing Exposures (FPE), in accordance with EBA ITS, internal watch list for corporate obligors; and

• "backstop" indicators. The Company applies on all lending exposures the IFRS 9 presumption that a SICR has occurred when the financial asset is more than 30 days past due.

The Company in cooperation with parent Bank assesses SICR based on changes in the obligor's internal credit rating since origination.

2.7 Derecognition

2.7.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.7.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total comprehensive income.

Notes to the Financial Statements

2.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when there is a legally enforceable right to offset the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.9 Interest income and expense

Interest income and expense are recognised in the statement of total comprehensive income for all interest bearing instruments using the effective interest rate method. Interest income mainly includes interest earned from loans and advances to customers and secondly interests earned from banks.

Fees and direct costs relating to financing clients or to receivable commitments are deferred and amortised to interest income over the life of the instrument using the effective interest rate method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.10 Fees and commisions

Fees and commissions ecognised on an accrual basis over the period the factoring services are provided.

2.11 Property & Equipment

Property and equipment include mainly equipment, held by the Company for operating purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalised, only when it is probable that they will result in future economic benefits to the Company beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful life (not exceeding a period of 10 years), however if the acquisition cost of the equipment is less than €600, is fully depreciated within the financial year.

At each reporting date the Company assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.,

2.12 Software and other intangible assets

Software includes costs that are directly associated with identifiable and unique software products controlled by the Company that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Software is amortized using the straight-line method over the useful life, not exceeding a period of 12 years.

Expenditure on starting up an operation or branch, training personnel, advertising and promotion is recognised as an expense when it is incurred.

2.13 Leases (applicable before 1 January 2019)

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

2.13.1 The Company is the lessee

Finance lease: Leases where the Company has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the statement of total comprehensive income over the lease period. All assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating lease: Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor, are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of total comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.14 Leases (applicable after 1 January 2019)

2.14.1 The Company is the lessee

The Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities representing the obligation to make lease payments and right-of-use (RoU) assets representing the right to use the underlying assets.

2.14.2 RoU assets

The Company recognizes RoU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). RoU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of RoU assets includes the amount of lease liabilities recognized, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. RoU assets are depreciated on a straight-line basis over the lease term. The RoU assets are presented in property and equipment.

2.14.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the Company's estimate of the amounts expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the RoU asset, or is recorded in the Income Statement if the carrying amount of the RoU asset has been reduced to zero.

2.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, and amounts due from other banks with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes to fair value and are used by the Company in the management of its short-term commitments.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.17 Employee Benefits

A defined benefit plan is a post-employment benefit plan that defines an amount of benefit to be provided, determined using a number of financial and demographic assumptions. The most significant assumptions include age, years of service or compensation salary, life expectancy, the discount rate, expected salary increases and pension rates. For defined benefit plans, the liability is the present value of the defined benefit obligation as at the reporting date minus the fair value of the plan assets.

The defined benefit obligation and the related costs are calculated by independent actuaries on an annual basis at the end of each annual reporting period, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid and, which have terms to maturity approximating the terms of the related liability, or estimates of rates which take into account the risk and maturity of the related liabilities where a deep market in such bonds does not exist.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability/(asset). Service cost (current service cost, past service cost (including the effect of curtailments) and gains or losses on settlements) and net interest on the net defined benefit liability/(asset) are charged to Statement of total comprehensive income and are included in personnel expenses. The defined benefit obligation net of plan assets is recorded on the statement of financial position, with changes resulting from remeasurements (comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan asset (excluding interest)) recognized immediately in OCI, with no subsequent recycling to profit or loss, in order to fully reflect the full value of the plan deficit or surplus.,

2.18 Income taxes

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise. Deferred tax is accounted for using the balance sheet liability method. The temporary differences arise between the carrying amounts of assets and liabilities in the statement of financial position and their amounts as measured for tax purposes. Deferred tax assets relating to the unused tax losses carried forward are recognised to the extent that it is probable that sufficient taxable profits will be available in the future against which these losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax advances against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and the management intends to settle its current tax assets and liabilities on a net basis. Deferred income tax, related to fair value changes, which are charged or credited to other comprehensive income, is also credited or charged to other comprehensive income where applicable and is subsequently recognized in the statement of total comprehensive income together with the deferred gain or loss.

2.19 Debt securities in issue and other borrowed funds

Debt securities issued and other borrowed funds are initially recognized at fair value net of transaction costs incurred. Subsequent measurement is at amortized cost and any difference between net proceeds and the redemption value of debt securities issued and other borrowed funds is recognized in the statement of total comprehensive income over the period of borrowings using the effective interest rate method. Interest expenses are recognized on an accrual basis.

The mid-long term borrowed funds of the Company consists of bond loan issued according to Law 3156/2003 and overdraft accounts.

2.20 Share capital

Share issue costs: Incremental external costs directly attributable to the issue of shares are deducted from equity net of any related income tax benefit.

Dividends on ordinary shares: Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Company's Shareholders at the Annual General Assembly.

2.21 Related party transactions

Related parties include entities of National Bank of Greece (NBG) Group. Furthermore, related parties include directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies. All related party transactions are made on substantially the same terms, including interest rates and collateral, as with those prevailing at the same time for comparable transactions with non-related parties and do not involve inherent risk.

NOTE 3: Critical judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Company's financial statements and accompanying notes. The Company believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31 December 2019. The most significant areas, for which judgments, estimates and assumptions are required in applying the Company's accounting policies, are the following:

Measurement uncertainty in determination of ECL estimates

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are determined. Changes to these estimates and assumptions can result in significant changes to the amount and timing of ECL to be recognised. The most significant sources of measurement uncertainty relate to the following ECL factors:

Determination of a significant increase of credit risk

The Company assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative criteria that include significant management judgment. Refer to Note 2.6 for further information on the criteria applied. More stringent criteria could significantly increase the number of instruments being classified into Stage 2. All staging criteria and thresholds determined based on FLI are subject to validation by the parent Bank Model Validation Unit ("MVU"). Changes in the staging criteria are approved by the parent Bank Executive Committee and Board Risk Committee.

Model risk inherent in the IFRS 9 models

Compliance with the IFRS 9 impairment model requires the use of a variety of models. The complexity of the models as well as dependency to other model-based inputs is high therefore any changes in inputs and data (e.g. internal credit ratings, behavioural scores etc.), as well as new or revised models, may significantly affect ECL. The models are validated by the parent Bank MVU, in accordance with the parent Bank Model Validation Framework.

Forward looking information

FLI is incorporated in the ECL measurement of collectively assessed loans and debt securities through the PD and LGD models. Management selects forward-looking scenarios and judges the suitability of respective weights to be applied. Each of the scenarios is based on Management's assumptions around future economic conditions in the form of macroeconomic, market and other factors**.** The Company applies three forward-looking macroeconomic scenarios, i.e. baseline, optimistic and pessimistic, with a probability weighting of 55%, 20% and 25%, respectively, developed by the parent Bank Economic Research and Analysis Division on a quarterly basis The macroeconomic scenarios and weighting of probabilities are approved by the parent Bank Financial Assets Impairment Provision and Write-off Committee and validated by the MVU at least on annual basis.

The macroeconomic variables utilised by the parent Bank, relate to Greek economic factors and the ECL allowance is mainly driven by the change in gross domestic product (GDP), The annual average 2020-2024 forecasts for each key variable and macroeconomic scenario are the following:

	Baseline	Optimistic	Pessimistic
GDP growth rate	1.8%	4.4%	-0.8%

If the assigned probability weighting of the pessimistic scenario was increased from 25% to 50%, with a corresponding decrease of the baseline scenario from 55% to 30%, the ECL allowance would increase by €81.3 thousand. If the assigned probability weighting of the optimistic scenario was increased from 20% to 40%, with a corresponding decrease of the baseline scenario from 55% to 35%, the ECL allowance would decrease by €83.2 thousand.

Allowance for impairment on loans and advances to customers

The amount of the allowance set aside for losses on loans and advances to customers is based upon management's ongoing assessments of the probable estimated losses. Assessments are conducted by members of the management responsible for various types of customers financing employing a specific methodology and guidelines, which are continually monitored and improved. This methodology has two primary components: specific allowances and collective allowances and is described in Note 2.8.

Applying this methodology requires management to make estimates regarding the present value of future cash flows. In estimating these cash flows, management makes estimates about the counterparty's financial condition and any received guarantees. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed.

In assessing the need for collective impairment allowance for loans and advances to customers, management considers factors such as credit quality, portfolio size, concentrations, and other economic factors. In order to estimate the required allowance, assumptions are made both to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, management believes that allowance for impairment on loans and advances to customers recognised, are reasonable and supportable.

Pension benefits - Defined benefit obligation

The present value of defined benefit obligation is determined on an actuarial basis, using a number of assumptions such as discount rates, salary changes and benefits. These assumptions are ultimately determined based on the Company's salary increases each year.

Notes to the Financial Statements

NOTE 4: Net interest income

The net interest income is analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Interest earned on		
Amounts due from banks	4,501	1,581
Amounts due from customers	19,939,618	17,884,257
Total	**19,944,119**	**17,885,838**
Interest payable on		
Amounts due to banks	(190,723)	(786,499)
Debt securities in issue	(6,969,356)	(6,143,125)
Lease liability	(13,923)	-
Contribution of L.4607/2019	(1,635,471)	-
Total	**(8,809,473)**	**(6,929,624)**
Net interest income	**11,134,646**	**10,956,214**

On April 24, 2019, Law 4607 activated and according to Article 63 the contribution of Article 1 of law 128/1975 (A'178) is imposed to all credit facilities of financial institutions. The aforementioned amendment is effective from 1 May 2019. On December 12, 2019, Law 4646 activated and in article 67 par. 1 the aforementioned provision of Law 4607 was repealed starting from January 1, 2020 onwards.

NOTE 5: Net fee and commission income

Net fee and commission income is exclusively derived from factoring services.

Amounts in €	31.12.2019	31.12.2018
Commission income		
Business loans	7,251,223	7,561,062
Total	**7,251,223**	**7,561,062**
Commission expense		
Business loans	(131,414)	(20,721)
Other	(2,903,198)	(2,895,458)
Total	**(3,034,612)**	**(2,916,179)**
Net fee and commission income	**4,216,611**	**4,644,883**

Other commission expense of €2,903,198, includes a fee of €2,837,170 to the parent company National Bank of Greece S.A. for client recommendation services (2018: €2,836,750).

NOTE 6: Personnel expenses

The personnel expenses are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Salaries	(742,732)	(726,499)
Social security costs	(199,952)	(193,235)
Defined benefit plans (Note 19)	(13,881)	(13,940)
Other staff related benefits	(41,992)	(39,798)
Total	**(998,557)**	**(973,472)**

The average number of employees for the Company during the period 1 January 2019 up to 31 December 2019 was 35 (2018: 33).

Notes to the Financial Statements

NOTE 7: General, administrative & other operating expenses

General, administrative and other operating expenses are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Rentals & software expenses	(81)	(73,994)
Duties and taxes	(2,083)	(1,994)
Promotion & advertising expenses	(84,188)	(104,657)
Insurance costs	(263,669)	(297,791)
Third party fees	(659,877)	(590,160)
Legal expenses	(3,033)	(58)
Travel expenses	(44,164)	(40,132)
Other operating expenses	(74,355)	(60,161)
Total	**(1,131,450)**	**(1,168,947)**

NOTE 8: Credit provisions

Amounts in €	31.12.2019	31.12.2018
From loans and advances to customers (Note 11)	343,970	(616,785)
Total	**343,970**	**(616,785)**

NOTE 9: Tax expense

The tax expense is analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Current tax	2,331,697	2,874,494
Occupational tax	1,000	1,000
Adjustment in respect of income tax of previous years	3,614	39
Deferred taxes (Note 14)	745,888	217,185
Total	**3,082,199**	**3,092,718**

The reconciliation between current and effective tax rate is as follows:

Amounts in €	31.12.2019	31.12.2018
Profit before tax	**13,482,213**	**12,785,396**
Tax calculated based on the current tax rate of 24% (2018:29%)	3,235,731	3,707,765
Increase/(Decrease) arising from:		
Expenses not deductible for tax purposes	(1,910)	(5,081)
Adjustment in respect of income tax of previous years	3,614	39
Effect of changes in tax rates	(156,236)	(611,005)
Occupational tax	1,000	1,000
Income tax expense	**3,082,199**	**3,092,718**
Effective tax rate for the period	**22,9%**	**24.2%**

Notes to the Financial Statements

The current income tax liability as of 31 December 2019 and 2018 is analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Current income tax liability	2,331,697	2,874,494
Increase/(Decrease) arising from:		
Income tax prepayment for the year	(2,878,111)	(2,652,430)
Current income tax advance	-	-
Total income tax liability	**(546,414)**	**222,064**

The nominal corporation tax rate for the Company for 2019 is 24% following law 4646/2019, while for 2018 was 29%. Furthermore, according to the provisions of law 4603/2019 upon profit distribution to Board of Directors or personnel, a 10% withholding tax is imposed on distributed profits, Moreover, following the law 4646/2019, the withholding tax on dividends to the same persons distributed from 1 January 2020 onwards is decreased from 10% to 5%. Profit distributions to parent company National Bank of Greece S.A. are not surcharged to additional withholding tax (article 82 of Law 4172/2013).

The unaudited tax year of the Company is 2019 and is currently being audited by the audit firm "PricewaterhouseCoopers S.A." that, also conducts the statutory audit of the Company's financial statements. During the future tax audits from the tax authorities, additional tax liabilities may arise, but it is not expected that they will have material effect on the Company's financial statements The years 2011-2016 were audited by the independent auditors of the Company, the "Deloitte Certified Public Accountants S.A.", in accordance with article 82 of Law 2238/1994 and subsequently with article 65A of Law 4174/2013 and the related tax audit certificates, were unqualified and issued on 19 July 2012, 24 September 2013, 8 July 2014, 25 September 2015, 20 September 2016, 23 October 2017, 9 October 2018 and 3 October 2019 respectively. The right of the Greek tax authority to issue an income tax statement until the fiscal year of 2012 was time-barred as at 31.12.2018. Furthermore, the year 2013, according to the Decision 320/2020 of the Council of State, is considered as permanently tax audited. From tax years from 2014 onwards, according to Ministerial Decision 1006/2016 there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and its tax audit certificate was unqualified. Therefore, the tax authorities may re-audit the tax books of the Company for previous years for which a tax audit certificate has been issued by the independent auditor. Although, during the future tax audits from the tax authorities, additional tax liabilities may arise, but it is not expected that they will have material effect on the Company's financial statements.

NOTE 10: Cash and balances with banks

Cash and balances with banks are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Cash in hand	465	433
Sight deposits	21,416,548	20,871,665
Total	**21,417,013**	**20,872,098**

NOTE 11: Loans and advances to customers

Loans and advances to customers are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Domestic Factoring with recourse	239,067,465	213,560,862
Domestic Factoring without recourse	127,712,125	119,912,233
Invoices discounting	41,097,647	38,193,775
International Factoring	36,398,637	62,199,651
Total	**444,275,874**	**433,866,520**
Less: Allowance for impairment on loans and advances to customers	(5,063,470)	(5,407,440)
Total loans and advances to customers	**439,212,404**	**428,459,080**

Loans and advances to customers at amortised cost 2019

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired		Total
			Individually assessed	Collectively assessed	
Large corporate					
Gross carrying amount	252,183,983	1,187,227	965,528	27,322,446	281,659,184
ECL allowance	(182,339)	(6,104)	(965,400)	(1,522,079)	(2,675,922)
Net carrying amount	**252,001,644**	**1,181,123**	**128**	**25,800,367**	**278,983,262**
SME's					
Gross carrying amount	146,943,537	4,077,671	1,659,508	3,947,645	156,628,361
ECL allowance	(78,138)	(25,536)	(1,659,232)	(223,724)	(1,986,630)
Net carrying amount	**146,865,399**	**4,052,135**	**276**	**3,723,921**	**154,641,731**
Small Business Lending					
Gross carrying amount	5,627,553	-	360,776	-	5,988,329
ECL allowance	(40,319)	-	(360,599)	-	(400,918)
Net carrying amount	**5,587,234**	**-**	**177**	**-**	**5,587,411**
Total loans and advances to customers					
Gross carrying amount	404,755,073	5,264,898	2,985,812	31,270,091	444,275,874
ECL allowance	(300,796)	(31,640)	(2,985,231)	(1,745,803)	(5,063,470)
Net carrying amount	**404,454,277**	**5,233,258**	**581**	**29,524,288**	**439,212,404**

Loans and advances to customers at amortised cost 2018

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired		Total
			Individually assessed	Collectively assessed	
Large corporate					
Gross carrying amount	218,370,414	41,205,496	896,172	24,511,242	284,983,324
ECL allowance	(362,785)	(396,642)	(891,000)	(1,567,720)	(3,218,147)
Net carrying amount	**218,007,629**	**40,808,854**	**5,172**	**22,943,522**	**281,765,177**
SME's					
Gross carrying amount	131,019,984	7,725,412	1,336,972	2,954,179	143,036,547
ECL allowance	(182,919)	(591,847)	(1,295,832)	280,507	(1,790,091)
Net carrying amount	**130,837,065**	**7,133,565**	**41,140**	**3,234,686**	**141,246,456**
Small Business Lending					
Gross carrying amount	5,485,766	-	360,883	-	5,846,649
ECL allowance	(38,603)	-	(360,599)	-	(399,202)
Net carrying amount	**5,447,163**	**-**	**284**	**-**	**5,447,447**
Total loans and advances to customers					
Gross carrying amount	354,876,164	48,930,908	2,594,027	27,465,421	433,866,520
ECL allowance	(584,307)	(988,489)	(2,547,431)	(1,287,213)	(5,407,440)
Net carrying amount	**354,291,857**	**47,942,419**	**46,596**	**26,178,208**	**428,459,080**

As at 31 December 2019 the Company retained collaterals secured the credit risk exposure of loans and advances to customers derives from factoring contracts. The aforementioned collaterals mainly consists of clients invoices and receivable cheques and secondarily of Greek State government bonds. More information about the nominal value of collaterals are stated to Note 27.2.

Movement in the ECL allowance on loans and advances to customers 2019

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired	Total
Balance 31.12.2018 and 01.01.2019	**584,307**	**988,489**	**3,834,644**	**5,407,440**
Transfer to stage 1 (from 2 or 3)	74,180	(74,180)	-	-
Transfer to stage 2 (from 1 or 3)	(4,572)	4,572	-	-
Transfer to stage 3 (from 1 or 2)	(47,978)	(711,079)	759,057	-
Net remeasurement of loss allowance (a)	(346,652)	(178,544)	55,147	(470,049)
Impairment losses on new assets (b)	41,511	2,382	82,186	126,079
Impairment losses on loans (a+b)	**(305,141)**	**(176,162)**	**137,333**	**(343,970)**
Balance 31.12.2019	**300,796**	**31,640**	**4,731,034**	**5,063,470**

Movement in the ECL allowance on loans and advances to customers 2018

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired	Total
Balance 31.12.2017	**-**	**-**	**2,460,981**	**2,460,981**
IFRS 9 impact	451,732	936,729	941,213	2,329,674
Balance 1.1.2018	**451,732**	**936,729**	**3,402,194**	**4,790,655**
Transfer to stage 1 (from 2 or 3)	114,896	(114,896)	-	-
Transfer to stage 2 (from 1 or 3)	(88,097)	88,097	-	-
Transfer to stage 3 (from 1 or 2)	(50,500)	-	50,500	-
Net remeasurement of loss allowance (a)	(25,024)	(101,872)	330,440	203,544
Impairment losses on new assets (b)	181,300	180,431	51,510	413,241
Impairment losses on loans (a+b)	**156,276**	**78,559**	**381,950**	**616,785**
Balance 31.12.2018	**584,307**	**988,489**	**3,834,644**	**5,407,440**

Notes to the Financial Statements

NOTE 12: Software and other intangible assets

Software and other intangible assets are analyzed as follows:

Amounts in €	Software	Total
Cost at 1 January 2018	**479,488**	**479,488**
Additions	127,054	127,054
Cost at 31 December 2018	**606,542**	**606,542**
Accumulated depreciation at 1 January 2018	(180,424)	(180,424)
Depreciation	(39,957)	(39,957)
Accumulated depreciation at 31 December 2018	**(220,381)**	**(220,381)**
Net book amount at 31 December 2018	**386,161**	**386,161**
Cost at 1 January 2019	**606,542**	**606,542**
Additions	-	-
Cost at 31 December 2019	**606,542**	**606,542**
Accumulated depreciation at 1 January 2019	(220,381)	(220,381)
Depreciation expense for the period	(39,957)	(39,957)
Accumulated depreciation at 31 December 2019	**(260,338)**	**(260,338)**
Net book amount at 31 December 31.12.2019	**346,204**	**346,204**

The additions during 2018 relate to the procurement of new software which is expected to be in production environment in June 2020.

NOTE 13: Property and equipment

Property and equipment is analyzed as follows:

Amounts in €	Equipment	Buildings – RoU Asset	Vehicles – RoU Asset	Total
Cost at 1 January 2018	51,887	-	-	51,887
Additions	6,890	-	-	6,890
Cost at 31 December 2018	**58,777**	**-**	**-**	**58,777**
Accumulated depreciation at 1 January 2018	(47,365)	-	-	(47,365)
Depreciation	(5,872)	-	-	(5,872)
Accumulated depreciation at 31 December 2018	**(53,237)**	**-**	**-**	**(53,237)**
Net book amount at 31 December 2018	**5,540**	**-**	**-**	**5,540**
Cost at 1 January 2019	**58,777**	**-**	**-**	**58,777**
First time adoption of IFRS 16	-	409,960	107,359	517,319
Additions	-	114,769	-	114,769
Modifications / Remeasurements	-	2,436	-	2,436
Cost at 31 December 2019	**58,777**	**527,165**	**107,359**	**693,301**
Accumulated depreciation at 1 January 2019	(53,237)	-	-	(53,237)
Depreciation expense for the period	(1,264)	(50,825)	(25,520)	(77,609)
Accumulated depreciation at 31 December 2019	**(54,501)**	**(50,825)**	**(25,520)**	**(130,846)**
Net book amount at 31 December 31.12.2019	**4,276**	**476,340**	**81,839**	**562,455**

NOTE 14: Deferred tax assets and liabilities

Deferred tax assets and liabilities are analyzed as follows:

Amounts in €	Balance 31/12/2018	Recognition in Total Comprehensive Income	Recognition in Other Comprehensive Income	Recognition in Equity	Balance 31/12/2019
Deferred tax assets:					
Share Capital issue costs	15,030	(5,391)	-	-	9,639
Retirement benefit obligations	29,514	2,410	4,250	-	36,174
RoU Assets	-	1,903	-	-	1,903
Total deferred tax assets	**44,544**	**(1,078)**	**4,250**	**-**	**47,716**
Deferred tax liabilities:					
Loans and advances to customers	(3,796,321)	(765,257)	-	-	(4,561,578)
Long term amortization expenses	(66,379)	11,781	-	-	(54,598)
Debt securities issue costs	(14,364)	8,666	-	-	(5,698)
Total deferred tax liabilities	**(3,877,064)**	**(744,810)**	**-**	**-**	**(4,621,874)**
Net deferred tax liability	**(3,832,520)**	**(745,888)**	**4,250**	**-**	**(4,574,158)**

Amounts in €	Balance 31/12/2017	Recognition in Total Comprehensive Income	Recognition in Other Comprehensive Income	Recognition in Equity	Balance 31/12/2018
Deferred tax assets:					
Share Capital issue costs	21,467	(6,437)	-	-	15,030
Retirement benefit obligations	32,351	354	(3,191)	-	29,514
Total deferred tax assets	**53,818**	**(6,083)**	**(3,191)**	**-**	**44,544**
Deferred tax liabilities:					
Loans and advances to customers	(4,273,427)	(198,499)	-	675,605	(3,796,321)
Long term amortization expenses	(70,999)	4,620	-	-	(66,379)
Debt securities issue costs	2,859	(17,223)	-	-	(14,364)
Total deferred tax liabilities	**(4,341,567)**	**(211,102)**	**-**	**675,605**	**(3,877,064)**
Net deferred tax liability	**(4,287,749)**	**(217,185)**	**(3,191)**	**675,605**	**(3,832,520)**

The Company has offset the deferred tax assets and deferred tax liabilities based on the legally enforceable right to set off current tax assets against current tax liabilities, resulting from main income tax expense.

Notes to the Financial Statements

NOTE 15: Other assets

Other assets are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Prepaid expenses	37,611	29,408
Vendors' prepayments	8,980	8,980
Total	**46,591**	**38,388**

Other assets consist of prepaid expenses for subscriptions, premiums, fees for IT services and vendors' prepayments.

NOTE 16: Due to banks (or financial institutions)

Due to banks are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Due to banks	67,526,535	13,051,318
Total	**67,526,535**	**13,051,318**

Due to banks consists of a loan facility (overdraft account) between the Company and its Parent Company (National Bank of Greece S.A.).

On 19 December 2019 the Company entered into a revolving credit facility agreement with European Bank for Reconstruction and Development ("EBRD"), matured at six month period with a renewal right. Under this agreement the Company applies a revolving credit facility amounting to €10,000,000. Interest rate is calculated with three (3) or six (6) month Euribor at the discretion of the issuer, plus margin. The Company is expected to activate the aforementioned credit facility during the Q3 of 2020.

Movement of due to banks (or financial institutions)

Amounts in €	2019	2018
Balance at 1 January	**13,051,318**	**27,306,781**
Additions within the period	54,455,794	54,097,831
Redemptions within the period	(119,954)	(68,473,248)
Accrued interest	139,377	119,954
Balance at 31 December	**67,526,535**	**13,051,318**

NOTE 17: Debt securities in issue

Bond Loans

On 9 July 2018 the Company entered into a bond loan agreement with its parent company National Bank of Greece S.A., matured at 9 July 2021 in accordance with the provisions of Laws 3156/2003 and 4548/2018. Under this agreement the Company has the right to issue a bond loan amounting to €300,000,000, divided into 300 million bonds with nominal amount of €1 per bond. Interest rate is calculated with the OVERNIGHT rate or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin.

On 31 December 2019 the Company issued the bond loan amounted to €300,000,000 according to the referred agreement. The fair value of the aforementioned bond loan was calculated to €292,223,433 at 31 December 2019, according to Level 3 valuation, based on a cash flow discounting model, with reference to market rates for financial instruments of a similar maturity.

On 9 July 2018 the Company entered into a bond loan agreement with its parent company National Bank of Greece S.A., matured at 9 July 2021 in accordance with the provisions of Laws 3156/2003 and 4548/2018. Under this agreement the Company has the right to issue a bond loan amounting to $120,000,000, divided into 120 million bonds with nominal amount of $1 per bond. Interest rate is calculated with the OVERNIGHT rate or the one-month, two-month, three-month or six month Libor at the discretion of the issuer, plus margin.

On 13 December 2019 the Company fully repaid the capital amounted to $7,000,000 and the respective accrued interests of preexisting bond loan agreement which was issued at 9 July 2018.

On 10 July 2018 the Company fully repaid the capital amounted to €230,000,000 and the respective accrued interests of preexisting bond loan agreement which was issued at 28 September 2017.

Movement of debt securities in issue

Amounts in €	2019	2018
Balance at 1 January	**346,302,724**	**230,030,900**
Additions within the period	34,838,983	358,589,480
Redemptions within the period	(81,208,374)	(242,277,078)
Accrued interest	16,667	22,489
Debt securities issue costs	26,667	(63,067)
Balance at 31 December	**299,976,667**	**346,302,724**

The bond loans are fully payable at the maturity date (10 July 2021). The issuer has the right to redeem the bond loans during the contract period provided that will repay the capital and the respective accrued interests. The accrued interest at 31 December 2019 for the bond loan amounted to €16,667.

NOTE 18: Due to customers

Due to customers account balance consists of the credit amounts of current and other due from customer management accounts which have not been reimbursed to them at the reporting date. Due to customers account balances as of 31 December 2019 and 2018 are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Overdraft accounts	3,337,585	2,924,760
Collection-only accounts	7,581,463	8,772,005
Total	**10,919,048**	**11,696,765**

NOTE 19: Retirement benefit obligations

In accordance with Law 2112/1920 employees are entitled to a lump sum payment in case of redundancy or retirement. The lump sum benefit is based on each employee's final salary and the years of service upon the retirement date. If the employee remains to the company until the expected retirement date the retirement compensation is calculated at 40% of the total compensation if the employee was redundant at the same date. The Company recognizes the valuation of retirement benefit obligations in accordance with provisions of the revised IAS19. The specific retirement benefit of Company is an unfunded defined benefit plan.

Pension costs – defined benefit plans

	31.12.2019	31.12.2018
Service cost	11,815	12,155
Net interest expense on the net defined benefit liability/(asset)	2,066	1,785
Regular charge in the Total Comprehensive Income	**13,881**	**13,940**

Reconciliation of defined benefit obligation

	31.12.2019	31.12.2018
Defined benefit obligation at the beginning of the period	118,056	111,551
Service cost	11,815	12,155
Interest cost	2,066	1,785
- Loss/(Gain) - financial assumptions	23,493	(4,782)
- Loss/(Gain) – experience adjustments	(4,705)	(2,653)
Defined benefit obligation recognized at SOFP	**150,725**	**118,056**

Movement in net liability

	31.12.2019	31.12.2018
Net liability at the beginning of the period	118,056	111,551
Total expense recognized in the statement of total comprehensive income	13,881	13,940
Amount recognized in the OCI	18,788	(7,435)
Net liability at the end of the period	**150,725**	**118,056**

Remeasurements on the net liability

	31.12.2019	31.12.2018
Liability (gain)/loss due to changes in assumptions	(23,493)	4,782
Liability experience (gain)/loss arising during the year	4,705	2,653
Total amount recognized in OCI	**(18,788)**	**7,435**

The actuarial report was developed by the accredited company “AON Hewitt” after the year end of 2019. The key assumptions used for the calculation of the pension costs of the defined benefits plans for 2019 and 2018 are the following:

Weighted average assumptions	2019	2018
Discount rate	1.00%	1.75%
Price inflation	1.50%	1.50%
Rate of compensation increase	0.75% for 2020 1,50% from 2021	0.50% for years 2019-2022 1,50% from 2023
Plan duration	20.35 years	21.07 years

No compensation costs are expected to occur in 2019.

NOTE 20: Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	31.12.2019	31.12.2018
Taxes payable – (other than income taxes)	244,827	198,723
Social security funds	45,422	44,882
Creditors	2,270,698	2,328,507
Amounts due to Bank of Greece (contribution of L.4607/2019)	206,305	-
Payroll related accruals	3,884	4,481
Lease liability	566,109	-
Total	**3,337,245**	**2,576,593**

Creditors amounted €2,270,698, includes a liability of €1,917,718 (2018: €1,828,045) to the parent company National Bank of Greece S.A. for client recommendation services. This liability was fully repaid on 27 January 2020.

Movement of lease liability

Amounts in €	2019	2018
Balance at 1 January	-	-
First time adoption of IFRS 16	517,319	-
Additions	114,769	-
Modifications / Remeasurements	2,436	-
Interest Expense	13,923	-
Lease payments during the year	(82,338)	-
Balance at 31 December	**566,109**	**-**

NOTE 21: Share capital and share premium

The share capital of the Company as at 31 December 2019 amounted to €20,000,000 divided into 4,000,000 ordinary shares with a nominal value of €5,0 per share. The remaining amount of €30,000,000 was credited to share premium.

The Company did not hold any own shares.

NOTE 22: Reserves

Statutory reserve

Reserves include statutory reserve which is formed in accordance with article 5 of Company's Articles of Association and article 44 of Greek Law 2190/1920 (from 1 January 2019 according to article 158 of law 4548/2018) under which the company is required to withhold from its profits 5% per year for statutory reserve. The aforementioned obligation ceases until this reserve equals to at least one-third of the Company's share capital. According to the aforementioned Article this reserve is used exclusively to cover cumulative debit balance of account "Retained earnings" and cannot be distributed throughout the entire life of the Company.

At 28 June 2019 the annual General Assembly of Shareholders decided to form statutory reserve of €484,634, derived from the profits of financial year 2018.

The total statutory reserve for the period ended at 31 December 2019 amounted to €3,616,715.

NOTE 23: Retained earnings

Retained earnings at 31 December 2019 and 2018 amounted to €22,063,934 and €18,848,554 respectively.

Retained earnings as of 31 December 2019 are analyzed as follows:

Amounts in €	
Retained earnings	22,227,834
Capital issue costs, net of tax	(163,900)
Total	**22,063,934**

The capital issue costs were realized at fiscal year of 2009 and 2013 accordingly.

For the financial year ended at 31 December 2019, the Board of Directors will propose to the Annual General Assembly of Shareholders the formation of statutory reserve amounting to €520,001 and dividend distribution amounting to €6,800,000, derived from the retained earnings of the financial year of 2019 and prior years'.

NOTE 24: Tax effects relating to other comprehensive income / (expense) for the period

Amounts in €	From 1.1 until 31.12.2019			From 1.1 until 31.12.2018		
	Gross	Tax	Net	Gross	Tax	Net
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of the net defined benefit liability/ asset	(18,788)	4,250	(14,538)	7,435	(3,191)	4,244
Total of items that will not be reclassified subsequently to profit or loss	**(18,788)**	**4,250**	**(14,538)**	**7,435**	**(3,191)**	**4,244**
Other comprehensive income / (expense) for the period	**(18,788)**	**4,250**	**(14,538)**	**7,435**	**(3,191)**	**4,244**

NOTE 25: Fair value of financial instruments

According to IFRS the companies should disclose the fair value of their reported financial assets and financial liabilities.

Management considers that the carrying amount of financial assets and financial liabilities, as presented in the financial statements are not materially different from their fair values, as either their maturity is less than one year or they bear floating interest rate.

NOTE 26: Contingent liabilities and commitments

a) Legal proceedings

In the opinion of the management, after consultation with its legal consultant there are not pending litigations cases that are expected to have a material adverse effect on the financial position of the Company.

b) Pending Tax audits

The nominal corporation tax rate for the Company for 2019 is 24% following law 4646/2019, while for 2018 was 29%. Furthermore, according to the provisions of law 4603/2019 upon profit distribution to Board of Directors or personnel, a 10% withholding tax is imposed on distributed profits, Moreover, following the law 4646/2019, the withholding tax on dividends to the same persons distributed from 1 January 2020 onwards is decreased from 10% to 5%, Profit distributions to parent company National Bank of Greece S.A. are not surcharged to additional withholding tax (article 82 of Law 4172/2013).

The unaudited tax year of the Company is 2019 and is currently being audited by the audit firm “PricewaterhouseCoopers S.A.” that, also conducts the statutory audit of the Company’s financial statements. During the future tax audits from the tax authorities, additional tax liabilities may arise, but it is not expected that they will have material effect on the Company’s financial statements The years 2011-2016 were audited by the independent auditors of the Company, the “Deloitte Certified Public Accountants S.A.”, in accordance with article 82 of Law 2238/1994 and subsequently with article 65A of Law 4174/2013 and the related tax audit certificates, were unqualified and issued on 19 July 2012, 24 September 2013, 8 July 2014, 25 September 2015, 20 September 2016, 23 October 2017, 9 October 2018 and 3 October 2019 respectively. The right of the Greek tax authority to issue an income tax statement until the fiscal year of 2012 was time-barred as at 31.12.2018. Furthermore, the year 2013, according to the Decision 320/2020 of the Council of State, is considered as permanently tax audited. From tax years from 2014 onwards, according to Ministerial Decision 1006/2016 there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and its tax audit certificate was unqualified. Therefore, the tax authorities may re-audit the tax books of the Company for previous years for which a tax audit certificate has been issued by the independent auditor. Although, during the future tax audits from the tax authorities, additional tax liabilities may arise, but it is not expected that they will have material effect on the Company’s financial statements.

c) Unutilized credit limits and credit coverage limits

Contingent liabilities of the Company from unutilized credit limits and credit coverage limits as at 31 December 2019 amounted to €925,286,097 (2018: €928,484,386).

d) Operating Lease commitments

The operating lease commitments of the Company relate to the operating lease rentals of buildings and vehicles.

NOTE 27: Risk management

Risk management is assigned to the specific risk management department of the Parent Company (National Bank of Greece S.A.), according to the relevant outsourcing contract signed between the two parties.

27.1 Credit risk

Credit risk is defined as current or future risk to earnings and capital, relating to the failure of a borrower to honour its contractual factoring obligations with the Company.

According to the referred contractual agreement, the credit risk valuation for debtors and sellers is coordinated by the relevant departments and the related approval authorities of National Bank of Greece S.A. Furthermore, the management of customer receivables which are past due is in line with the principles of management of non-performing loans followed by the Parent Company National Bank of Greece S.A.

The segregation of offered factoring products (Domestic Factoring with recourse, Domestic Factoring without recourse, Invoices discounting, International Factoring) relates to the different credit risk exposure for each of them. The separation of factoring products by credit risk exposure mainly relates to Factoring with recourse, where the credit risk derives from debtors, and Factoring without recourse where credit risk derives from sellers, In each case the valuation models of credit risk are adjusted (debtor or seller) accordingly).

The Company’s credit policy adheres to the Credit Policy for Corporate Portfolio of National Bank of Greece S.A., as provided by the internal manuals, circulars and regulations.

The Company's customers credit risk rating system, which adheres to the corresponding system of the parent Company (National Bank of Greece S.A.), refers to methodologies, processes, controls, IT and database systems supporting the assessment of credit risk and obligors and classification of obligors and credit facilities in risk categories or in groups with similar risk characteristics, as well as the quantification of risk parameters, i.e., default and loss for each obligor and risk rating.

The following tables represent the scenario of Company's credit risk exposure as at 31 December 2019 and 2018, taking account the accumulated provisions for impairment losses on loans and advances to customers, before any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

Maximum exposure to credit risk as at 31.12.2019 before collateral and other credit enhancements

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Cash and balances with banks	21,417,013	-	21,417,013
Loans and advances to customers	444,275,874	(5,063,470)	439,212,404
Total	**465,692,887**	**(5,063,470)**	**460,629,417**

Maximum exposure to credit risk as at 31.12.2018 before collateral and other credit enhancements

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Cash and balances with banks	20,872,098	-	20,872,098
Loans and advances to customers	433,866,520	(5,407,440)	428,459,080
Total	**454,738,618**	**(5,407,440)**	**449,331,178**

Notes to the Financial Statements

Credit quality of loans and advances to customers 2019

A breakdown of the portfolio by range of probability of default is summarized as follows:

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired	Total
Large corporate				
0,01%-2,00%	225,995,743	-	-	225,995,743
2,01%-10,00%	26,188,240	1,187,227	-	27,375,467
10,01%-20,00%	-	-	-	-
20,01% and above	-	-	28,287,974	28,287,974
Total Gross carrying amount	**252,183,983**	**1,187,227**	**28,287,974**	**281,659,184**
SME's				
0,01%-2,00%	132,311,340	-	-	132,311,340
2,01%-10,00%	14,632,197	3,565,743	-	18,197,940
10,01%-20,00%	-	-	-	-
20,01% and above	-	511,928	5,607,153	6,119,081
Total Gross carrying amount	**146,943,537**	**4,077,671**	**5,607,153**	**156,628,361**
Small Business Lending				
0,01%-2,00%	-	-	-	-
2,01%-10,00%	5,627,553	-	-	5,627,553
10,01%-20,00%	-	-	-	-
20,01% and above	-	-	360,776	360,776
Total Gross carrying amount	**5,627,553**	**-**	**360,776**	**5,988,329**
Total loans and advances to customers				
0,01%-2,00%	358,307,083	-	-	358,307,083
2,01%-10,00%	46,447,990	4,752,970	-	51,200,960
10,01%-20,00%	-	-	-	-
20,01% and above	-	511,928	34,255,903	34,767,831
Total Gross carrying amount	**404,755,073**	**5,264,898**	**34,255,903**	**444,275,874**

Notes to the Financial Statements

Credit quality of loans and advances to customers 2018

A breakdown of the portfolio by range of probability of default is summarized as follows:

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired	Total
Large corporate				
0,01%-2,00%	111,921,708	-	-	111,921,708
2,01%-10,00%	106,448,706	19,889,830	-	126,338,536
10,01%-20,00%	-	21,315,666	-	21,315,666
20,01% and above	-	-	25,407,414	25,407,414
Total Gross carrying amount	**218,370,414**	**41,205,496**	**25,407,414**	**284,983,324**
SME's				
0,01%-2,00%	84,077,013	-	-	84,077,013
2,01%-10,00%	46,542,021	2,148,980	-	48,691,001
10,01%-20,00%	400,950	3,822,309	-	4,223,259
20,01% and above	-	1,754,123	4,291,151	6,045,274
Total Gross carrying amount	**131,019,984**	**7,725,412**	**4,291,151**	**143,036,547**
Small Business Lending				
0,01%-2,00%	-	-	-	-
2,01%-10,00%	5,485,766	-	-	5,485,766
10,01%-20,00%	-	-	-	-
20,01% and above	-	-	360,883	360,883
Total Gross carrying amount	**5,485,766**	-	**360,883**	**5,846,649**
Total loans and advances to customers				
0,01%-2,00%	195,998,721	-	-	195,998,721
2,01%-10,00%	158,476,493	22,038,810	-	180,515,303
10,01%-20,00%	400,950	25,137,975	-	25,538,925
20,01% and above	-	1,754,123	30,059,448	31,813,571
Total Gross carrying amount	**354,876,164**	**48,930,908**	**30,059,448**	**433,866,520**

Ageing analysis of loans and advances to customers 2019

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired	Total
Large corporate				
Current	252,183,983	1,187,227	27,322,446	280,693,656
91-180 days	-	-	-	-
Past due over 180 days	-	-	965,528	965,528
Gross Balance 31.12.2019	**252,183,983**	**1,187,227**	**28,287,974**	**281,659,184**
ECL allowance	(182,339)	(6,104)	(2,487,479)	(2,675,922)
Net carrying amount as at 31.12.2019	**252,001,644**	**1,181,123**	**25,800,495**	**278,983,262**
SME’s				
Current	146,943,537	4,077,671	4,007,508	155,028,716
91-180 days	-	-	8	8
Past due over 180 days	-	-	1,599,637	1,599,637
Gross Balance 31.12.2019	**146,943,537**	**4,077,671**	**5,607,153**	**156,628,361**
ECL allowance	(78,138)	(25,536)	(1,882,956)	(1,986,630)
Net carrying amount as at 31.12.2019	**146,865,399**	**4,052,135**	**3,724,197**	**154,641,731**
Small Business Lending				
Current	5,627,553	-	-	5,627,553
91-180 days	-	-	-	-
Past due over 180 days	-	-	360,776	360,776
Gross Balance 31.12.2019	**5,627,553**	**-**	**360,776**	**5,988,329**
ECL allowance	(40,319)	-	(360,599)	(400,918)
Net carrying amount as at 31.12.2019	**5,587,234**	**-**	**177**	**5,587,411**
Total loans and advances to customers				
Current	404,755,073	5,264,898	31,329,954	441,349,925
91-180 days	-	-	8	8
Past due over 180 days	-	-	2,925,941	2,925,941
Gross Balance 31.12.2019	**404,755,073**	**5,264,898**	**34,255,903**	**444,275,874**
ECL allowance	(300,796)	(31,640)	(4,731,034)	(5,063,470)
Net carrying amount as at 31.12.2019	**404,454,277**	**5,233,258**	**29,524,869**	**439,212,404**

Ageing analysis of loans and advances to customers 2018

Amounts in €	Stage 1	Stage 2	Stage 3 Impaired	Total
Large corporate				
Current	218,370,414	41,205,496	23,929,151	283,505,061
91-180 days	-	-	116,892	116,892
Past due over 180 days	-	-	1,361,371	1,361,371
Gross Balance 31.12.2018	**218,370,414**	**41,205,496**	**25,407,414**	**284,983,324**
ECL allowance	(362,785)	(396,642)	(2,458,720)	(3,218,147)
Net carrying amount as at 31.12.2018	**218,007,629**	**40,808,854**	**22,948,694**	**281,765,177**
SME's				
Current	131,019,984	7,725,412	1,680,079	140,425,475
91-180 days	-	-	405,013	405,013
Past due over 180 days	-	-	2,206,059	2,206,059
Gross Balance 31.12.2018	**131,019,984**	**7,725,412**	**4,291,151**	**143,036,547**
ECL allowance	(182,919)	(591,847)	(1,015,325)	(1,790,091)
Net carrying amount as at 31.12.2018	**130,837,065**	**7,133,565**	**3,275,826**	**141,246,456**
Small Business Lending				
Current	5,485,766	-	39,868	5,525,634
91-180 days	-	-	11,495	11,495
Past due over 180 days	-	-	309,520	309,520
Gross Balance 31.12.2018	**5,485,766**	**-**	**360,883**	**5,846,649**
ECL allowance	(38,603)	-	(360,599)	(399,202)
Net carrying amount as at 31.12.2018	**5,447,163**	**-**	**284**	**5,447,447**
Total loans and advances to customers				
Current	354,876,164	48,930,908	25,649,098	429,456,170
91-180 days	-	-	533,400	533,400
Past due over 180 days	-	-	3,876,950	3,876,950
Gross Balance 31.12.2018	**354,876,164**	**48,930,908**	**30,059,448**	**433,866,520**
ECL allowance	(584,307)	(988,489)	(3,834,644)	(5,407,440)
Net carrying amount as at 31.12.2018	**354,291,857**	**47,942,419**	**26,224,804**	**428,459,080**

Credit exposures analysis of loans and advances to customers per industry sector

Amounts in €	31.12.2019	31.12.2018
Industry & mining	152,861,227	182,575,203
Small scale industry	156,626	2,849,706
Trade and services (excl. tourism)	288,719,194	236,479,913
Construction and real estate development	-	8,990,254
Transportation and telecommunications (excl. shipping)	2,538,827	2,971,444
Less: Credit provisions and other impairment charges	(5,063,470)	(5,407,440)
Total	**439,212,404**	**428,459,080**

As at 31 December 2019 the collaterals secured the credit risk exposure of loans and advances to customers mainly consists of clients invoices and receivable cheques and secondarily of Greek State government bonds. The fair value of the above mentioned collaterals amounted to €439,979,370 (2018: €573,765,670). These collaterals do not include customer receivables for factoring loans without recourse and credit balance as at 31 December 2019.

27.2 Market risk

27.2.1 Currency risk

The Company's exposure to foreign exchange risk, is presented in the following table. The net exposure to each foreign currency is maintained at low levels and within the pre-approved limits. The Company's exposure to foreign exchange risk as of 31 December 2019 and 2018 are analyzed as follows:

Foreign exchange risk concentration 2019

amounts in €	EURO	USD	GBP	Total
Assets				
Cash and balances with banks	19,250,640	2,115,338	51,035	21,417,013
Loans and advances to customers	439,204,723	7,681	-	439,212,404
Software and other intangible assets	346,204	-	-	346,204
Property and equipment	562,455	-	-	562,455
Current income tax asset	546,414	-	-	548,728
Other assets	46,591	-	-	46,591
Total assets	**459,957,027**	**2,123,019**	**51,035**	**462,131,081**
Liabilities				
Due to banks	67,526,535	-	-	67,526,535
Debt securities in issue	299,976,667	-	-	299,976,667
Due to customers	10,612,576	262,288	44,184	10,919,048
Deferred tax liabilities	4,574,158	-	-	4,574,158
Retirement benefit obligations	150,725	-	-	150,725
Other liabilities	3,337,245	-	-	3,337,245
Total liabilities	**386,177,906**	**262,288**	**44,184**	**386,484,378**
Net on balance sheet position	**73,779,121**	**1,860,731**	**6,851**	**75,646,703**

Foreign exchange risk concentration 2018

amounts in €	EURO	USD	GBP	Total
Assets				
Cash and balances with banks	19,949,513	845,644	76,941	20,872,098
Loans and advances to customers	382,132,175	46,326,905	-	428,459,080
Software and other intangible assets	386,161	-	-	386,161
Property and equipment	5,540	-	-	5,540
Other assets	38,388	-	-	38,388
Total assets	**402,511,777**	**47,172,549**	**76,941**	**449,761,267**
Liabilities				
Due to banks	12,979,276	72,042	-	13,051,318
Debt securities in issue	299,950,000	46,352,724	-	346,302,724
Due to customers	11,696,765	-	-	11,696,765
Deferred tax liabilities	3,832,520	-	-	3,832,520
Retirement benefit obligations	118,056	-	-	118,056
Current income tax liabilities	222,064	-	-	222,064
Other liabilities	2,576,593	-	-	2,576,593
Total liabilities	**331,375,274**	**46,424,766**	**-**	**377,800,040**
Net on balance sheet position	**71,136,503**	**747,783**	**76,941**	**71,961,227**

27.2.2 Interest rate risk

The Company monitors the gap in maturities between assets and liabilities (Gap Analysis). Assets and liabilities are classified in time buckets based on next re-pricing date. For floating rate financial instruments, next re-pricing date is the date of the preparation of financial statements while for fixed rate financial instruments is the maturity date. In order to provide a hedge for the interest rate risk, the Company determines, in a monthly basis, the rates of financial assets and liabilities (excluding their spreads). According to the aforementioned hedge any possible change of rates risk will not have an impact on the Company's statement of total comprehensive income.

The Company's interest rate risk relating to assets and liabilities based on next re-pricing date is summarized as follows:

Interest rate risk (Gap Analysis) as at 31.12.2019

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	Non Interest bearing	Total
ASSETS							
Cash & balances with banks	-	-	21,259,022	-	-	157,991	21,417,013
Loans and advances to customers	439,212,404	-	-	-	-	-	439,212,404
Other assets	-	-	-	-	-	46,591	46,591
Total assets	**439,212,404**	**-**	**21,259,022**	**-**	**-**	**204,582**	**460,676,008**
LIABILITIES							
Debt securities in issue	(299,960,000)	-	-	-	-	(16,667)	(299,976,667)
Due to customers	-	-	-	-	-	(10,919,048)	(10,919,048)
Other liabilities	-	-	-	-	-	(2,270,698)	(2,270,698)
Lease liability	(6,199)	(18,757)	(50,569)	(341,762)	(148,822)	-	(566,109)
Due to banks	-	-	(67,526,535)	-	-	-	(67,526,535)
Total Liabilities	**(299,966,199)**	**(18,757)**	**(67,577,104)**	**(341,762)**	**(148,822)**	**(13,206,413)**	**(381,259,057)**
Total interest gap of assets & liabilities	**139,246,205**	**(18,757)**	**(46,318,082)**	**(341,762)**	**(148,822)**	**(13,001,831)**	**79,416,951**

Interest rate risk (Gap Analysis) as at 31.12.2018

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	Non Interest bearing	Total
ASSETS							
Cash & balances with banks	-	-	20,765,322	-	-	106,776	20,872,098
Loans and advances to customers	428,459,080	-	-	-	-	-	428,459,080
Other assets	-	-	-	-	-	38,388	38,388
Total assets	**428,459,080**	**-**	**20,765,322**	**-**	**-**	**145,164**	**449,369,566**
LIABILITIES							
Debt securities in issue	(346,280,235)	-	-	-	-	(22,489)	(346,302,724)
Due to customers	-	-	-	-	-	(11,696,765)	(11,696,765)
Other liabilities	-	-	-	-	-	(2,328,507)	(2,328,507)
Due to banks	-	-	(13,051,318)	-	-	-	(13,051,318)
Total Liabilities	**(346,280,235)**	**-**	**(13,051,318)**	**-**	**-**	**(14,047,761)**	**(373,379,314)**
Total interest gap of assets & liabilities	**82,178,845**	**-**	**7,714,004**	**-**	**-**	**(13,902,597)**	**75,990,252**

27.2.3 Pricing risk

Due to the subject of its business the Company is not exposed to pricing risk. The Company does not hold financial assets traded in stock markets.

27.3 Liquidity risk

The monitoring of Liquidity risk is focused in the Company's ability to retain sufficient liquidity to meet its liabilities with the support of parent Bank. In order to cover its liquidity needs the Company performs Liquidity Gap Analysis).

The management assesses the cash flows arising from all assets and liabilities and classifies them in time buckets, based on their expected maturities. In the following table is presented the liquidity gap analysis.

The following tables represent the contractual non discounted cash flows from financial liabilities, through which the Company monitors liquidity risk. Since the amount of contractual non discounted cash flows is highly related to floating rate rather than fixed rate, the amount presented is determined by reference to the conditions prevailing at the reporting date, i.e. the determination of non - discounted cash flows using the actual interest rates that were in effect at 31 December 2019 and 2018, respectively.

Contractual non discounted cash flows from financial liabilities are analyzed as follows:

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	Total
31.12.2019						
Debt securities in issue	516,667	1,516,667	4,100,000	303,183,333	-	309,316,667
Due to customers	10,919,048	-	-		-	10,919,048
Other liabilities	2,270,698	-	-		-	2,270,698
Lease liability	6,199	18,757	50,569	341,762	148,822	566,109
Due to banks	67,526,535	-	-	-	-	67,526,535
Total	**81,239,147**	**1,535,424**	**4,150,569**	**303,525,095**	**148,822**	**390,599,057**

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	Total
31.12.2018						
Debt securities in issue	697,312	551,241	4,140,000	308,355,000	-	313,743,553
Due to customers	11,696,765	-	-	-	-	11,696,765
Other liabilities	2,328,507	-	-	-	-	2,328,507
Due to banks	13,051,318	-	-	-	-	13,051,318
Total	**27,773,902**	**551,241**	**4,140,000**	**308,355,000**	**-**	**340,820,143**

Notes to the Financial Statements

Liquidity risk analysis as at 31.12.2019

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	Total
ASSETS						
Cash & balances with banks	21,417,013	-	-	-	-	21,417,013
Loans and advances to customers	169,455,629	157,914,814	111,069,548	772,413	-	439,212,404
Other assets	-	-	46,591	-	-	46,591
Total	**190,872,642**	**157,914,814**	**111,116,139**	**772,413**		**460,676,008**
LIABILITIES						
Debt securities in issue	-	-	-	(299,976,667)		(299,976,667)
Due to customers	(10,919,048)					(10,919,048)
Other liabilities	(2,270,698)					(2,270,698)
Lease liability	(6,199)	(18,757)	(50,569)	(341,762)	(148,822)	(566,109)
Due to banks	(67,526,535)	-	-	-		(67,526,535)
Total	**(80,722,480)**	**(18,757)**	**(50,569)**	**(300,318,429)**	**(148,822)**	**(381,259,057)**
Liquidity gap	**102,728,687**	**157,896,057**	**111,065,570**	**(299,546,016)**	**(148,822)**	**79,416,951**

Liquidity risk analysis as at 31.12.2018

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	Total
ASSETS						
Cash & balances with banks	20,872,098	-	-	-	-	20,872,098
Loans and advances to customers	161,683,974	161,504,466	104,531,869	738,771	-	428,459,080
Other assets	-	-	38,388	-	-	38,388
Total	**182,556,072**	**161,504,466**	**104,570,257**	**738,771**	**-**	**449,369,566**
LIABILITIES						
Debt securities in issue	-	-	-	(346,302,724)	-	(346,302,724)
Due to customers	(11,696,765)	-	-	-	-	(11,696,765)
Other liabilities	(2,328,507)	-	-	-	-	(2,328,507)
Due to banks	(13,051,318)	-	-	-	-	(13,051,318)
Total	**(27,076,590)**	**-**	**-**	**(346,302,724)**	**-**	**(373,379,314)**
Liquidity gap	**155,479,482**	**161,504,466**	**104,570,257**	**(345,563,953)**	**-**	**75,990,252**

Debt securities in issue are presented above based on the agreed contractual terms. However, the Company retains the right to redeem them (partially or totally) during the contract period on condition that will repay the capital and the respective accrued interests.

27.4 Operational Risk

Operational risk is defined as the current or future risk on the Company's earnings and capital arising from inadequate or failed internal processes, from insufficient management of Human Resources or from external events.

The Company, acknowledging the importance of operational risk, has established and maintained a firm wide and effective, high quality framework for its management.

The Company has outsourced to its parent Bank responsibilities related to operational risk management. Since 2010, the Company has developed an Operational Risk Management Framework (ORMF) considering qualitative and quantitative criteria of Standardised Approach.

During 2019, the annual cycle of ORMF was implemented using the Open Pages application developed by IBM Corp. Especially, in the context of ORMF implementation, the following procedures were concluded:

- The identification, assessment and monitoring of operational risks (Risk Control Self-Assessment)
- The determination of Action Plans for their mitigation
- The collection of operational risk loss events

27.5 Capital adequacy

The Company manages actively its capital base, in cooperation with its parent Company National Bank of Greece S.A., with the objective to maintain its capital adequacy ratios well above the minimum regulatory levels and at the same time to improve the weighted average cost of capital, In this framework, both the calculation of the capital requirements and the dynamic management of the capital base are embedded in the business plan and the annual budgeting processes, in accordance with the capital adequacy targets that have been set in the Group's Risk Strategy.

Capital adequacy at 31 December 2019 and 2018 was calculated as follows:

Amounts in € '000	31.12.2019	31.12.2018
Basic and total regulatory capital	68,503	56,079
Total risk weighted assets	362,543	272,767
Total ratio	**18.90%**	**20.56%**

NOTE 28: Independent auditor's fees

On 28 June 2019 the Annual General Assembly Meeting of the shareholders appointed the audit firm "PricewaterhouseCoopers S.A." as a principal independent public accountant for the year ended 31 December 2019. The following table presents the aggregate fees for professional audit and audit-related services for the years ended at 31 December 2019 and at 31 December 2018 rendered by the Company's principal accounting firm 'PricewaterhouseCoopers S.A.":

Amounts in €	31.12.2019	31.12.2018
Audit fees	23,000	23,000
Audit related fees	18,000	18,000
Total	**41,000**	**41,000**

NOTE 29: Related party transactions

The Company, as a subsidiary of the NBG Group, entered into significant transactions with National Bank of Greece and other companies of NBG Group, at arm's length.

The terms of cooperation do not substantially differ from the usual terms of course of business, at market rates. These transactions are approved by the appropriate level of management.

A. The outstanding balances of transactions with members of the Board of Directors and management are as follows:

Amounts in €	31.12.2019	31.12.2018
Expenses	279,768	277,744
Board of Directors and management fees	**279,768**	**277,744**

B. The outstanding balances with National Bank of Greece S.A. and other companies of NBG Group are as follows:

Amounts in €	31 December 2019	31 December 2018
ASSETS		
a) Balances with banks		
National Bank of Greece S.A.	21,335,452	20,780,422
b) Loans to customers		
National Bank of Greece S.A.	8,689,391	7,477,295
Total	**30,024,843**	**28,257,717**
LIABILITIES		
a) Due to banks		
National Bank of Greece S.A.	67,526,535	13,051,318
b) Debt securities in issue		
National Bank of Greece S.A.	300,016,667	346,369,391
c) Other Liabilities		
National Bank of Greece S.A.	2,686,272	2,118,507
Ethniki Leasing S.A.	83,183	698
Ethniki Hellenic General Insurance S.A.	-	2,306
Total	**370,312,657**	**361,542,220**

Amounts in €	31 December 2019	31 December 2018
STATEMENT OF TOTAL COMPREHENSIVE INCOME		
INCOME		
a)) Interest income		
National Bank of Greece S.A.	312,982	264,073
Total	**312,982**	**264,073**
EXPENSES		
a) Fee & commission expenses		
National Bank of Greece S.A.	7,172,243	6,929,625
Ethniki Leasing S.A.	1,759	-
b) Commission expense		
National Bank of Greece S.A.	2,903,198	2,895,458
c) Personnel expenses		
Ethniki Hellenic General Insurance S.A.	31,827	27,273
d) General, administrative and other operating expenses		
National Bank of Greece S.A.	561,556	491,647
Ethniki Leasing S.A.	25,520	23,578
Total	**10,696,103**	**10,367,581**

OFF BALANCE SHEET ACCOUNTS		
a) Received guarantees		
National Bank of Greece S.A.	296,000,000	296,000,000
b) Operating lease commitments		
National Bank of Greece S.A.	-	427,188
Ethniki Leasing S.A.	-	108,784
c) Approved unused credit limits		
National Bank of Greece S.A.	112,456,798	120,601,780
Total	**408,456,798**	**437,137,752**

Note 30: Events after the reporting period

COVID 19 outbreak

The COVID 19 outbreak is a new emerging risk. The Company's priority is always the well-being of our customers and staff. Therefore, we have invoked our business continuity plans to help ensure the safety and well-being of our staff, as well as our capability to support our customers.

In the first quarter of 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has caused a significant global economic downturn which has adversely affected, and is expected to continue to adversely affect, the Company's business. The future impacts of the COVID-19 pandemic on the Greek and global economy and the Company's business. The COVID-19 pandemic has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures severely restrict economic activity. These measures have also negatively impacted, and could continue to negatively impact, businesses, market participants, counterparties and clients as well as the Greek and global economy for a prolonged period of time. The COVID-19 pandemic led to the activation of the Company with the aim of dealing with increased measures regarding our employee health & safety, business continuity through remote work and client support in response to COVID-19 pandemic (see below: Key Focus on Employee, Client Support and Other Stakeholders in Response to the COVID-19 pandemic).

Depending on how the situation develops and the duration of the disruption, there is the potential for any associated economic slowdown to impact Company's expected credit losses. It is also possible that we may see revenue reductions from lower lending and transaction volumes, which may impact Company's RWA and capital position.

While economic scenarios used in cooperation with parent Bank to calculate ECL capture a range of outcomes, the potential economic impact of the COVID 19 was not considered at the year. Moreover, a tightening of financial conditions expected to increase ECL allowance concerning advances to customers during 2020.

The ECL at 31 December 2019 was estimated based on a range of forecast economic conditions as at that date. The impact on GDP and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that will be used to estimate ECL under IFRS 9 in 2020, upon assessment of the duration of the disruption caused by the virus.

The COVID-19 outbreak and uncertainties surrounding the evolution of the disease and its economic impact remain highly uncertain, we continue to monitor the situation closely.

Key Focus on Employee, Client Support and Other Stakeholders in Response to the COVID-19 pandemic

Leveraging on our business continuity plans and capabilities to ensure that our employees remain healthy and safe as well as being able to serve our customers and other related parties of the Company was put as our key priority. This was achieved through:

A. Employees

- Continuous information to the employees of issues related to COVID-19 in collaboration with the parent Bank Human Resources Department.

- Physical presence in the Company's premises of 50% of the employees for the period from March 16, 2020 to March 30, 2020 and 35% for the period after March 30, 2020. The staff cyclically alternates every two weeks.

- Telework for all employees belonging to vulnerable groups.

B. Business Continuity Plan ("BCP")

- Memo for the implementation of the BCP.

- Information to e- factoring services regarding electronic facilities for sending supporting documents.

- Instructions for clients (suppliers) and debtors (buyers) on the Company's website (http://www.nbgfactors.gr/Content/Files/pdf/COVID-19.pdf).

- Receipt in total twenty-seven (27) laptops (i.e., approximately 74% of the total number of employees) from parent Bank IT Department for telework purposes.

- Activating RCSA (Risk Control Self-Assessment) in collaboration with Bank's Operational Risk Department to measure the risks from the adoption of teleworking.

C. Corporate Social Responsibility

- Donation to the Ministry of Health for the supply of 14,000 protective masks with a total cost of €30,100 from the "Corporate Social Responsibility" amount approved for 2020.

The Company will continue its efforts to manage the increased operational risk in relation to the execution of BCP in accordance with the Risk Framework, the Operational Risk Management Program, and the Business Continuity Management System.

Client and Debtor Liabilities Modifications related to COVID-19

Medium & Large Corporates

To facilitate Medium-sized and Large Enterprises, whose operations have been impacted by the COVID-19 following the outbreak of the pandemic in our country, the Company examines the option in cooperation with parent Bank credit committees to defer the payment of their factoring loans, in all or in part. More specifically the Company examines positively requests from clients and debtors regarding the extension of recourse period and payments transfer of factorable receivables accordingly. Respectively, for major debtors, with agreement of the related clients, positive requests are considered for the transfer of their receivables payments until September 30, 2020.

Response to COVID-19 from Greek and European authorities

Greek authorities

In response to the economic and market conditions resulting from the COVID-19 pandemic the Greek government has provided the following measures:

Financial state aid measures

The measures for the qualifying businesses include:

- Granting of guarantees on working capital.

- Subsidising the interest cost for performing loans for April, May and June.

- New loans through the Hellenic Fund for Entrepreneurship & Development S.A. with a 100% interest rate subsidy for the first two years.

Tax measures

The measures for the qualifying businesses and the individuals that affected by the COVID-19 crisis includes:

- Suspension of tax obligation payments until 31 August 2020.

- Suspension of VAT payments until 31 August 2020.

- Suspension of Social Security Contributions (SSC) payments for the period of February and March 2020, until 30 September 2020 and 31 October 2020, respectively.

- 3-month extension of the deadline for the payment of scheduled instalment, in the context of a debt settlement scheme until 31 August 2020.

- 25% discount on tax and social security contributions instalment schemes for April, in case they are paid on time. Only for tax liabilities paid between 30 March and 30 April 2020, for employees of halted firms as well as for self-employed, freelancers and firms.

- Provision of a set off on certified tax liabilities with payment date from 1 May 2020 onwards, equal to 25% of VAT payable in April, in case the latter is paid in due time. Only for VAT payable in April, for qualifying businesses.

- Accelerated refunds of up to 30,000 Euros for income tax and VAT for all open tax audit cases, as on 20 March 2020 for all legal entities for income tax and VAT refunds and all individuals for VAT refunds.

- VAT reduction to 6%, from 24%, for sanitary products (masks, gloves, etc.) until 31 December 2020.

- Relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 crisis until 31 July 2020 for legal persons or individuals, provided, however, that such items shall be made available free of charge to beneficiaries specified in decision.
- The calculation of the Tax on Ownership of Real Estate Property (ENFIA) will be based on the currently applicable "deemed" property values for 2020.

Labor protection measures

- Special allowance of 800 Euros: (1) for short period of time for qualifying self-employed, freelancers and individual businesses affected by the COVID-19 crisis, (2) during the suspension period for employees of firms affected by the COVID-19 crisis, whose labor contract has been suspended based on specific NACE codes, (3) for short period of time for employers (with up to 20 employees) affected by the COVID-19 crisis.
- Special allowance of 600 Euros for a short period of time for economists/accountants, engineers, lawyers, doctors, teachers and researchers
- Unemployment benefit of 400 Euros. Lump sum payment for 155.000 individuals that became long term unemployed since April 2019.
- Extension of the regular unemployment benefit payment, as well as extension of the long term unemployment benefit.
- Introduction of special purpose leave up to 31 May 2020, only for workers with children attending to schools (while schools are closed), the cost of which will be shared between the state, the firm and the employee.
- 40% reduction in commercial rent for March and April 2020 for businesses affected by the COVID-19 crisis.
- 40% reduction in primary and student residence rent for March and April 2020 for employees of firms affected by COVID-19 crisis.
- Ability to suspend contracts of employment of part or all of the staff for a continuous period of 45 days, while prohibiting employees' dismissal. It can be applied for short period of time for qualifying businesses affected by the COVID-19 crisis.
- Ability of transfer staff to other companies within the same group, following a relevant intra company agreement. For qualifying businesses affected by the COVID-19 crisis. Duration of measure is to be determined.
- Possibility for employers to pay the Easter bonus at a later time and until 30 June 2020 for qualifying businesses affected by the COVID-19 crisis.

New measures announced on 20 May 2020

The Greek Ministry of Finance, though a Press Release on 20 May 2020 announced the following new series of tax measures aimed at alleviating the COVID-19 crisis;

- Postponement of the payment of any instalments of debts owed to the tax authorities by qualifying businesses and for employees, whose employment contracts have been suspended.
- Payment of reduced commercial lease (40% reduction) for up to June, July and August 2020 by qualifying businesses.
- Owners of real estate property rented to affected businesses, may also benefit from offsetting part of the revenue lost against their tax liabilities arising after July 2020.
- The right to suspend employment contracts, the provision of the special purpose compensation, as well as the social security coverage will be extended for a prolonged period.
- Advance tax payment reduction for qualifying businesses with turnover decrease in March, April and May 2020 under certain conditions.
- R&D expenses will have a super deduction of 200% instead of the current 130% for expenses incurred as of 1 September 2020 onwards.
- The granting of a new State loan ("Repayable Advance") will be conditioned upon turnover loss in March, April and May 2020, and the total amount to be granted for the two phases will amount to €2 billion.
- Reduction of the Value Added Tax ("VAT") on certain goods and services from a rate of 24% to a rate of 13% for the period from 1 June 2020 to 31 October 2020;
- Tourist packages from 80/20 (80% taxable at 13%, 20% taxable at 24%) to 90/10 (90% taxable at 13%, 10% taxable at 24%) for the period from 1 June 2020 to 31 October 2020.

The Bank believes the above measure implemented or announced by Greek authorities will help its customers meet their financial obligations.

The European Central Bank

In March and April 2020, ECB announced the following measures:

- Temporary increase in the Asset Purchase Programme ("APP") of €120 billion (12 March 2020).
- Pandemic Emergency Purchase Programme ("PEPP") €750 billion until the end of 2020 for all asset categories eligible. Expanded the range of eligible assets under the corporate sector purchase programme ("CSPP") to non-financial commercial paper (18 March 2020).
- Modifications to the terms and conditions of its targeted longer-term refinancing operations (TLTRO III): Interest rate on all targeted longer-term refinancing operations (TLTRO III) reduced by 25 basis points to -0.5% from June 2020 to June 2021. For banks meeting the lending threshold of 0% introduced on 12 March 2020, the interest rate can be as low as -1%. Start of the lending assessment period brought forward to 1 March 2020 (30 April 2020).
- Collateral easing measures: Package of temporary collateral easing measures to facilitate the availability of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations. The main features are:
- Collateral measures to facilitate an increase in bank funding against loans to corporates and households,
- General reduction of collateral valuation haircuts by a fixed factor of 20% and other measures (lowering of the non-uniform minimum size threshold for domestic claims, increase of maximum share of unsecured debt instruments issued by any single other banking group in a credit institution's collateral pool and waiver of the minimum credit quality requirement for marketable debt instruments issued by the Hellenic Republic for acceptance as collateral in Eurosystem credit operations) (7 April 2020).
- New pandemic emergency longer-term refinancing operations: Series of additional longer-term refinancing operations to ensure sufficient liquidity and smooth money market conditions during the pandemic period. Operations allotted on a near monthly basis maturing in the third quarter of 2021 (30 April 2020).

The following prudential measures have also been implemented by ECB;

- Pillar 2: Banks permitted to cover Pillar 2 requirements with capital instruments other than common equity tier 1 (CET1) (12 March 2020).
- Operational flexibility in implementation of bank specific supervisory measures (12 March 2020).
- Will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance ("P2G"), the capital conservation buffer ("CCB") and the liquidity coverage ratio (LCR). The ECB considers that these temporary measures will be enhanced by the appropriate relaxation of the countercyclical capital buffer ("CcyB") by the national macroprudential authorities (12 March 2020)
- Will consider rescheduling on-site inspections and extending deadlines for the implementation of remediation actions stemming from recent on-site inspections and internal model investigations, while ensuring the overall prudential soundness of the supervised banks. In this context, the ECB Guidance to banks on non-performing loans also provides supervisors with sufficient flexibility to adjust to bank-specific circumstances. Extending deadlines for certain non-critical supervisory measures and data requests will also be considered (12 March 2020).
- Capital relief: Total package amounts to €120 billion to absorb losses, or potentially finance up to €1.8 trillion of lending (20 March 2020).
- NPLs: Supervisory flexibility regarding the treatment of NPLs (20 March 2020)
- Dividends and Buy Back: Banks should not pay dividends for financial years 2019 and 2020 until at least 1 October 2020. Also, banks should refrain from share buy-backs (27 March 2020).
- Non-objection opinion on measures taken by macro-prudential authorities in the Euro area by releasing or reducing capital buffer in reply to COVID19 (15 April 2020).
- Market Risk: Temporary relief on market risk capital charges, by allowing banks to adjust the supervisory component of this requirement. The ECB will reduce the qualitative market risk multiplier. This decision will be reviewed after six months on the basis of observed volatility (16 April 2020).
- Grandfathering until September 2021 of eligible marketable assets used as collateral in Eurosystem credit operations falling below current minimum credit quality requirements (22 April 2020).

The European Commission

In April 2020, European Commission announced the following measures:

- Banking package to facilitate lending to households and businesses in the EU (28 April 2020).
- Amendments to the Capital Requirements Regulation (CRR). The European Commission proposes exceptional temporary measures to alleviate the immediate impact of Coronavirus-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favorably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer and by modifying the way of excluding certain exposures from the calculation of the leverage ratio. The European Commission also proposes to advance the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects.
- Interpretative Communication on the EU's accounting and prudential frameworks. The Communication confirms the recent statements on using flexibility within accounting and prudential rules, such as those made by the Basel Committee of Banking Supervision, the European Banking Authority (EBA) and the ECB, amongst others. For example, the respective communication confirms – and welcomes – the flexibility available in EU rules when it comes to public and private moratoria on loan repayments (EBA guidelines of 2 April 2020).

European Banking Authority

In March and April 2020, European Banking Authority ("EBA") announced the following measures:

- Stress tests: EU-wide stress test postponed to 2021 (12 March 2020).
- Supervisory requests: Competent Authorities ("CAs") recommended to be pragmatic, flexible and to postpone non-essential activities (12 March 2020).
- Pillar 2: CAs encouraged to make full use of flexibility in Pillar 2 Guidance (P2G) to provide the necessary support (12 March 2020).
- Dividends and share buy backs: EBA stressed institutions should refrain from the distribution of dividends of share buy-backs and assess their remuneration policies in line with the risks stemming from the economic situation (1 April 2020).
- Risk weights for specialised lending exposures: The EBA published a response to the European Commission's intention to amend the EBA's final draft regulatory technical standards ("RTS") for assigning risk weights to specialised lending exposures. The EBA takes the view that the proposed changes, despite their substantive nature, do not alter the draft RTS in a significant manner, as they still maintain a good balance between the flexibility and risk sensitivity required for the Internal Ratings Based ("IRB") approach and the need for a harmonised regulatory framework (16 April 2020).
- Prudent Valuation RTS: Amendment of the regulatory technical standard on prudent valuation by introducing the use of a 66% aggregation factor to be applied until the 31 December 2020 under the so-called core approach (22 April 2020).
- SREP 2020: Need for a pragmatic approach focusing on the most material risks and vulnerabilities driven by the crisis (22 April 2020).

Council of Ministers of the European Union

On 12 March 2020 the Ministers of Finance of the Member States of the EU agreed with the assessment of the Commission, that the conditions for the use of the general escape clause of the EU fiscal framework – a severe economic downturn in the euro area or the Union as a whole – are fulfilled.

The use of the clause will ensure the needed flexibility to take all necessary measures for supporting our health and civil protection systems and to protect our economies, including through further discretionary stimulus and coordinated action, designed, as appropriate, to be timely, temporary and targeted, by Member States.

Ministers remain fully committed to the respect of the Stability and Growth Pact. The general escape clause will allow the Commission and the Council to undertake the necessary policy coordination measures within the framework of the Stability and Growth Pact, while departing from the budgetary requirements that would normally apply, in order to tackle the economic consequences of the pandemic.

European Banking Association

On 25 March 2020 the EBA stated it is of the view that the public and private moratorium to the extent they are not borrower specific but rather addressed to broad ranges of product classes or customers, do not have to be automatically classified as forbearance measures as for IFRS9 and the definition of default.

Hellenic Bank Association

The Hellenic Bank Association announced in March 2020 that workers, freelancers and small business owners that have been directly affected by the COVID-19 crises as a result of the Government ordering the suspension of their business operations in order to fight the pandemic, will benefit, if the customer so desires, with a deferral of all loan payments for a short period of time. Furthermore, corporations effected by the COVID crisis measures will also benefit, if they choose so, with a short term deferral in the payment of capital and an extension of 75 days that has been provided for post-dated cheques at maturity.

Similar initiatives have been taken by other countries and central banks where the Group operates.

Hellenic Factors Association

The Board of Directors of the Hellenic Factoring Association, in collaboration with domestic business associations and national European Factoring associations, examines the contribution of factoring to relief the effects on the economy from COVID-19 impact. Moreover, in correspondence with the aforementioned associations is expected to be continued investigation, planning and implementation of actions and initiatives aimed at relieving businesses from the effects of COVID-19 pandemic.

NOTE 31: Transition to IFRS 16 Leases as of 1 January 2019

The Company in order to comply with the requirements of the new Standard, adopted parent Bank IFRS 16 implementation program ("the IFRS 16 Program") to ensure a timely and high-quality implementation, in accordance with the requirements of IFRS 16.

The IFRS 16 Program involved Finance, Real Estate Management, Procurement, Digital Channels, Global Markets and IT Divisions of the Bank and was overseen by a Project Steering Committee. The Committee comprised of the CFO (Chair), the Chief Information Officer and the General Managers of Real Estate Management and International Activities Divisions of the Bank. A full- time Project Management Office (PMO) was setup and a Project Manager assigned. The Group Audit Committee was updated by the Executive Management on the status of the IFRS 16 Program, as well as the accounting estimates and policies applied.

31.1 Impact upon transition to IFRS 16

The adoption of IFRS 16 on 1 January 2019 increased the asset and liabilities of the Company by €517,319. The accounting policies and critical judgments applied by the Company in order to comply with the requirements of IFRS 16 upon transition, are included in Notes 2 and 3 respectively.

By applying the transitional arrangements for 2019, there was no significant impact on the Company's capital adequacy ratio as at 31 December 2019.

The table below presents a reconciliation of the operating lease commitments for the Company, as of 31 December 2018 to the recognized lease liabilities as of 1 January 2019:

Amounts in €	
Operating lease commitments as of 31 December 2018	535,972
Consumer Price Index (CPI) adjustment	43,460
Gross lease liabilities as of 1 January 2019	**579,432**
Discounting	(62,113)
Lease liabilities as of 1 January 2019	**517,319**

The lease liabilities were discounted at parent Bank's IBR as of 1 January 2019. The weighted average discount rate was 3.4% for lease liabilities to buildings and 3.3% for vehicles respectively.

Athens, 3 June 2020

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD OF FINANCIAL SERVICES
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