Optima bank

Annual Financial Report

for the year

January 1 - December 31, 2019

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I. Directors Report

DIRECTORS REPORT

FOR THE YEAR ENDED ON DECEMBER 31, 2019

Global economy

The global financial environment in 2019 was marked by an increased instability and uncertainty. The unpredicted behavior of various governments, mainly regarding the international trade of goods and technology was a new factor that affected and surcharged the already mature economic cycle of many large economies worldwide.

According to the IMF, the global GDP growth rate has significantly slowed down to 2.9% in 2019, thus reaching its lowest level during the last decade, compared to a rate of 3.6% in 2018. The decreased growth rate in 2019 is due to the significant reduction of the foreign demand that hit the industrial production, mainly of capital goods, in many advanced and emerging economies as a result of the tensions in the international trade and the important decrease of its volume, mainly for the emerging and developing economies. The rather intensive activity in the service sector, particularly in the advanced economies, in a favorable financial environment, partially balanced the adverse impact of the decreased industrial production and exports and boosted employment.

As regards 2020, the annual growth rate of the global economy is expected to further decrease to 2.4%[1], since the measures to prevent the spread of COVID-19 coronavirus will have a downward effect on the economic activity. The scaling up of trading tensions between China and USA and/or the spreading of tensions between the USA and the European Union may also adversely affect the economic prospects.

The Eurozone

According to the EUROSTAT data, the GDP increased by 1.0% on an annual basis, during the fourth quarter of 2019 compared to 1.3% during the third quarter of the same year, at a lower rate compared to 1.2% during the fourth quarter of 2018.

For the entire 2019, the GDP marked a significant slowdown to 1.2% from 1.9% in 2018, while in 2020 the GDP is expected to further fade to 0.8%[2].

The European economy faces important geopolitical and financial challenges. The impacts of the spread of COVID-19 coronavirus are estimated to affect both the offer and the demand. Tourism, industrial production and transports will be heavily affected in 2020, during a fragile economic conjuncture. However, in addition to the pandemic, the highest risk is to enter into a extended period of low growth rates due to the uncertainty regarding various international agreements and transactions and the impacts of the Brexit, as well as more long-lasting trends such as the impacts of population ageing and the low rate of productivity increase. The climate change already recorded as well as the digital era are factors that shall be added to the above.

In 2019, the budgetary developments in the Eurozone as a whole were marked by the continued de-escalation of the public debt as a percentage of the GDP (84.5%), while on the contrary the declining path of the budgetary deficit (0.7% of the GDP) was stopped and this was the major feature of the budgetary developments in the Eurozone during the last decade.

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[1]Source: OECD, Interim Economic Outlook, March 2020

[2] (OECD, Interim Economic Assessment, March 2020)

The Greek Economy

In 2019, the growth potential of the Greek economy was maintained, despite the slowing down of the European economy.

In particular, the **Gross Domestic Product** increased by 1.9% YoY in 2019, despite its slowing down to 1% YoY during the 4th quarter of 2019, thus keeping the same rate of growth as in 2018, based on the exports of services (tourism), the gross fixed-capital investments and the final consumption (increased by 8.1%, 4.6% and 1.0% per year respectively in 2019)[3].

During the second semester of 2019, the **Economic Sentiment Indicator** reached a high for the last 12 years. In particular, in December 2019 it was reported at 110 points, increased by 8.6 points compared to December 2018, based on the joint growth of the consumer, services and constructions confidence indicators, and founded also on the improved conditions prevailing on the labor market and the positive prospects of the domestic demand, tourism and public consumption[4].

In 2019, **the real estate market** attracted an intense investment interest both for housing and professional uses. In many cases the prices of real estate recorded an increase at an important rate, but the increase in the prices and the demand does not seem to encompass the entire market, since it is mostly based on the demand for investments and capital inflows from abroad and less to the domestic demand for private housing or dwelling for personal occupation.

As regards the **labor market**, the unemployment continued to decrease during the first 12 months of 2019 and reached 16.3%[5] compared to 18.5% in December 2018 and to 16.5% in November last year. According to the workforce survey conducted by ELSTAT, 758,886 people were unemployed, and such number decreased by 114,584 persons compared to December 2018 (-13.1%) and by 12,274 persons compared to November 2019 (-1.6%). In accordance with the forecasts of the European Commission, the unemployment rate in Greece is expected to further drop in 2020-21, however it will still be the higher rate among the EU member states. The jobs created correspond to paid employment, since the number of self-employed is decreasing. The tertiary sector (trade, services, management) offered the largest number of new jobs.

At the end of 2019, the **private sector deposits (businesses and households)**[6] amounted to 143 billion euros (116 billion euros from households and approximately 27 billion euros from private companies). If we add the deposits of the general government, then the total deposits at the end of 2019 amounted to 159 billion euros, with a 4.4% increase (152 billion euros on 31.12.2018) which is due to a higher confidence in the prospects of the Greek economy, the stability of the Greek banking system and the overall recovery of the Greek economy in general.

At the end of 2019 the **private sector credits (businesses and households)**[7] amounted to 154 billion euros, recording a 9.4% decrease compared to the balance as of 31.12.2018 amounting to 170 billion euros. In particular, the credits to non-financial businesses amounted to 67 billion euros, recording a 12% decrease compared to the balance as of 31.12.2018 (76 billion euros), while the credits to householders recorded an annual variation of -9%, showing stabilizing trends during the last months of the year.

As regards the **management of non-performing exposures** progress was also made during the first nine months of 2019. In particular, the non-performing loans reached 71.2 billion euros by the end of September 2019, marking a decrease by 10.6 billion euros compared to December 2018. The ratio of the non-performing loans to the total loans (42.1%) and to the various categories (40.4% of business, 43% of housing and 49.7% of consumer loans) still remains high. According to the objectives set by the Greek financial institutions and submitted to the SSM by the end of March 2019, the ratio of the non-performing exposures to the total loans

[3]Source: Hellenic Statistical Authority (ELSTAT), March 2020
[4]Source: European Commission, Surveys on Businesses and Consumers
[5]Source: ELSTAT, Workforce survey, monthly data (December 2019)
[6] Source: Bank of Greece
[7]Source: Bank of Greece

should reach a level lower than 20% by the end of 2021. Note that the decrease recorded during the first nine months of 2019 is mainly due to derecognitions (approximately 3.1 billion euros) and sales (approximately 7.1 billion euros) of loans.

The spread of COVID-19 coronavirus and the uncertainly regarding the development of the virus and its economic impacts are marked by great uncertainly, while all estimates are based on the data available until March 2020. Since the Greek GDP growth rate depends, to a large extent, on tourism, the rate of change of the GDP for the current financial year is expected to present significant deviations from the estimates.

2020 Prospects

The initial forecasts of the European Commission (European Economic Forecast, Winter 2020) that were published in February 2020 stated that the GDP growth rate in Greece was expected to reach 2.4% in 2020 and 2.0% in 2021, rather thanks to investment expenses and not to the public and private consumption. The export of services (mainly tourist ones) that remained at the high levels of 2019 were of a significant importance.

However, in early March 2020, additional uncertainties could be the escalation of the geopolitical tensions, the resurgence of the refugee crisis, the possible domestic reform fatigue and the delay to the implementation of the structural reforms and mainly the coronavirus pandemic that quickly spread thus adversely affecting the economies all over the world.

The growth rate of the Greek economy is expected to significantly slow down in 2020, given the impacts of the coronavirus spread. Such impacts, for the time being, cannot be accurately quantified, given that there are no available data yet since the pandemic is still ongoing. In particular, the base case scenario of the Bank of Greece[8] estimates a zero GDP rate of change in 2020 compared to the most recent forecast of 2.4% following the incorporation of data on the National Accounts for the 4th quarter of 2019 (March 6, 2020). The downward revision in the estimates of the growth rate by more than 2.4 percentage points is due to the fact that the impacts of the coronavirus pandemic have been taken into account. According to the last data on the spread of the pandemic, the most credible prospect is that the economy will suffer significant adverse impacts during the first two quarters of 2020 which will be partially counterbalanced over the last two quarters. The slowing down of the economic growth will mainly arise from disorders of the demand, thus reducing the foreign demand for goods and services and the domestic demand, since sectors such as transport, tourism, trade, catering and entertainment are particularly affected. No-one can at present predict with any certainty how the pandemic will evolve, while its impacts on the national economies will also depend on the fiscal and monetary measures taken at a national and international level.

The Bank Sector

As regards the Greek banking system, 2019 was a year with positive results. According to the 2019 Report of the Governor of the Bank of Greece (March 2020), the developments in the banking system in 2019 were an improvement in operating profitability; sustained satisfactory capital adequacy; a continued recovery of credit expansion to non-financial corporations; an increase in private sector bank deposits; and a further reduction in the stock of non-performing loans (NPLs) on banks' balance sheets, which however remains at very high levels.

The improvement in **operating profitability** was mainly driven by one-off gains from financial operations and by a containment of operating expenses. On the contrary, core profitability declined, mainly as a result of deleveraging after the sale of subsidiaries abroad and of loan repayments exceeding new loan disbursements, as well as additional provisioning. Reducing the high stock of non-performing loans remains the most important challenge facing the banking system. The implementation of the "Hercules" plan is expected to contribute to a faster reduction of this stock. The decrease in non-performing loans so far, combined with improved liquidity

[8]Source: 2019 Report of the Governor, Bank of Greece, March 2020.

conditions, has contributed to improved bank lending conditions to non-financial corporations, especially large-sized ones. On the other hand, the growth rate of housing and consumer credit remained negative. In particular, the annual rate of decrease of bank lending to the private sector balance was slightly reduced in 2019, with an average change rate of -0.4% compared to -1.3% in 2018. The lower rate of decrease is due to increased credits to non-financial corporations with an annual average rate of 2.2% compared to a decrease of 0.6% in 2018. The credits granted to large corporations recorded a higher increase (6.4% compared to 3.1% in 2018), while the balance of credits to small and medium-sized corporations was still decreasing, although its rate of change was not so important. Bank lending was mainly oriented to corporations active in the transport (except shipping), energy and tourism sectors. On the contrary, the credit expansion to households continued to decrease and indeed at a slightly accelerated pace (-2.6% compared to -2.2% in 2018). The demand of households for bank lending was positively affected by the increase of the house price index and the rise in the households' disposable income. On the side of the loan offer, however, the high level of non-performing loans of the households was still the most important restrictive factor, despite an overall improvement of the bank liquidity.

In 2019, the **interest rates for bank loans** to non-financial corporations continued to decrease, while the highest decrease pertained to small businesses mainly because of the impact of the financial instruments mainly of the European Investment Bank. However, in real terms, the borrowing costs increased. Moreover, the interest rates for housing and consumer loans also increased in nominal and actual values.

Positive developments were also observed in **private sector bank deposits**, due to a repatriation of funds invested in financial assets abroad. This development was more favorable in the case of households as a result of a rise in their disposable income, while the dynamics of non-financial corporation deposits weakened. The gradual replenishment of the deposit base of the Greek banks allowed the termination of their reliance on the emergency liquidity assistance (ELA) from the Bank of Greece and reduced recourse to Eurosystem liquidity-providing monetary policy operations, and helped to contain the weakening of credit expansion to the economy.

Improved depositor confidence in the banking system contributed to averting an outflow of deposits after the full lifting of capital controls in September 2019, and the last restrictions to international payments and transfer of funds abroad.

As regards the **bank deposits interest rates**, in 2019 the rates of time deposits were mainly reduced. The low level deposit interest rates are compatible with maintaining the base rates of the single monetary policy in particularly low or even negative levels.

In **early March 2020**, the Supervisory Board of the European Central Bank announced a series of supervisory measures to ensure that the banks directly supervised by it are in a position to continue financing the economy in view of the adverse impacts and the challenges faced by their business operations from the **coronavirus outbreak**. The announcement by the European Central Bank was coordinated with a relevant announcement by the European Banking Authority (EBA) postponing the Eurozone-wide stress test exercise to 2021 and adopting a series of other measures. The announcement of the European Central Bank refers to capital relief measures, such as the possibility to use stocks of capital and liquidities, including the establishment of Pillar 2 Guidance capitals, to the relief in the composition of capitals regarding the additional capital requirements of Pillar 2, as well as to operational flexibility in the implementation of bank-specific supervisory measures. The European Central Bank and the European Banking Authority (EBA) underline the possibility to use the flexibility already provided for in the existing regulations for the non-performing loans, without however affecting the implementation by the banks of reliable credit criteria and appropriate policies to identify and cover the non-performing loans, as well as to reliably plan the capitals and their liquidity making use of enhanced risk management operations.

Benefiting from the above mentioned monetary and supervisory relief measures of the European Central Bank, Greek banks have already announced actions to provide relief to businesses in the sectors affected by the Covid-19 crisis.

Developments pertaining to Optima bank

The Investment Bank of Greece was founded in 2000; since 2012 its shareholder was Cyprus Popular Bank, the remaining assets of which have been passed to the National Resolution Authority (NRA) of Cyprus and went into liquidation.

In 2013, within the context of the plan to rescue the banks of Cyprus of that time, all banking operations of Cyprus Popular Bank in Greece were transferred to Piraeus Bank, while the Investment Bank of Greece was excluded and remained an independent banking, investment and financial institution which operates under the supervision of the Bank of Greece and the Single Supervisory Mechanism (SSM), while at the same time is a member of the Athens Exchange and the Cyprus Stock Exchange.

By July 2019, Investment Bank of Greece was still a Greek financial institution holding a full banking permit which offered a wide range of financial and banking services as well as investment banking services both in Greece and abroad.

In March 2018, Cyprus Popular Bank hired an advisor marking the beginning of the procedure to sell the Investment Bank of Greece by conducting an international tender; such procedure was completed in October 2018 by the signature of the SPA between the seller (Cyprus Popular Bank) and the buyer (Ireon Investments, a 100% subsidiary of Motor Oil Hellas Group). The transfer procedure was completed in July 2019, following the receipt of the relevant approvals of the supervisory authorities.

Following its acquisition by Ireon Investments, Investment Bank of Greece was renamed to Optima bank and after a very short period of time it opened its first branch in Psychico, Greece.

2019 financial performance (Group)

On 31.12.2019, the total assets amounted to €303.5 million euros compared to €208.3 million euros in 2018.

Customer deposits including deposits of brokerage accounts, amounted to €206.4 million, recording a 165.9% increase, compared to 31.12.2018 (€77.6 million). On 31.12.2019, the loans before impairments, including loans for margin trading, amounted to €93.7 million euros, recording a 137.6% increase compared to 2018 (€39.4 million).

Past due loans over 90 days correspond to 1.69% of gross loans (in Greece the relevant index being 28.3%) while the coverage by cumulative provisions ratio amounted to 100.0% (in Greece the relevant ratio amounts to 67.7%). At an individual level, the above ratios amounted to 1.56% and 100.0% respectively.

Net interest income amounted to €4.1 million euros compared to €3.5 million euros in 2018, recording a 15.5% increase, mainly due to the increased interests - receipts from credits (increased loans). The net fee and commission income amounted to €4.2 million euros in 2019, compared to €3.0 million euros in 2018, mainly due to securities transactions.

In 2019, the profits from the bond portfolio of the Bank amounted to €2.3 million euros compared to €0.4 million euros in 2018, while the total profits from financial transactions of the group amounted to €3.3 million euros compared to €3.7 million euros in 2018. The deviation is due to the evaluation of the business holdings mutual funds in which the Bank's subsidiaries IBG Capital & IBG Investments have invested in, which deviation was particularly high in 2018.

The total operating expenses of the Group in 2019 amounted to €14.7 million, recording a 13% increase, compared to €13.0 million in 2018. The increase of the operating expenses arose in principle from the staff costs (€1.1 million euros), mainly due to the increased human resources necessary to meet the new operating needs. At the same time, the other operating expenses are also increased by €0.4 million euros. Such excess is mainly the result of subscription and infrastructure costs.

As a result of the above, the cumulative total income after tax of the year 2019 amounted to € -4.2 million euros, compared to € -4.0 million euros in 2018.

Non-current assets held for sale

On 31.12.2019, the non-current assets held for sale include the companies IBG Global Funds SICAV-SIF, a Luxembourg-based Specialized Investment Fund, and IBG Capital Management S.ar.l, the managing company of the above Fund domiciled in Luxembourg.

The Management of Optima bank, after having investigated various alternatives for exploiting the above assets, considered that they do not generate the estimated contributions in the general business plan of the bank.

Consequently, it initiated a procedure to sell them while since the expected outcome could not be reached it decided to liquidate the IBG Global Funds SICAV-SIF Investment Fund and to close the business in accordance with the voluntary liquidation procedure, as provided for in the relevant legal framework of Luxembourg, and also to launch the liquidation of the managing company IBG Capital Management S.ar.l.

Optima bank expects that all the above would be completed during the current year 2020.

Regulatory Indices (Group)

As per the Basel III framework and following the implementation of the regulatory transitional provisions about IFRS 9, the Group's capital adequacy ratio and its Common Equity Tier 1 (CET 1) ratio amounted to 26.03%.

The liquidity coverage ratio (LCR) amounted to 199.49% (compared to the minimum required limit of 100%), the net stable funding ratio (NSFR) amounted to 116.37% (compared to the minimum required limit of >100%), while the leverage ratio amounted to 21.90% (compared to the minimum required limit of 3%).

Conclusions on the going concern

The Board of Directors concluded that as regards the Bank, the going concern does apply, taking into consideration the following:

a) The liquidity coverage ratio (LCR) and the Net stable funding ratio (NSFR) exceed the minimum permissible limit of 100% as well as

b) The capital adequacy index of the Group exceed the minimum capital requirements indexes;

c) The series of measures taken by the European Commission, the European Central Bank in March 2020, to deal with the impacts of the outbreak of COVID-19 coronavirus on the economies of the member states and on the implementation of flexibility measures for the application of the supervisory measures concerning the banks;

d) The modification of the shareholding, i.e. the acquisition of the majority of the shares by related parties of Motor Oil Hellas, one of the biggest business groups in Greece.

Risk Management

The Group acknowledges that the management of the risks it undertakes within the framework of its activities is a strategic tool of its business tactics and philosophy governing its operation. Therefore, its Management sees that the risk management is carried out in a clearly defined framework that all units can easily understand. Within this framework, the timely acknowledging of risks, their measurement and management comply with the strategic choices made by the Group and correspond to daily business decision-making.

Carefully monitoring the dynamic character of the financial and institutional environment in which is acting, the Group adapts and develops the risk management mechanisms, at the levels of organizational structure, policies, procedures and IT systems, so that these mechanisms could remain efficient for the daily bank transactions, complying with the principle of independence, and functional for the purposes of internal and institutional supervision.

The procedure to adapt to the evolving institutional environment and the efforts to upgrade the operations that define the risk management level (policies, systems etc.) require investing important resources that the Group exploits by implementing transparent background procedures so that the produced outcome could comply with the pursued one, while the relevant expenses will remain within the limits of the each time budget.

At the facilities level, the Bank evaluates the credit risk to be undertaken each time by defining the credit rating of its customers, both by applying one of the most reliable independent credit rating models and exploiting a series of techniques and criteria, complying with the institutional framework in force. These tools are described and applied within the framework of the Credit Risk Management Policy, the Credit Policy and the Institutional Counterparts Credit Risk Policy and Management. Within this framework, both the approval procedure and the approval levels are clearly defined, while the role of the credit committees and the increased role of the Bank Chief Risk Officer are clearly separated as of 2018.

A similar management framework, adapted to their nature, applies to the market, liquidity and operational risks.

All risks are delimited by the Bank's Risk Tolerance Policy, approved (as for all other policies) by the Board of Directors. The risk tolerance framework distinguishes the maximum risk tolerance levels, the desired level of risk undertaking and the real risk level, thus orienting and coordinating the tasks of the various units so that they can converge on the strategic choices made by the Management, i.e. the optimum combination of protection and performance of the Bank's capitals. To achieve this goal, the Risk Tolerance Policy provides for the observance of certain value levels, for a large number of indexes that reflect the structural image of all high interest sectors, both for the Bank and the supervisory authorities (capital adequacy, liquidity, loan portfolio quality, performance etc.). This policy is regularly updated both on an annual basis and extraordinarily whenever necessary.

The Risk Management Committee of the Board of Directors supports the BoD in defining the risk management strategy on the basis of the each time Business Plan and the Risk Undertaking Framework in force.

The Risk Management Committee (RMC) proposes to the BoD the Bank's present and future risk undertaking strategy, defines the principles that shall govern the risk management in terms of acknowledging, anticipation, measurement, monitoring, auditing and dealing with risks, in accordance with the each time business strategy in force and the adequacy of the available resources.

Moreover, the RCM guides the Risk Management Direction in terms of implementing the risk undertaking strategy, including the compliance with the each time capital adequacy supervisory framework in force, while it also monitors the independence, sufficiency and efficiency of the operation of the said Direction.

The RCM ensures that the Bank Board of Directors (BoD) is sufficiently informed about all issues regarding the risk undertaking strategy, the tolerance level and the risk undertaking level while performing its strategic and supervisory duties.

The relevant supervisory references summarize and systematize the risk management framework in all its aspects. The financial risk management is detailed in Note 4 of the Financial Statements and the Consolidated Financial Statements for the year ended December 31, 2019.

Personnel

A particularly important asset for the progress of Optima bank is its personnel. The Bank sees to employ the proper staff so that it can have the critical mass required to achieve its business objectives and also to create with them long-term and mutually profitable cooperation relations.

On 31.12.2019 the number of staff of Optima bank amounted to 283 persons compared to 189 on 31.12.2018. 37% out of them were women, while 74% of the employees are of higher education and holders of a postgraduate degree.

Share Capital Structure

The Optima bank's Share Capital amounts to €110,427,027 euros and is divided into 3,762,420 ordinary registered shares with a nominal value of €29.35 euros each; the share capital is fully paid up.

All the shares of Optima bank are ordinary, registered, voting shares, not listed in any regulated market and have all the rights and obligations arising from the Articles of Association of Optima bank and defined by the Law.

On 31.12.2019 Optima bank had no own shares.

Dividends

According to the results of the year ended on 31.12.2019 and in association with Article 161 (minimum dividend) and Article 162 (interim dividend and subsequent distribution of profits and optional reserves) of the Law on Sociétés Anonymes ref. 4548/2018, no dividend distribution is allowed.

Estimates of the progress of Optima bank's activities in 2020

From the 4th quarter of 2019, Optima bank started its activities in the Greek retail and corporate banking sector. In the field of corporate banking, it focuses on SMEs and Large Corporates that have export activities and present important profitability from various business sectors of the economy.

As regards the retail banking, Optima bank is expected to complete the establishment and to start operating a new and modern network of bank branches in Athens, Thessaloniki, Korinthos and Crete, in order to attract deposits (mainly retail and corporate banking) and to sell banking and investment products to affluent customers. Currently Optima bank operates 14 branches in Athens (12), Thessaloniki (1) and Korinthos (1), while the creation of many others has been initiated within the framework of the bank's investment plan (27 branches by the end of 2020).

Note that Optima bank still provides brokerage services to its customers as well as asset management and investment banking services, in which it excelled in the past and has received prestigious awards and distinctions.

The successful course of all the above is expected to further broaden the financing sources of Optima bank and to improve its visibility and gain renown.

At the same time, Optima bank has already started implementing its investment plan regarding new technologies (ATM's, e-banking/m-banking, etc.) in order to provide to its customers e-banking products and services of a quality similar to the one already offered by other banks operating in Greece.

Note that Optima bank observes the recent developments regarding the quick spread of the coronavirus COVID-19 and assesses any impacts that it may have on its financial results and macroeconomic data as well as on the implementation of its business plan. The Bank implemented, in due time, its Business Continuity Plan (BCP), adapted to the pandemic, in order to ensure a coordinated response to events that could adversely affect its activity. To deal with an emergency, such as the recent COVID-19 pandemic, a series of actions has been activated, while the BCP usual procedures had to be broadened. In order to limit the risks, it was decided that most of the employees of the central services shall work from home without downgrading the level of service of the Bank, while as regards the staff of its branches, it was decided to divide them into teams that rotated, i.e. one team worked at the office while the other stayed at home and supported the team at the office, and changed regularly. The prompt response and support of the IT Department had a significant contribution to this effort, thus allowing the timely and successful implementation of the teleworking system, ensuring that all services and operations of the Bank could be carried out remotely without any interruption and successfully.

Finally, note that measures to protect the health and safety of the bank's employees and customers have been taken, such as the prohibition to travel in Greece and abroad, the suspension of any training sessions requiring the physical presence of the trainees, the replacement of meetings by teleconferences and the adoption of cleaning and disinfection measures at both the central offices and the branches of Optima bank, in compliance with the official health recommendations, as well as the use of multiple communication tools to promote all necessary measures.

Transactions with related parties

All transactions with related parties are objective and carried out according to the arm's length principle for similar transactions with third parties. Important transactions with related parties, as these are defined in IAS 24, are detailed also in Note 21 of the Financial Statements and the Consolidated Financial Statements for the year ended December 31, 2019.

Protection of the environment

Because of the nature of the activities of Optima bank, the actual and potential impact on the environment due to the bank's activities is not significant.

Events subsequent to the Balance Sheet

No further important events occurred after the balance sheet date that could affect the present financial statements.

COVID-19 pandemic

In early March 2020, the World Health Organization (WHO) declared the spread of the coronavirus COVID -19 as a Pandemic. The outbreak and the rapid spread of the epidemic worldwide made the international organizations and governments to take measures aiming at protecting the population and preventing the spread of the virus. These measures initially pertained to the suspension of the activity of a large number of businesses, the lockdown on the population and the closure of the borders to some extent. As a result of these measures, the global economic activity has been adversely affected as well as the Greek economy.

In an effort to mitigate the impacts of this situation, the European Central Bank promptly took measures aiming at a temporary capital injection to banks, in association with the adjustment of existing time schedules and procedures, at increasing their liquidity thanks to reduced-cost refinancing programs, in order to ensure the activity of the markets, at dealing with the non-performing loans which, among others, aim at providing sustainable solutions to temporarily debtors in difficultly because of the pandemic, while at the same time the Bank offered flexibility to the supervisory authorities and extended the deadlines for crucial supervisory measures.

In parallel, it was decided to support the affected countries in covering the health expenses thanks to a credit line, to finance SMEs through the national development banks and to protect jobs by using financing tools.

Within this context, for the very first days the Greek Government took measures to suspend the operation of all educational institutions, crowd gathering facilities, retail shops, while it also took measures to place the population on lockdown. Admittedly, these measures successfully limited the spread of the virus and therefore Greece has the lower number of fatalities.

At the same time it took measures for the employment relation (arrangements to organize the time and the place of work, granting the right to teleworking, granting a special purpose leave, suspension of the contracts of employment in businesses that were bound to suspend their activity), for supporting the affected people (rent cuts, extension of the deadline for the payment of securities, grants to employees - unemployed people, suspension of the scheduled payments) and for their financing (through the repayable advance, programs of the European Investment Bank and a guaranteeing mechanism).

For sure, the growth dynamics shown by the Greek economy in 2019 was abruptly halted because of the pandemic. The significant impact of the services on the economic activity and its shallow productive structure are strongly affected by this situation. Now, all forecasts refer to a deep recession in 2020, while a significant part of such recession will be counterbalanced in 2021.

Optima bank, giving priority to the safety of its personnel and customers, took all necessary measures to protect them by taking advantage of the possibilities offered, while at the same time it enhanced the plan to continue operating and serving its customers.

Given that the COVID-19 evolution is still uncertain and its economic impacts are unknown yet, the Management closely monitors the situation and considers that its business plan will not be affected, mainly because of the growth potential of the Bank and its strong balance sheet. However, depending on the developments in the economy, the estimates of the Bank may be readjusted.

Other events

On March 26, 2020, Motor Oil Hellas announced that its Board of Directors granted a special permit so that its subsidiary Ireon Investment could proceed with a disinvestment by selling shares of Optima bank. The buyers of Optima bank shares amounting to a total of 45% shall be related parties of Motor Oil Hellas, among which its executive Vice President Mr. Ioannis V. Vardinogiannis and the Non-executive Director Mr. Dimosthenis Vardinogiannis.

Information on a consolidated basis for the year 2019 in accordance with the provisions of Article 6, Law 4374/2016

I. Payments on a consolidated basis made in the year 2019 for advertising and promotion in the Media, according to para. 1, Article 6 of Law 4374/2016

In 2019, the following payments have been made for advertising and promotion in the Media:

Company Name	Amount before tax
CAPITAL.GR S.A.	2.420,00
Total	**2.420,00**

II. Payments on a consolidated basis made in the year 2019 for donations, sponsorships, grants or other ex gratia payments (according to para. 2, Article 6 of Law 4374/2016)

In 2019, the following payments have been made for donations, sponsorships, grants or other ex gratia payments:

Company Name	Amount before tax
ETHOS MEDIA S.A.	120,00
HELLENIC STOCK EXCHANGE S.A.	30.000,00
HELLENIC BANKS UNION	12.371,00
CHAMOGELO TOY PAIDIOY	400,00
Total	**42.891,00**

Maroussi, June 30, 2020

FOR THE BOARD OF DIRECTORS

The Chairman of the Board of Directors	The Chief Executive Officer
Georgios Taniskidis	**Dimitrios Kyparissis**

II. Auditor's Report

[Translation from the original text in Greek]

Independent auditor's report

To the shareholders of "Optima bank S.A."

Report on the audit of the separate and consolidated financial statements

Our opinion

We have audited the accompanying separate and consolidated financial statements of the Bank "Optima bank S.A." (Bank and Group), which comprise the separate and consolidated statement of financial position as of 31 December 2019, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.
In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the Bank and the Group as at 31 December 2019, their separate and consolidated financial performance and their separate and consolidated cash flow 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 separate and consolidated 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 Bank and the Group 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 and of Regulation (EU) No 537/2014, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Bank are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Bank, during the year ended as at 31 December 2019, are disclosed in the 39 of the separate and consolidated financial statements.

We declare that for the year ended as at 31 December 2019 we have not provided non-audit services to the subsidiaries of the Bank.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Financial assets measured at fair value for which no listed price in an active market is available</td></tr>
<tr><td>The Group’s investment portfolio, which is measured at fair value in accordance with IFRS 13, amounts to €69 million as at 31 December 2019. Out of the above amount, €45 million relate to financial assets for which a listed price in an active market is available. The majority of these items is classified as financial assets at fair value through profit or loss.

The remaining amount of €24 million refer to financial assets for which no listed price in an active market is available and is comprised mainly of investments in closed-end venture capital mutual funds. These investments are classified as financial assets at fair value through profit or loss and, as a result, any gain or loss arising from their valuation is recognised in profit or loss in the Statement of profit or loss and other comprehensive income.

We focused on this area due to the relative size of the amount in the consolidated Statement of Financial Position and the inherent subjective nature of its valuation.

The fair value of closed-end venture capital mutual funds is determined based on key assumptions which require significant judgement, such as forecasted revenue, operating expenses and discount rates.

For more information on the measurement of financial assets at fair value for which no listed price in an active market is available, you can refer to notes 3, 5.2, 16, 17, 18 and 19 of the separate and consolidated financial statements.</td><td>The audit procedures we performed in relation to the valuation of financial assets for which no listed price in an active market is available, in conjunction with our internal valuation specialists, included the following:

• Assessing the availability of quoted prices in liquid markets.
• Assessing the available reports and other information used by Management for the valuation of the investments.
• Assessing whether the valuation process was appropriately designed and captured the relevant valuation inputs.
• Assessing key assumptions of the valuation models used for the investments in closed-end venture capital mutual funds. More specifically:
– we evaluated the assumptions regarding forecasted revenue by agreeing the prices with the Power Purchase Agreements confirming their compliance with the applicable legislation,
– we verified that the valuation model includes customary operating expenses, and
– we performed independent calculations of the Cost of Equity, using available external sources of information.

Based on the audit procedures performed, we are satisfied that the estimates regarding the valuation of financial assets for which there is no listed price in an active market are reasonable.

Additionally, we have assessed the disclosures in the relevant notes concerning the valuation of financial assets measured at fair value for which there is no listed price in an active market.</td></tr>
<tr><td colspan="2">Impairment allowance for loans and advances to customers under IFRS 9</td></tr>
<tr><td>At 31 December 2019 loans and advances to customers of the Bank and the Group amounted to €98 million and €90 million respectively and the accumulated impairment allowance amounted to €5 million.

With the introduction of IFRS 9 in 2018, a number of additional judgements and assumptions are introduced and reflected in the Bank and the Group’s financial statements, including the identification of</td><td>The audit procedures performed regarding the impairment allowance for loans and advances to customers included the following:

• We assessed the completeness and accuracy of data used in the impairment models by agreeing details to the source systems.
• We assessed the reasonableness of the impairment model methodology applied by management and key modelling judgements to</td></tr>
</table>

increases in credit risk and the application of forward looking economic scenarios. The Bank and the Group determine an expected credit loss allowance for the loans and advances to customers using impairment models based on key assumptions including probability of default (PD) and loss given default (LGD). For loans and advances to customers that have been impaired, the impairment allowance for credit risks is determined by taking into consideration the recoverability of exposures and the underlying collaterals. We focused on this area due the size of loans and advances to customers and the subjective nature of the calculation of impairment allowance. Impairment allowance represents Management's best estimate of both the timing of recognition of impairment and the measurement of the amount of the impairment required in relation to loss events, which have occurred at the year end. For more information you can refer to notes 2.4, 2.10, 3, 4.1 and 18 of the separate and consolidated financial statements.	determine the credit risk parameters for the expected credit loss calculation. • We examined Management's assessment regarding impairment indicators, uncertainties and assumptions applied in the assessment of the recoverability of exposures and underlying collaterals. We also considered the current financial performance as well as the assumptions commonly used in the industry. • For a sample of loans, we obtained an understanding of the latest developments in order to verify whether there are indicators of impairment and we examined the reasonableness of key assumptions and impairment allowance, taking into consideration the value of the underlying collaterals. • For the aforementioned sample, we inspected the relevant agreements and other supporting documentation to confirm the existence and legal right to the collaterals. Based on the procedures performed, we consider that the key assumptions used for the measurement of impairment allowance for loans and advances to customers were reasonable.
Use of IT Systems	
The Bank and the Group's financial reporting processes are highly reliant on information produced by the Bank's Information Technology (IT) systems, and / or automated processes and controls (i.e. calculations, reconciliations) implemented in these systems. The nature, complexity and the increased use of these information systems combined with the large volume of transactions being processed on a daily basis increase the risk over the effective interconnectivity of the IT systems and data and the risk around the degree of reliability of the financial reporting information. The banking environment is also subject to a number of internal and external threats relating to cyber security.	We assessed the information security resilience of the Bank by evaluating the design of key IT processes and controls over financial reporting. More specifically, we assessed the administration of access, changes and daily IT operations for key layers of underlying infrastructure for the systems in scope of the audit. In order to place reliance on the system generated information (i.e. data and reports), we performed additional substantive procedures as part of our audit.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Board of Directors Report (but does not include the separate and consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the separate and consolidated 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.

In connection with our audit of the separate and consolidated 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 separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
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 separate and consolidated financial statements.

- The Board of Directors' report has been prepared in accordance with the legal requirements of articles 150 and 153 of the Law 4548/2018.

In addition, in light of the knowledge and understanding of the Bank and Group and their 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 separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated 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 separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Bank's and Group'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 Bank and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 and consolidated 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 separate and consolidated 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 Bank's and Group'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 Bank's and Group'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 separate and consolidated 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 Bank and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank and Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our as per Art. 11 of Regulation (EU) No 537/2014, Additional Report to the Audit Committee of the Bank.

2. Appointment

We were first appointed as auditors of the Bank by the decision of the annual general meeting of shareholders on 29.06.2012. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 8 years.

Athens, 06 July 2020

The Certified Auditor

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

Nicos Komodromos
SOEL Reg. No 39821

III. Financial Statements for the year ended December 31, 2019

Financial Statements

for the year

January 1 - December 31, 2019

In accordance with the International Financial Reporting Standards (IFRS)

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GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Amounts in Eur '000	Note	31st December 2019	31st December 2018
Interest income		4.754	3.884
Interest expenses		(676)	(354)
Net interest income	6	**4.078**	**3.530**
Fee and commission income		7.436	5.622
Fee and commission expenses		(3.230)	(2.619)
Net fee and commission income	7	**4.206**	**3.003**
Dividend income		540	112
Net trading income	8	3.379	3.682
Other operating income	9	335	371
		4.254	**4.165**
Total operating income		**12.538**	**10.698**
Staff Costs	10	(9.750)	(8.636)
Other operating expenses	11	(4.510)	(4.105)
Depreciation	22	(440)	(283)
Total operating expenses		**(14.701)**	**(13.024)**
Profit/(loss) before provisions and taxes		**(2.163)**	**(2.326)**
Provision for loans impairment	18	(3.581)	427
Other provisions	12	1.220	(516)
Total provisions		**(2.360)**	**(89)**
Loss before tax		**(4.523)**	**(2.415)**
Income tax	13	331	(1.540)
Loss after tax (a)		**(4.192)**	**(3.955)**
Other comprehensive income after tax (b)		**(79)**	**(34)**
Total comprehensive income after tax (a)+(b)		**(4.271)**	**(3.989)**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Amounts in Euro '000	Note	31st December 2019	31st December 2018
Interest income		4.947	3.954
Interest expense		(658)	(328)
Net interest income	6	**4.290**	**3.626**
Fee and commission income		7.436	5.622
Fee and commission expenses		(3.224)	(2.615)
Net fee and commission income	7	**4.212**	**3.006**
Dividend income		542	197
Net trading income	8	2.342	365
Other operating income	9	316	341
		3.199	**903**
Total operating income		**11.701**	**7.535**
Staff Costs	10	(9.750)	(8.636)
Other operating expenses	11	(4.334)	(3.845)
Depreciation	22	(440)	(283)
Total operating expenses		**(14.525)**	**(12.764)**
Profit/(loss) before provisions and taxes		**(2.824)**	**(5.228)**
Provision for loans impairment	18	(3.602)	471
Other provisions	12	943	(224)
Total provisions		**(2.659)**	**247**
Loss before tax		**(5.482)**	**(4.981)**
Income tax	13	307	(751)
Loss after tax (a)		**(5.175)**	**(5.732)**
Other comprehensive income after tax (b)		**(79)**	**(32)**
Total comprehensive income after tax (a)+(b)		**(5.254)**	**(5.764)**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Eur '000	Note	31st December 2019	31st December 2018
ASSETS			
Cash and balances with central banks	14	27.493	57.213
Loans and advances to credit institutions	15	85.913	11.718
Financial assets at fair value through profit or loss	16	63.177	64.595
Derivative financial instruments	17	102	24
Loans and advances to customers	18	88.710	37.990
Financial assets at fair value through other income statement	19	1.377	1.382
Investments in associates	21	54	54
Property, plant and equipment and intangible assets	22	4.722	1.329
Rights on Use Assets	23	6.168	0
Deferred tax assets	24	1.906	1.484
Other stock exchange transactions	25	10.028	6.175
Guarantee Securities for Investment Services	26	11.192	10.580
Current tax assets	27	282	232
Other assets	27	1.947	12.796
		303.072	**205.572**
Assets for Sales	20	459	2.682
Total assets		**303.531**	**208.254**
LIABILITIES AND EQUITY			
Due to credit institutions	28	9.449	41.932
Due to customers	29	184.501	57.941
Customer balances to stock exchange accounts	30	21.950	19.692
Derivative financial instruments	17	217	5.384
Lease Liability	23	6.190	0
Retirement benefit obligations	31	401	301
Other liabilities	32	7.160	4.981
Provisions	33	792	880
		230.660	**131.113**
Liabilities for Sales	20	78	76
Total liabilities		**230.737**	**131.189**
Equity			
Share capital	34	110.427	110.427
Fair value reserves		19	16
Other reserves	35	18.844	18.926
Retained losses		(56.496)	(52.304)
Total equity		**72.794**	**77.065**
Total liabilities and equity		**303.531**	**208.254**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

BANK

STATEMENT OF FINANCIAL POSITION

Amounts in Euro '000	**Note**	**31st December 2019**	**31st December 2018**
ASSETS			
Cash and balances with central banks	14	27.493	57.213
Loans and advances to credit institutions	15	85.907	11.699
Financial assets at fair value through profit or loss	16	43.973	43.900
Derivative financial instruments	17	102	24
Loans and advances to customers	18	96.690	45.059
Financial assets at fair value through other income statement	19	1.377	1.382
Investments in subsidiaries and associates	21	6.591	6.868
Property, plant and equipment and intangible assets	22	4.722	1.329
Rights on Use Assets	23	6.168	0
Deferred tax assets	24	4.011	3.703
Other stock exchange transactions	25	10.028	6.175
Guarantee Securities for Investment Services	26	11.192	10.580
Current tax assets	27	282	232
Other assets	27	1.920	12.780
		300.456	**200.945**
Assets for Sales	20	313	2.513
Total assets		**300.769**	**203.457**
EQUITY AND LIABILITIES			
Due to credit institutions	28	9.449	41.932
Due to customers	29	187.680	58.000
Customer balances to stock exchange accounts	30	21.950	19.692
Derivative financial instruments	17	217	5.384
Lease Liability	23	6.190	
Retirement benefit obligations	31	401	301
Other liabilities	32	7.057	4.979
Provisions	33	792	880
Total liabilities		**233.735**	**131.169**
Shareholders equity			
Share capital	34	110.427	110.427
Fair value reserve		19	16
Other reserves	35	18.177	18.177
Retained losses		(61.589)	(56.332)
Total equity		**67.034**	**72.288**
Total liabilities and equity		**300.769**	**203.457**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Eur '000	Share capital	AFS reserves	Other reserves	Retained earnings	**Total**
Balance at 1 January 2018	**110.427**	**5.266**	**18.941**	**(53.177)**	**81.457**
IFRS 9 Effect	0	(5.231)	0	4.828	(403)
Balance at 1 January 2018, adjusted to the effects of IFRS 9	**110.427**	**35**	**18.941**	**(48.349)**	**81.055**
Profits/(losses) from the valuation at fair value through other income statement	0	(24)	0	0	(24)
Tax related to profits/(losses) recognised in equity	0	5	0	0	5
Net profit/(loss) for the year 01/01-31/12/2018	0	0	0	(3.955)	(3.955)
Other comprehensive income	0	0	(15)	0	(15)
Equity balances as at 31 December 2018	**110.427**	**16**	**18.926**	**(52.303)**	**77.065**

Amounts in Eur '000	Share capital	AFS reserves	Other reserves	Retained earnings	**Total**
Balance at 1 January 2019	**110.427**	**16**	**18.926**	**(52.303)**	**77.065**
Profits/(losses) from the valuation at fair value through other income statement	0	3	0	0	3
Tax related to profits/(losses) recognised in equity	0	1	0	0	1
Net profit/(loss) for the year 01/01-31/12/2019	0	0	0	(4.192)	(4.192)
Other comprehensive income	0	0	(82)	0	(82)
Equity balances as at 31 December 2019	**110.427**	**19**	**18.844**	**(56.496)**	**72.794**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

BANK

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro '000	Share capital	Revaluation reserve	Other reserves	Retained earnings	**Total**
Balance at 1 January 2018	**110.427**	**33**	**18.192**	**(50.132)**	**78.520**
IFRS 9 Effect	0	0	0	(469)	(469)
Balance at 1 January 2018, adjusted to the effects of IFRS 9	**110.427**	**33**	**18.192**	**(50.600)**	**78.051**
Fair value losses on available for sale financial assets	0	(24)	0	0	(24)
Tax related to profits/(losses) recognised in equity	0	7	0	0	7
Net profit/(loss) for the year 01/01-31/12/2018	0	0	0	(5.732)	(5.732)
Other comprehensive income	0	0	(15)	0	(15)
Equity balances as at 31 December 2018	**110.427**	**16**	**18.177**	**(56.332)**	**72.288**

Amounts in Euro '000	Share capital	Revaluation reserve	Other reserves	Retained earnings	**Total**
Balance at 1 January 2019	**110.427**	**16**	**18.177**	**(56.332)**	**72.288**
Fair value losses on available for sale financial assets	0	3	0	0	3
Net profit/(loss) for the year 01/01-31/12/2019	0	0	0	(5.175)	(5.175)
Other comprehensive income	0	0	0	(82)	(82)
Equity balances as at 31 December 2019	**110.427**	**19**	**18.177**	**(61.589)**	**67.033**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

GROUP

CONSOLIDATED CASH FLOW STATEMENT

Amounts in Eur '000	Note	31st December 2019	31st December 2018
Cash Flows from Operating Activities			
Loss before tax		**(4.523)**	**(2.415)**
Adjustments for:			
Depreciation	22	440	283
Fair value (profits)/losses on financial assets		(1.101)	(2.587)
(Profits)/losses on revaluation of derivatives		(5.246)	25
Retirement benefit obligations	31	17	30
Impairment of investments in subsidiaries		(138)	0
Loan and other investments provision	18	3.581	(422)
Other provisions		(365)	620
Profit / loss of fair value of financial assets		84	12
Profit / loss on investment property valuation		0	(84)
Cash flows from operating activities before changes in operating assets and liabilities		*(7.250)*	*(4.539)*
Changes in operating assets and liabilities			
Trading Portfolio		2.431	6.666
Loans and advances to customers		(56.274)	(7.494)
Other assets		90	(10.247)
Due to credit institutions		(32.483)	23.864
Due to customers		129.680	5.647
Other liabilities		13.993	(2.283)
Cash flows from operating activities before income tax		*50.187*	*11.614*
Income tax paid		0	0
Net cash flows from operating activities		**50.187**	**11.614**
Investing activities			
Participation in subsidiaries and associates		2.477	2.500
Purchases of PPE		(2.207)	(166)
(Acquisition)/disposal and maturity of investment securities		(4.354)	332
Proceeds from Investments available for sale		0	90
Proceeds from disposals of PPE		0	15
Purchases of intangible assets		(1.627)	(156)
Net cash flows from investing activities		**(5.711)**	**2.615**
Net increase/(decrease) in cash and cash equivalents		44.476	14.229
Cash and cash equivalents at beginning of year		68.931	54.702
Cash and cash equivalents at end of year	36	**113.406**	**68.931**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

BANK

CASH FLOW STATEMENT

Amounts in Euro '000	**Note**	**31st December 2019**	**31st December 2018**
Cash flows from operating activities			
Loss before tax		**(5.482)**	**(4.981)**
Adjustments for:			
Depreciation	22	440	283
Fair value (profits)/losses on financial assets		(247)	856
(Profits)/losses on revaluation of derivatives		(5.246)	25
Retirement benefit obligations	31	17	30
Loan and other investments provision	18	3.602	(471)
Other provisions		(88)	327
Profit / loss on investment property valuation		0	(84)
Cash flows from operating activities before changes in operating assets and liabilities		*(7.003)*	*(4.016)*
Changes in operating assets and liabilities			
Trading Portfolio		174	5.061
Loans and advances to customers		(55.233)	(4.038)
Other assets		185	(10.479)
Due to credit institutions		(32.483)	23.864
Due to customers		129.680	5.647
Other liabilities		10.526	(2.807)
Cash flows from operating activities before income tax		*45.845*	*13.232*
Income tax paid		0	0
Net cash flows from operating activities		**45.845**	**13.232**
Investing activities			
Participation in subsidiaries and associates		2.477	2.500
Purchases of PPE		(2.207)	(166)
Proceeds from disposals of PPE		0	15
Purchases of intangible assets		(1.627)	(156)
Net cash flow from investing activities		**(1.357)**	**2.193**
Net increase/(decrease) in cash and cash equivalents		**44.488**	**15.425**
Cash and cash equivalents at beginning of year		68.912	53.487
Cash and cash equivalents at end of year	36	**113.401**	**68.912**

The enclosed notes (pages 11 to 96) form integral part of the present financial statements.

1. General Information

OPTIMA BANK S.A. was the result of the renaming of the INVESTMENT BANK OF GREECE S.A.

The Bank offers a wide range of banking and brokerage services as well as investment banking services. It operates under the supervision of the Bank of Greece and the Single Supervisory Mechanism (SSM), while being a member of the Athens Exchange and the Cyprus Stock Exchange. It employs 283 persons in total and its registered office is located in the Municipality of Maroussi, Attica (32 Aigialias Street).

The Investment Bank of Greece was established in 2000; since 2012 its majority shareholder was Cyprus Popular Bank, the remaining assets of which have been passed to the National Resolution Authority (NRA) of Cyprus and went into special liquidation.

In 2013, within the context of the plan to rescue the banks of Cyprus, all banking operations of Cyprus Popular Bank in Greece were transferred to Piraeus Bank, while the Investment Bank of Greece was excluded and remained an independent banking, investment and financial institution which continued its operation as a Greek financial institution holding a banking permit.
In March 2018, Cyprus Popular Bank hired an advisor marking the beginning of the procedure to sell the Investment Bank of Greece by conducting an international tender; such procedure was completed in October 2018 with the signature of the SPA between the seller (Cyprus Popular Bank) and the buyer (Ireon Investments, a 100% subsidiary of Motor Oil Hellas Group). The transfer procedure was completed in July 2019, following the receipt of the relevant approvals of the supervisory authorities.
Following its acquisition by Ireon Investments, the Investment Bank of Greece SA was renamed Optima bank S.A., in August 2019.

Historically, the Investment Bank was established under the act ref. 55401/18.1.2000 of the Athens Notary Ms. Anna Tsafara, daughter of Panagiotis, approved by the Decision ref. K2-881/24.1.2000 of the Minister of Development, published in the Government Gazette ref. 533/26.1.2000 (SA & LTD Issue). It operated as a bank société anonyme in accordance with the Greek legislation and in particular the provisions of Law 4548/2018 on sociétés anonymes, as in force since January 1, 2019, as well as the provisions of Law 4601/2019 on the transformation of companies.

On December 29, 2003 the extraordinary General Meeting of its Shareholders decided the merger of the Bank by absorption of the company "MARFIN - HELLENIC SA", in accordance with the provisions of the Cod. Law 2190/1920, Laws 2515/1997 and 2166/1993, and with Transformation Balance Sheets as of June 30, 2003. The above merger has been approved by the Decision ref. K2/2369/27.2.2004 of the Prefecture of Athens.

On June 29, 2006 the Boards of Directors of "INVESTMENT BANK OF GREECE S.A" and "EGNATIA FINANCE S.A" decided to initiate the merger by absorption procedures of the second by the first with transformation date the date of June 30, 2006.

The Boards of Directors of the Bank and the société anonyme under the corporate name "EGNATIA FINANCE ANONIMI CHRIMATISTIRIAKI ETERIA PAROCHIS EPENDITIKON IPIRESION S.A.", with the distinctive title "EGNATIA FINANCE SA" with registered office in Athens (8 Dragatsaniou Street) and Registration Number 23105/06/B/90/34 (hereinafter the "Absorbed Company"), announced that in accordance with the provisions of article 68, para. 2, and articles 69-77 of Cod. Law 2190/1920, article 16 of Law 2515/1997, articles 1-5 of Law 2166/1993 and the trade legislation in general, they have entered into the Draft Merger Agreement dated 26.03.2007 by which the above companies will merge by absorption of the second by the first. The said Draft was subject to the publication formalities of the Cod. Law 2190/1920 and was registered on the Companies Register of the Ministry of Development, Direction of Companies and Credit, on April 20, 2007. The above merger was also approved by the Decision ref. K2/9485/22.6.2007 of the Prefecture of Athens.

The Credit and Related Financial Institutions Department (CRFID) of the Bank of Greece approved the Merger by absorption of "EGNATIA FINANCE S.A." by the Bank by its resolution minutes ref. 245/1/08.06.2007.

On June 6, 2008 the Boards of Directors of "INVESTMENT BANK OF GREECE S.A." and "LAIKI ATTALOS S.A.", member of "CYPRUS POPULAR BANK" Group, which was under a resolution scheme since 25.03.2012, decided the merger by absorption of "LAIKI ATTALOS S.A." by the "INVESTMENT BANK OF GREECE S.A.". The transformation date was set on 31.12.2007. The above merger was also approved by the Decision ref. K2/14014/28.11.2008 of the Prefecture of Athens. As a result of the merger and the exchange ratio, the share of "Laiki Bank" in the share capital of "INVESTMENT BANK S.A." was increased from 92.04% to 97.08%.

The Credit and Related Financial Institutions Department (CRFID) of the Bank of Greece approved the Merger by absorption of "LAIKI ATTALOS S.A." by the Bank by its resolution minutes ref. 270/21.10.2008.

<u>As of December 31, 2019, the shareholding of "Optima bank S.A." was the following:</u>

Shareholders	**Number of Shares**	**%**
IREON INVESTMETS LTD.	3.652.724	97,08%
CHATCHAT HOLDING LIMITED	64.024	1,70%
SAXON MARITIME INC.	21.396	0,57%
Other shareholders	24.276	0,65%
Total	**3.762.420**	**100,00%**

The Bank's term is set to ninety nine (99) years and its purpose, according to its Articles of Association, is the provision of all banking services allowed by the Law either for its own account or for the account of third parties.

<u>Branches operating in Greece:</u>

1. Central branch: 32 Aigialias St, Maroussi

2. Thessaloniki: 20 Mitropoleos St, Thessaloniki

3. Heraklion: 46 25th Avgoustou St, Heraklion, Crete

4. Psychiko: Olympionikon & 1 El. Venizelou St.

5. Ilioupoli: A. Papandreou & 1 Gladstonos St.

6. Aghia Paraskevi: 4 D. Gounari & 6 Chalandriou St.

7. Amaroussio: 46 Thisseos & 2 D. Rali St.

The consolidated and individual financial statements as of 31.12.2019 were approved by the B.o.D. dated 30.06.2020 and are subject to the final approval of the General Meeting of the Shareholders, while they are available to the public at the offices of the Group (32 Aigialias & Paradissou St, Maroussi) and on the website of the Group (www.optimabank.gr).

2. Summary of significant accounting policies

2.1. Basis of preparation

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union.

The financial statements have been prepared in accordance with the historical cost basis, except of the financial assets and liabilities (including the derivative financial instruments) that are measured at fair value and under the going concern principle.

The preparation of the financial statements in accordance with the IFRS requires the use of some important accounting estimates and the judgment of the Management for the implementation of the accounting principles. The points that pertain to complex transactions and are highly subjective or the affairs and estimates that are particularly important for the financial statements are presented in Note 3.

2.1.1. Going concern

The Board of Directors concluded that as regards the Bank, the going concern does apply, taking into consideration the following:

a) The liquidity coverage ratio (LCR) and the Net stable funding ratio (NSFR) exceed the minimum permissible limit of 100% as well as

b) The capital adequacy index of the Group exceed the minimum capital requirements indexes;

c) The series of measures taken by the European Commission, the European Central Bank in March 2020, to deal with the impacts of the outbreak of COVID-19 coronavirus on the economies of the member states and on the implementation of flexibility measures for the application of the supervisory measures concerning the banks;

d) The modification of the shareholding, i.e. the acquisition of the majority of the shares by related parties of Motor Oil Hellas, one of the biggest business groups in Greece.

<u>Macroeconomic Environment</u>

The initial forecasts of the European Commission (European Economic Forecast, Winter 2020) that were published in February 2020 stated that the GDP growth rate in Greece was expected to reach 2.4% in 2020 and 2.0% in 2021, rather thanks to investment expenses and not to the public and private consumption. The export of services (mainly tourist ones) that remained at the high levels of 2019 were of a significant importance. However, in early March 2020, additional uncertainties could be the escalation of the geopolitical tensions, the resurgence of the refugee crisis, the possible domestic reform fatigue and the delay to the implementation of the structural reforms and mainly the coronavirus pandemic that quickly spread thus adversely affecting the economies all over the world.

The growth rate of the Greek economy is expected to significantly slowdown in 2020, given the impacts of the coronavirus spread. Such impacts, for the time being, cannot be accurately quantified, given that there are no available data yet since the pandemic is still ongoing. In particular, the base case scenario of the Bank of Greece estimates a zero GDP rate of change in 2020 compared to the most recent forecast of 2.4% following the incorporation of data on the National Accounts for the 4th quarter of 2019 (March 6, 2020). The downward revision in the estimates of the growth rate by more than 2.4 percentage points is due to the fact that the impacts of the coronavirus pandemic have been taken into account.

According to the last data on the spread of the pandemic, the most credible prospect is that the economy will suffer significant adverse impacts during the first two quarters of 2020 which will be partially counterbalanced over the last two quarters. The slowing down of the economic growth will mainly arise from disorders of the demand, thus reducing the foreign demand for goods and services and the domestic demand, since sectors such as transport, tourism, trade, catering and entertainment are particularly affected.

No-one can at present predict with any certainty how the pandemic will evolve, while its impacts on the national economies will also depend on the fiscal and monetary measures taken at a national and international level.

2.1.2. New standards, amendments to standards and interpretations

In particular, new standards, amendments to standards and interpretations have been issued that compulsorily apply to financial years after 1.1.2019. The estimates of the Group regarding the impact of the application of such new standards, amendments to standards and interpretations are presented here below.

<u>**Standards and Interpretations compulsory to the current financial year**</u>

IFRS 16 "Leases"

The IFRS 16 was issued in January 2016 and replaces the IAS 17. The objective of the standard is to ensure the lessees and lessors provide useful information that fairly presents the essentials of the lease transactions. The IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all lease agreements of a term longer than 12 months, unless the underlying asset is of low value. As regards the accounting handling by the lessor, IFRS 16 substantially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify the lease agreements as operating leases or finance leases, and to adopt a different accounting handling for each type of lease. The impact of the standard on the Group and the Bank is presented in Note 40.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"

The amendments offer to the companies the possibility, provided they fulfill a specific condition, to measure the prepayable financial assets with negative compensation at the amortized cost or fair value through the other total income instead of the fair value through results. The amendment had no significant impact on the financial statements of the Group and the Bank.

IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures"

The amendments clarify that entities shall recognize their long-term participations in associates or joint ventures to which the equity method does not apply, in accordance with the IFRS 9. The amendment had no significant impact on the financial statements of the Group and the Bank.

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments"

The Interpretation clarifies application of recognition and measurement requirements for current and deferred income tax when there is uncertainty over income tax treatments. IFRIC Interpretation 23 applies to all aspects of the recognition of the income tax when there is such uncertainty, including the taxable profit/loss, the tax base of the assets and liabilities, the tax profits and losses and the tax rates. The Interpretation had no significant impact on the financial statements of the Group and the Bank.

IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement"

The amendments define the way entities shall specify the pension costs when modifications to defined benefits plans do occur. The amendment had no significant impact on the financial statements of the Group and the Bank.

Annual Improvements to IFRS Standards (cycle 2015-2017)

The following amendments include changes in four IFRS.

IFRS 3 "Business Combinations"

The amendments clarify how an entity re-measures the stake it previously had in a jointly controlled activity when it acquires control of the said business.

IFRS 11 "Joint Arrangements"

The amendments clarify how an entity does not re-measure the stake it previously had in a jointly controlled activity when it jointly acquires control of the said business.

IAS 12 "Income Taxes"

The amendments clarify how an entity does recognize all impacts on income tax due to the distribution of dividends in the same manner.

IAS 23 "Borrowing Costs"

The amendments clarify how an entity does handle, as part of its general borrowing any loan contracted especially for the development of an asset when such asset is ready for its intended use or available for sale.

The above amendments had no significant impact on the financial statements of the Group.

Standards and Interpretations compulsory to future financial years

IFRS 3 (Amendments) "Definition of Business Combinations" (Applies to annual periods beginning on or after 1.1.2020)

The new definition focuses on the sense of outputs on goods and services provided to customers as opposed to the previous definition that focused on the provision of dividends or other economic benefits directly to investors and other parties or lowering costs. The amendments have not been adopted yet by the European Union.

IAS 1 and IAS 8 (Amendments) "Definition of Material" (Apply to annual periods beginning on or after 1.1.2020)

The amendments clarify the definition of material and how it shall be applied, thus supplementing the definition with guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest Rate Benchmark Reform" (Apply to annual periods beginning on or after 1.1.2020)

The amendments modify some requirements regarding the hedge accounting in order to provide certain relief in connection with the possible impacts of the uncertainty to be caused by the modification of the reference interest rates. Moreover, the amendments require the companies to provide additional information to the investors regarding their hedging relationship which are directly affected by the said uncertainty.

IAS 1 (Amendments) "Classification of Liabilities as Current or Non-current" (Applies to annual periods beginning on or after 1.1.2022)

The amendment clarifies that the liabilities are classified as current or non-current depending on the rights that are in force at the end of the reference period. The classification is not affected by the expectations of the entity or by events that occurred after the reporting date. Moreover, the amendment clarifies the definition of the term "settlement" of a liability under IAS 1. The amendment has not been adopted yet by the European Union.

2.2. Principles of Consolidation and Equity Method

(i) Subsidiaries

Subsidiaries are all entities (including the unconsolidated structured entities) which are controlled by the Group. The Group has one entity where the Group is exposed or has rights to variable consideration from its participation in the entity and has the possibility to affect such consideration through its capacity to affect the activities of the entity. Subsidiaries are fully consolidated as of the date when the control is transferred to the Group. The consolidation ceases on the date when such control ceases.

The Group uses the acquisition method to recognize all business mergers, regardless of whether participation titles or other assets are acquired. The consideration for the acquisition of a subsidiary consists of the following:

- The fair value of the assets that are transferred;
- The liabilities undertaken by the acquirer from the previous owners;
- The participation rights issued by the Group;
- The fair value of the assets or liabilities that arise from agreements on possible consideration, and
- The fair value of any interests in the subsidiary that existed before the take-over.

The acquired recognizable assets and liabilities and any liabilities undertaken under a merger of undertakings are initially recognized, with only a few exceptions, at their fair value on the date of acquisition. Depending of the take-over, the Group recognizes any non-controlling interest in a subsidiary either at fair value or at the value of the share of the non-controlling interest in the equity of the acquired subsidiary.

The expenses relevant to the takeover are recognized in the profit or loss.

The excess amount between the sum of

- The take-over consideration,
- The amount recognized as non-controlling interests, and
- The fair value of any interests of the Group in the subsidiary that existed before the take-over, and

The fair value of the equity of the acquired subsidiary is recognized as goodwill. If these amounts are lower than the fair value of the equity of the acquired subsidiary, the difference is directly recognized in the profit or loss as gain on a bargain purchase.

Intercompany transactions, balances and unrealized profits from transactions between the companies of the Group are eliminated. The unrealized losses are also eliminated, unless the transaction includes any indications of impairment of the transferred asset. The accounting policies that govern subsidiaries have been modified, where necessary, to be in line with the policies implemented by the Group.

(ii) Associates

Associates are entities over which the Group has significant influence but not control either individually or jointly. Generally, this applies where the Group holds 20% to 50% of the voting rights. Investments in associates are recognized using the equity method (see (iv) below) and are initially recognized at their acquisition cost.

(iii) Equity method

According to the equity method, the interests in an entity are initially recognized at the acquisition cost and are then increased or decreased in order to recognize in the profit or loss the share of the Group in the profits or losses realized after the take-over, as well as to recognize in the other comprehensive income the share of the Group in the variation of the other comprehensive income of the entity. The dividends collected or receivable from associates and joint ventures are recognized by reducing the book value of the investment.

In the event that the share of the Group on the losses of an investment recognized using the equity method is equal or exceeds the value of the investment in the entity, including any other long-term unsecured receivables, the Group does not recognize any additional losses, unless payments have been made or additional liabilities have been undertaken on the account of the investment.

The unrealized profits from transactions between the Group and associates are eliminated proportionally to the Group's participation percentage in the said associates. The unrealized losses are also eliminated, unless the transaction includes any indications of impairment of the transferred asset. The accounting principles governing the investments recognized using the equity method have been modified, where necessary, to be in line with the policies adopted by the Group.

The book value of the investment recognized using the equity method is examined for impairment in accordance with the policy described in Section 2.8 below.

(iv) Changes in the interests

The Group handles the transactions with the non-controlling interests that do not entail any loss of control in the same way as it handles the transactions with the major shareholders of the Group. Any change in the interests entails adjustment of the book value of the controlling and non-controlling interests in order to reflect the correlation of the interests in the subsidiary. Any difference between the adjustment amount of the non-controlling interests and any consideration paid or collected is recognized in a separate reserve account within the equity that corresponds to the owners of the Group.

Where the Group ceases to consolidate or incorporate using the equity method an investment due to loss of control, either individually or jointly, or due to loss of significant influence, any remaining interest is anew measured at its fair value, while any differences that arise are recognized in the profit or loss. The asset is recognized as associate, joint venture or financial asset at the said fair value. Moreover, the relevant amounts that have been recorded in the other comprehensive income are recognized in the same way as if the said assets and liabilities were sold. This means that the amounts that have already been recognized in the other comprehensive income may be reclassified in the profit or loss.

In the event that the interest in an associate over which, however the Group continues to exercise significant influence or joint control, is reduced then only a part of the amounts that have already been recorded in the other comprehensive income will be reclassified in the profit or loss.

The Company records the investments in subsidiaries and associates with the individual financial statements at the acquisition cost less any impairment.

2.3. Foreign currency conversion

(i) Functional and presentation currency

The Group's data on the financial statements are measured with the currency of the primary economic environment in which the Group operates ("functional currency"). The financial statements are presented in Euro, which is the functional currency as well as the presentation currency of the Group.

(ii) Transactions and balances

Transactions in foreign currencies are converted to the functional currency at the exchange rate valid on the dates these transactions were made. Monetary assets and liabilities denominated in foreign currencies are converted to Euro in accordance with the exchange rate valid on the date the financial statements were drafted. The arising exchange differences are recognized in the profit or loss. The profits and losses from exchange differences are recognized on a net basis in the profit or loss, on the line of the trading income (Note 8).

The non-monetary assets measured at their fair value in foreign currencies are converted in accordance with the exchange rates valid on the date the fair value is defined. The exchange differences from assets and liabilities measured at fair value are recognized as part of the fair value profit or loss.

2.4. Financial assets and liabilities

Methods of measurement

The financial assets measured at amortized cost are:

- Cash and balances with central banks;
- Loans and advances to financial institutions;
- Loans and advances to customers;
- Other receivables included in the "Other assets".

The financial liabilities measured at amortized cost are:

- Due to credit institutions;
- Due to customers;
- Customer balances to stock exchange accounts;
- Other liabilities included in the "Other Liabilities".

Amortized cost and effective interest rate

The amortized cost is the amount that measures the financial asset or liability at its initial recognition less the repayments of principal, plus or minus the accumulated depreciation using the effective interest rate method for any differences between the said initial amount and the amount at the end and, in the event of financial assets, readjusted with any provision for losses.

Effective interest rate is the rate that accurately discounts future payments or receipts throughout the expected life of the financial asset or financial liability at the book value before impairment of a financial asset or at the amortized cost of a financial liability. To calculate the effective interest rate the expected credit losses are not taken into account, while all fees paid or received between the contracting parties and forming integral part of the effective interest rate, the transactions cost and any increase or discount are taken into consideration.

When the Group revises the estimates for the payments and receipts, the book value of the relevant financial assets and liabilities is readjusted in order to reflect the actual and revised estimated contractual cash flows, using as discount rate the initial effective rate for the financial instrument. The adjustment is recognized in the profit or loss as income or expense.

Initial recognition

An entity recognizes a financial asset or financial liability in its statement of financial position if, and only if, the entity becomes a contracting party in the financial instrument. Any usual purchases and sales of investments are recognized on the date the transaction is made, which is the date when the Group undertakes to buy or sell the asset. Any loans and receivables are recognized at the time of their disbursement.

At the initial recognition, the Group measures a financial asset at fair value plus, in the event of a financial asset not measured at fair value through profit or loss, the cost of the transactions directly attributed to the acquisition of the financial asset. The transaction costs for the financial assets measured at fair value through profit or loss are recognized directly in the profit or loss.

Where the fair value of the financial assets and liabilities is different than the transaction price, the Group recognizes the difference as follows:

a) if the said fair value is proven by an official market price in an active market for a similar asset or liability (i.e. a 1st level input) or according to a technical assessment using only data from observable market prices, the difference is recognized as profit or loss;

b) in all other cases, the difference is transferred and recognized as profit or loss only to the extent that it arises from the variation of a factor (including time) that the participants in the market would have taken into account to assess the asset or liability.

2.4.1 Financial assets

(i) Classification and subsequent measurement

Investments in debt instruments

Investments in debt instruments refer to titles that fall within the definition of the financial liability on the side of the issuer, such as loans, sovereign and corporate bonds.

The classification and subsequent measurement of the investments in debt instruments depends on the following:

(i) The business model of the Group and their management, and

(ii) The features of their contractual cash flows.

According to the above factors, the Group classifies the investments in debt instruments in one of the following three measurement categories:

- Amortized cost: The financial assets are measured at their amortized cost, if they are held as part of a business model aiming at holding the financial assets to collect their contractual cash flows and such contractual cash flows concern solely payments of principal and interest (SPPI), and if they have not been irrevocably defined, at their initial recognition as measured at fair value through profit or loss. The interest income, the realized profits and losses due to the suspension of the recognition and the changes in the expected credit losses from assets classified at the amortized cost, are included in the profit or loss statement.
- Fair value through other comprehensive income: The financial assets are measured at fair value through other comprehensive income if they are held as part of a business model aiming at both collecting the contractual cash flows and at selling financial assets and such contractual cash flows concern solely payments of principal and interest. After the initial recognition, they are anew measured at their fair value through the other comprehensive income, except income revenue, relevant profits or losses from foreign exchange differences and the expected credit losses, which are recognized in the profit or loss statement. The accumulated profits or losses previously recognized in the other comprehensive income are transferred to the profit or loss statement, when the debt instrument is no more recognized.
- Fair value through profit and loss: The financial assets that do not meet the classification criteria as measured at the amortized cost or at fair value through other comprehensive income are measured at fair value through profit and loss. Moreover, the Group may, at the initial recognition, define a financial

asset as measured at fair value through profit and loss if this asset eliminates or significantly reduces an accounting discrepancy. After the initial recognition, any profits or losses that arise due to variations to the fair value are recorded on the profit and loss statement.

According to IFRS 9, the separation of an incorporated derivative from its main contract does not apply when this main contract is a financial asset subject to the scope of the Standard. Instead, the evaluation regarding the classification of the hybrid financial instrument shall be performed on the entire instrument.

The Group reclassifies the financial assets if, and only if, it modifies the business model it applies to manage the said financial assets. The reclassification takes place at the beginning of the first reference period that follows the modification. Such modifications are not often expected.

Investments in equity instruments

Investments in equity instruments refer to titles that fall within the definition of the participation on the side of the issuer, i.e. do not entail any contractual obligation to pay and prove a right to the remaining balance, if the obligations of the issuer are deducted from its assets.

The Group measures all equity instruments at fair value. When the Group chooses to recognize any profits/losses arising from the measurement at fair value of the equity instruments in the other comprehensive income, any profits or losses shall not be reclassified in the profit and loss statement once the investment is no more recognized. The dividends are recognized in the Other Income of the profit and loss statement when the Group acquires the right to collect.

The variations in the fair value of the financial assets measured at fair value through profit or loss are recognized in the trading income of the profit and loss statement as they arise. The impairment losses (and any impairment losses reversal) from equity instruments measured at fair value through other comprehensive income are not presented separately from the other variations in the fair value.

Note 5 provides information about the definition of the fair value of the financial assets.

(ii) Impairment

The Group measures the expected credit losses relevant to the financial assets measured at the amortized costs, to the investments in debt instruments measured at fair value through comprehensive income, the financial guarantee contracts and the loan commitments, as well as the irrevocable unutilized credit limits taking into consideration the forecasts for the future economic conjuncture. The Group recognizes impairment losses in every reference period. The calculation of the expected credit losses reflects:

- An impartially defined and probability-weighted amount defined thanks to the evaluation of a series of possible outcomes;
- The time value of money, and

- Reasonable and founded information available on the reporting date at no unreasonable cost or effort, pertaining to past events, current conditions and forecasts for the future economic conjuncture.

The accounting policy of the Group regarding the financial assets impairment is detailed in Note 2.10.

(iii) Loan amendments

The Group may amend the contractual loan flows to customers either by granting more favorable terms to a customer who faces or is to face economic problems or due to various other factors such as modification of the market conditions, competition or for keeping the customers.

In the above cases, the Group evaluates whether the new terms are materially different from those of the initial contract.

When the amendment of a financial asset results in ceasing to be recognized as existing financial asset and entails the subsequent recognition of the amended financial asset, the amended financial asset is considered to be a "new" financial asset and is recognized at fair value, while the effective interest is redefined. Relevantly, the date of amendment is dealt with as the date of the initial recognition of the specific financial asset to apply the impairment requirements on the amended financial asset.

Where the contractual cash flows are not materially modified, the renegotiation or amendment does not result in ceasing the recognition of the said financial asset and the Group calculates anew the book value before amortization in accordance with the new flows, recognizing an amendment profit or loss in the profit or loss. The new book value before amortization is calculated by discounting the amended cash flows at the initial effective interest rate of the financial asset (or the effective interest rate adjusted to the credit risk, in the event of credit-impaired financial assets that have been bought or created).

(iv) Derecognition, except the recognition arising from an amendment

The Group shall derecognize a financial asset only when:

a) The contractual rights to the cash flows from the financial asset expire, or

b) Transfers the financial asset and such transfer qualifies for derecognition.

When the Group retains the contractual rights to receive the cash flows of a financial asset (the "original asset"), but assumes a contractual obligation to pay those cash flows to one or more entities (the "eventual recipients"), the Group handles the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

a) The Group has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;

b) The Group is prohibited by the terms of the transfer contract from selling or pledging the original asset;

c) The Group has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

(v) Derecognition

The Group derecognizes financial assets, in total or in part, when it has expanded all efforts for recovery and has concluded that there is no reasonable expectation for recovery. Derecognitions and partial derecognitions correspond to events where recognition has ceased or partially ceased. The Derecognition impair the liability amount and the provision formed for credit losses. Any derecognized balances that have been recovered at a subsequent stage impair the amount of the impairment loss on the profit & loss statement.

2.4.2 Financial liabilities

(i) Classification and subsequent measurement

The financial liabilities of the Group pertain mainly to due to credit institutions and customers. The Group classifies all financial liabilities as subsequently measured at amortized cost, with the exception of:

- Derivatives (see Note 2.24);
- Financial guarantee contracts (see Note 2.11).

(ii) Derecognition

A financial liability is derecognized when extinguished, canceled or expired.

2.5. Repurchase agreements

The Group enters into agreements to purchase (sell) securities and resell (repurchase) substantially the same securities on a certain date in the future, and at a fixed price. The purchased securities subject to a commitment to resell them in future dates (reverse repos) are not recognized as investments. The amounts paid for such purchase are recognized in loans and advances to banks or customers. The receivables are presented in the statement of financial position as collateralized by the underlying security. Investments sold under repurchase agreements (repos) continue to be recognized in the statement of financial position, given that the Group essentially continues to undertake all their risks and benefits, and are measured depending on their classification. The proceeds from the sale of these investments are reported as liabilities to banks or customers.

The difference between the sale and repurchase price is recognized as interest during the term of the repurchase or resale agreement, using the effective interest rate method.

2.6. Owner-occupied property and equipment

Tangible assets are recognized at acquisition cost less the accumulated amortization and any impairments. The acquisition cost includes all expenses directly related to the acquisition of the assets.

Plots are not amortized.

The amortization of other categories of tangible assets is calculated in accordance with the straight-line method to allocate their cost less their residual values during their useful life. The useful life has been defined as follows:

- Buildings and plants: 30-50 years
- Machinery and equipment: 4-7 years
- Vehicles: 9-10 years

Leasehold improvements are depreciated over the useful life of the improvement or the duration of the lease whichever is the shorter.

The residual value and the useful life of a tangible asset shall be reviewed and readjusted, if necessary, at the end of each reference period.

The book value of an asset is impaired to its recoverable amount when its book value exceeds its estimated recoverable amount (Note 2.8).

Profits and losses on disposals are defined by comparing the proceeds with the book value and are presented in the profit or loss.

2.7. Intangible assets

Intangible assets include software and are recognized at acquisition cost less the accumulated amortizations and any impairments. They are amortized using the straight-line method throughout their useful life ranging from 1 to 5 years.

2.8. Impairment of non-financial assets

Amortized fixed assets are assessed for impairment when events or changes in conditions suggest that their book value may not be recoverable. Where the book value of an asset exceeds its recoverable amount, its relevant impairment loss is recognized on profit or loss. Recoverable amount is the higher of the fair value less the selling expenses and its value in use. To define the impairment, the assets are classified to the lowest level where the cash flows may be individually defined (cash generating units). Impairments recognized in previous periods as non-financial assets are examined at each reporting date for any reversal.

2.9. Cash and cash equivalents

Cash and cash equivalents include monetary assets with a maturity shorter than three months from the acquisition date, such as cash balances, unrestricted balances held at the Central Bank and amounts due from financial institutions, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are recognized at amortized cost.

2.10. Impairment of financial assets

The expected credit losses are recognized using a three-stage approach based on the extent of the rating downgrade compared to the initial recognition of the financial asset and is summarized as follows:

- A non credit-impaired financial asset which at the initial recognition is classified in "Stage 1", and its credit risk is constantly monitored by the Group;
- If the credit risk significantly increases after the initial recognition of the financial asset, but is not considered to be in a state of default, is transferred to "Stage 2";
- If the financial asset is credit-impaired, then it is transferred to "Stage 3";
- For the "Stage 1" financial assets, the expected credit losses correspond to part of the losses that would have been recognized throughout the lifetime of the asset, which arise from default events that may occur during the next 12 months after the reporting date;
- For the "Stage 2" and "Stage 3" financial assets, the expected credit losses correspond to the expected credit losses throughout the lifetime of the assets;
- The fundamental principle for calculating the expected credit losses in accordance with IFRS 9 is the measurement taking into consideration information about reasonable and founded forecasts for future events and macroeconomic conditions.

The following table summarizes the IFRS 9 requirements regarding the impairment of financial assets (except the purchased ones or financial assets credit-impaired at their initial recognition):

Change in credit risk compared to the initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(significant increase in credit risk after initial recognition)	(credit-impaired)
Expected credit losses over 12 months	Expected credit losses throughout the asset's lifetime	

The major estimates adopted by the Group regarding the implementation of the Standard's requirements are detailed here below:

A) Significant increase in credit risk

The Group examines whether a financial asset has suffered a significant increase in its credit risk when one or more of the following quantitative, qualitative and "backstop" criteria are met.

The assessment of the significant increase in credit risk is important to identify the point where the forecast calculation will pass from a 12-month period to the entire lifetime of the loan. Such assessment is made every quarter, both at a portfolio level and at an exposure level. In the event of significant increase of credit risk, the Bank recognizes a loss provision amount equal to the expected credit losses throughout the lifetime of the specific financial instrument.

To perform such assessment, the Bank compares the risk of default of the financial instrument on the reporting date with the relevant risk of default on the date of the initial recognition.

The allocation of the financial instruments to the various Stages is based on the following criteria:

- During the initial recognition, all instruments are classified in Stage 1 and the expected credit losses are calculated over a 12-month period.
- If on the reporting date a significant increase of the risk has occurred compared to the initial recognition, then the instrument is classified in Stage 2 and the expected credit losses are calculated for the entire lifetime of the instrument.
- The instruments qualified as non-performing are classified in Stage 3, while the expected credit losses are calculated for the entire lifetime of the instrument. The probability of default (PD) of the assets classified in Stage 3 is set to 100%.

The qualitative and quantitative criteria according to which the Bank assesses whether there is a significant increase in credit risk of an exposure are the following:

- Significant increase of the probability of default (PD) of a financial instrument;
- Significant change in the value of collaterals;
- Important delays to repayment;
- Debt settling/restructuring;
- Other reasons, e.g. debtor goes bankrupt, important adverse developments in the sector of activity of the debtor, etc.

The backstop criterion is a 30-day or longer delay.

B) Definition of default and credit-impaired financial assets

According to the Credit Policy, the Provision Policy of the Bank and in application of the definition of default of the European Banking Authority (EBA), a financial instrument is considered impaired and classified in Stage 3 when qualified as Non Performing Exposure (NPE). In particular, “Exposure at Default” (EAD) of a debtor is the occurrence of one and/or two subsequent events:

1. The Bank considers that it is reasonably possible that the debtor will not fulfill his payment obligations to the Bank or the Group (Unlikely to Pay) and/or

2. The Debtor is significantly late, more than 90 days, in repaying some of his liabilities to the Bank or any other company of the Group.

C) Measurement of the expected credit losses

The expected credit losses are measured either based on the likelihood that the default event will occur within the next 12 months, or throughout the lifetime of the financial asset, depending on whether a significant increase of the credit risk has occurred and on whether the items are considered as credit-impaired. The expected credit losses are defined as the discounted product of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD).

- The probability of default (PD) corresponds to the likelihood of the liability to default (according to the above definition), which is assessed on the basis of the economic conditions prevailing on the reporting date, adjusted in such a way to take into consideration the estimate regarding the future economic conditions that may affect the risk of default over a particular time horizon.
- The exposure at default (EAD) is an estimate of the financing exposure at a future default date, taking into consideration the expected changes in the exposure after the reporting date, including the repayments of principal and interests and the expected disbursements of loan commitments. EAD includes both the balance sheet and the off-balance sheet exposures. The balance sheet exposure corresponds to the total amount disbursed and payable, which includes the principal due, the accrued interests and the overdue amounts. The off-balance sheet exposure corresponds to the credit available for disbursement, in addition to the balance sheet exposure.
- The loss given default (LGD) expresses the extent of the loss that the Group expects for exposures that are at default and is defined as the difference between the contractual cash flows and those that the Group expects to receive, including the amounts from the liquidation of collaterals. The LGD which is usually expressed as an EAD percentage, differs depending on the type of the counterparty, the type and the priority of the liability, the existence of collaterals and other credit enhancements.

The Bank, according to the Provision Policy and the methodology for calculating the expected loss in accordance with the IFRS 9, regarding the business grants, assesses and calculates the expected loss separately per credit exposure.

For exposures classified in Stage 1, the assessment of the expected loss is made for the next 12 months. For exposures classified in Stage 2, the assessment of the expected loss is based on the lifetime of the exposure, while for Stage 3 exposures, the expected loss is calculated on the 100% of the residual risk.
As regards the calculation of the expected loss for the other retail banking loans, the Bank applies the collective assessment per Stage, with a different probability of default per stage. For Stage 3 exposures, the expected loss is calculated on the 100% of the residual risk.

D) Forward looking information

For assessing the significant increase of credit risk and for defining the expected credit losses information on the reasonable and founded forecasts for future events and macroeconomic conditions are taken into consideration. The assessment and use of information regarding the future requires informed decision.

The Bank, for the individual assessment, and in application of the methodology for calculating the probability of default according to IFRS 9, incorporates and adjusts the relevant results taking also into consideration macroeconomic scenarios.

E) Criteria for exposure clustering depending on the joint features of the credit risk

The Bank applies the exposure clustering only to retail banking exposures.

2.11. Financial guarantees

Financial guarantees are contracts under which the issuer undertakes to compensate the holder of the contract for a loss that he suffers, in the event that a specific debtor fails to fulfill his obligations in accordance with the terms of a debt instrument.

Financial guarantees are recognized as financial liabilities initially at fair value. After the initial recognition, the financial guarantees are measured at the highest value between:

(i) The amount of the provision for impairment according to the model of the future credit losses of IFRS 9, and

(ii) The value initially recognized less the accumulated amount of the commission recognized as income according to IFRS 15, if any.

The liabilities arising from financial guarantee contracts are presented in the item "Other liabilities".

2.12. Staff benefits

(i) Short-term staff benefits

Liabilities for wages and salaries that are to be fully settled within 12 months from the end of the period when the employees provide the relevant service are recognized for the services of the employees until the end of the reporting period and are measured at the amounts that are expected to be paid during the settlement of the liabilities. The liabilities are presented in "other liabilities" of the statement of financial position.

(ii) Post-employment liabilities

The Group's liabilities for post-employment pertain to both defined contribution plans and defined benefit plans.

The liability recognized in the statement of financial position for defined benefit plans is the present value of the liability for the defined benefit on the reporting date. The defined benefit liability is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit liability is calculated by discounting the estimated future cash outflows using as discount rate interest rates of high ranking corporate bonds in the same currency and with the same term to maturity as those of the liability.

The financial cost is calculated by applying the discount rate on the balance of the defined benefits liability. This cost is included in the employee benefits of the profit and loss statement.

Gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized over the period in which they arise, directly to the other comprehensive income. Are included in the other reserves of the statement of changes in equity and the statement of financial position.

The changes in the present value of the defined benefit liability that arise from modifications or cuts of the plan are recognized right away in the profit or loss, as past service cost.

As regards the defined contribution plans, the Group pays contributions to public or private pension plans on a compulsory, contractual or optional basis. Except the payment of the contributions, the Group has no further obligations. Contributions are recognized as personnel expenses whenever they become payable. Contributions paid in advance are recognized as an asset item, provided that it is possible to refund the money or to offset future payments.

(iii) Employment termination benefits

The employment termination benefits become payable when the Group terminates employment before the regular retirement date or when the employee accepts the voluntary termination of service against such benefits. The Group recognizes these benefits on the earlier of the following dates: a) when the Group cannot recall the offer of the benefits anymore, and b) when the Group recognizes a restructuring cost falling within the scope of application of IAS 37 and includes the payment of the employment termination benefits. In the event of an offer made to boost voluntary termination of service, the termination benefits are calculated on the basis of the number of employees who are expected to accept the said offer. Any employment termination benefits that will become payable 12 months after the end of the reporting period are discounted at their present value.

2.13. Provisions

Provisions are recognized when there is a current legal or deemed obligation as a result of past events, where an outflow of resources is possible to settle the obligation and the relevant amount can be reliably evaluated.

2.14. Offsetting financial instruments

Financial assets and liabilities are set off and the net amount is reported in the statement of financial position only when there is a legal right to set off the recognized amounts and there is an intention to either settle the net amount arising from the offset or to simultaneously settle the total amount of both the financial asset and the liability.

2.15. Leases

As reported hereinabove, in Note 2.1.1, the Group has adopted the IFRS 16 on January 1, 2019. The impacts of adopting the new Standard are detailed in Note 40.

(a) The Group as Lessor

The lease agreements in which the Group is the lessor mainly concern building and offices rentals, and are classified as operating leases. The income from operating lease agreements (net of any incentives offered to lessees) is recognized using the straight-line method over the lease term.

(b) The Group as Lessee

The agreements of the Group pertain to building and offices rentals, as well as to long-term leasing of vehicles and machinery.

Until and including the financial year 2018, the leases were classified into operating and leasing as detailed here below. As of January 1, 2019, the leases are recognized on the financial position statement as rights to use Asset items and liabilities from leases of the Liabilities on the date the leased fixed asset becomes available for use.

The assets and liabilities that arise from the lease are initially recognized at present value. The lease liabilities include the net present value of the following rents:

- Fixed rents (including the "essentially" fixed payments);
- Variable rents that depend on a ratio or interest rate, which are initially measured using the ratio or the interest rate on the commencement date of the lease term;
- Amounts expected to be paid on the basis of guaranteed residual values;
- Price at which the right to buy is exercised, if it is rather certain that the Group will exercise such right, and
- Payment of a penalty for termination of the lease, if the term of the lease reflects the exercise of the Group's right to terminate the lease.

The measurement of the lease liability includes also the payment of rents during the lease extension period, if it is rather certain that the Group will exercise the right to extend.

Rent payments are discounted at the deemed interest rate of the rental or in the event that such interest rate cannot be defined in the contract, at the lessee's incremental borrowing rate, i.e. the rate the lessee would have paid to borrow the necessary funds in order to acquire a asset of similar value with that of the leased asset over a similar period of time, with similar collaterals and in a similar economic environment.

The Group is exposed to possible future increase of the variable rents which depend on a ratio or interest rate, which are only included in the lease liability when accrued. When the above changes occur, the lease liability is redefined and adjusted by relevantly adjusting the right to use the asset.

Any rent payment is allocated between the lease liability and the financial cost. The interests on the liability arising from the lease for each lease period equal the amount that arises from the application of a fixed, periodic interest rate on the outstanding balance of the lease liability.

After their initial measurement, the lease liabilities are increased by the financial cost and decreased by the payment of rents. The lease liability is remeasured to reflect any reassessments or modifications of the lease.

The cost of the asset with right to use consists of:

- The amount of the initial measurement of the lease liability;
- Any rents paid on the lease period commencement date or before it, less any lease incentives already collected, and
- Any initial direct costs suffered by the lessee.

The rights to use assets are measured at cost and amortized by the straight-line method during the shorter period of time between the useful lifetime of the asset and the term of the lease.

The Group chose to use the recognition exceptions provided for in the Standard for the short-term leases, i.e. leases with a term shorter than 12 months without any right of redemption, as well as for leases where the subject asset presents a low value. For the above leases, the Group recognizes the rents as expenses in the profit or loss statement using the straight-line method throughout the term of the lease.

Accounting policies applied until 31.12.2018

The Group as Lessee: Leases where the lessor transfers the right to use an asset over an agreed period, without transferring the risks and rewards of the ownership of the asset, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized to the income statement proportionally over the lease term.

The Group as Lessor: Fixed assets leased out under operating leases are included in tangible assets of the statement of financial position. They are depreciated over their anticipated useful lives on a basis consistent with similar privately-owned tangible assets. The rental income (net of any incentives offered to lessees) is recognized using the straight-line method over the lease term.

2.16. Interest income and expense

Interest income and expense include coupon payments from the securities of the investment and trading portfolios, the interests on loans and placements and the depreciation of the premium/discount amounts of the securities.

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accruals basis, using effective interest rate method or the relevant floating interest rate. The effective interest method is a method to calculate the amortized cost of a financial asset or liability and to allocate the interest income or expense over the reference period. Effective interest rate is the rate that discounts just the estimated future payments or receipts throughout the expected life of the financial instrument, or during a shorter period, when necessary, so that the discounted value would equal its book value, including any transaction costs.

In particular, as regards the financial assets, to calculate the effective interest rate, the Group calculates the cash flows taking into consideration all contractual terms for the financial asset, excluding the expected credit risk losses.

2.17. Fee and commission income

Fee and commission income mainly include commissions on financial transactions, commissions on investment banking and commissions on trade and other transactions.

Fee and commission income is recognized in the income statement throughout the period in which the relevant services were provided, unless they influence the effective interest rate.

2.18. Net trading income

The net trading income on financial transactions includes the gains and losses that arise from liquidations and changes in the fair value of the trading financial assets and liabilities.

2.19. Dividend income

Dividend income is recognized in the profit & loss statement on the date the right to collect dividends is established.

2.20. Income tax and deferred tax

The income tax of the fiscal period is the tax calculated on the taxable income of the current period based on the tax rate applicable in each country, adjusted to any changes in the deferred tax assets and liabilities due to provisional differences and unutilized tax losses. The fiscal year tax includes any tax audit differences pertaining to additional income taxes and additional charges attributed by the tax authorities due to the redefinition of the Group's taxable income within the framework of an ordinary or extraordinary tax audit.

The liability arising from the current income tax is calculated according to the legislation in force or the legislation that in fact applies at the end of the closing year in the countries where the Bank, and the subsidiaries and associates of the Group have activities and produce taxable income. The Management periodically assesses the positions in the tax returns in the event that the tax legislation is subject to any interpretation. Moreover, it forms provisions, where necessary, for the amounts that are expected to be paid to the tax authorities.

The deferred income tax is defined using the liability method; such liability is defined by the temporary differences between the tax assessment base and the carrying amount of the assets and liabilities presented on the consolidated financial statements. However, the deferred tax liabilities are not recognized if they arise at the initial recognition of goodwill. Moreover, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction did not affect either the accounting or the taxable profit or loss. Deferred tax is measured at the tax rates expected to apply on the financial year when the liability will be settled, considering the tax rates (and tax laws) that have been enacted or are substantively in force at the end of the closing year.

Deferred income tax assets are recognized to the extent that there will be a future taxable profit in order to utilize the temporary difference generated by the deferred income tax asset.

Deferred tax receivables and liabilities are not recognized for any temporary differences between the carrying amount and the tax base of investments in businesses abroad where the Bank controls the reversal of temporary differenced and it is likely that the temporary differences will not be reversed in the foreseeable future.

Deferred tax receivables and liabilities are offset when there is an applicable legal right to offset the current tax receivables and liabilities and when the deferred income taxes involve the same tax authority. The current tax receivables and liabilities are offset when there is an applicable legal right to offset and an intention to settle on a net basis or to acquire the asset and to settle the liabilities at the same time.

The current and deferred taxes are recognized in the profit or loss, unless they pertain to assets that are recognized in the other comprehensive income or directly in equity. In such a case, the tax is also recognized in the other comprehensive income or directly in equity, respectively.

2.21. Share capital

The share capital includes the Bank's ordinary shares. The ordinary shares are presented under equity. Additional expenses required for the issue of shares appear upon deduction of the relevant income tax, to the reduction of the issue proceeds.

2.22. Distribution of dividend

The distribution of dividend to the Company's shareholders is recognized as liability in the financial statements of the Group over the period during which the distribution is approved by the General Meeting of the Shareholders.

2.23. Non-current assets held for sale and discontinued operations

The Group classifies a non-current asset or a group of assets and liabilities as items held for sale if their value is expected to be recovered mainly due to the sale of the said items and not through their use, while their sale is considered very likely. They are measured at the lowest value between their book and fair value decreased by the direct costs of sale, except from assets such as deferred tax liabilities and financial assets that are explicitly excluded from the measurement requirements of the Standard.

The arising impairment losses are recognized in the profit or loss. Any possible increase of the fair value at a subsequent valuation is recognized in the profit or loss but not for an amount higher than the initially recognized impairment loss. Any profits or losses not recognized on the date of sale of the non-current asset (or the group of assets) are recognized on the date of the derecognition.

As of the date when a non-current (amortized) asset (or the non-current assets that are included in a group of assets and liabilities) is classified as held for sale, no amortizations are calculated on the said non-current assets.

The non-current assets and groups of assets classified as held for sale are presented separately in the financial position statement. The liabilities relevant to the groups of assets classified as held for sale are presented separately from the other liabilities in the financial position statement.

2.24. Derivative Financial Instruments

The derivative financial instruments mainly include futures, options and Fx Swaps.

The derivatives are initially recognized in the financial position statement at fair value on the date of conclusion of the contract and then are measured at their fair value. When the fair value is positive, the derivatives are included in the assets, while when the fair value is negative they are included in the liabilities.

The fair value of the derivative financial instruments is defined on the basis of the market price, taking into consideration recent transactions on the market or using other appropriate measurement techniques (see Note 5).

The Group does not apply any hedge accounting. Consequently, all derivatives held serve trading purposes and are recognized and measured at their fair value through profit or loss.

2.25. Rounding

Any differences that arise between the amounts reported in the financial statements and the relevant amounts in the Notes, are due to rounding.

3. Critical accounting estimates and assumptions for the implementation of the accounting principles

To apply the accounting principles of the Group, the Management makes estimates and assumptions that may affect the amounts of the assets and liabilities reported on the financial statements. The estimates and assumptions are reviewed on every financial statements reporting date and are based on historic data and other factors, including estimates about future events, which assumptions are considered reasonable under the current circumstances. The estimates and assumptions for the implementation of the accounting principles pertain mainly to the following fields:

A. Impairment provisions for credit risks from loans and advances to customers

The Group, on every financial statements reporting date examines whether there are objective evidence that loans and advances to customers have been impaired. In the event of such evidence, the recoverable amount of the receivables is calculated and relevant impairment provisions are formed (estimated as non-recoverable amount).

The impairment provision is based on the assumptions of the Management regarding the recoverability of the exposure and the guarantees received. The Management makes assumptions on the financial position of the counterparty, the credit risk, the recoverability of any collaterals and guarantees, as well as to define the timing when the impairment will be recognized.

Additional information on the impairment provisions for credit risks from loans and advances to customers is included in Notes 2.4, 2.10, 5.1 and 18.

B. Recoverability of deferred tax assets

The Group recognizes deferred tax assets to the extent that it assumes that it will have sufficient future tax profits available.

The recognition of the above deferred tax assets requires estimates regarding the future financial performance of the Group's companies to which the deferred tax assets have been recognized. In particular, the definition of the deferred tax assets that may be recognized requires important estimates about the time the future taxable profits will be achieved and their amount.

Further information about the deferred tax assets of the Group can be found in Note 24.

C. Financial assets fair value

The fair value of the financial assets for which there are no market prices in an active market is defined using valuation models.

The valuation methodology used includes discounted cash flow methods mainly based on observable elements, wherever available. The fair value of the investments in closed-type business holdings mutual funds depends on major assumptions including future income, operating expenses and discount rates. The closed-end venture capital mutual funds (AKES) invest in renewable energy sources (wind farms and solar parks).

Further information about the fair value of financial assets can be found in Notes 5, 16, 17, 18 and 19.

D. Subsidiaries impairment

The Bank examines for impairment the value of its investments in subsidiaries by comparing the recoverable amount of each investment (the higher value between the value for use and the fair value less the disposal cost) with its carrying amount.

The Management proceeds with estimates to define the recoverable amount of the investments in subsidiaries the fair value of which is set by the fair value of the investments made by these companies in closed-end venture capital mutual funds.

The fair value of the closed-end venture capital mutual funds for which no observable prices on an active market (Level 3) exist is defined by using evaluation models (discounted cash flows), and depends on basic assumptions including the future income, the operating expenses and the discount rates. The closed-end venture capital mutual funds (AKES) invest in renewable energy sources (wind farms and solar parks).

Further information about the investments of the Bank into subsidiaries can be found in Note 21.

4. Financial Risk Management

The Group, as any other credit institution is exposed to risks. Such risks are constantly monitored in different ways to avoid the accumulation of excessive risks. The nature of these risks as well as their management are explained here below. Moreover, further financial information is given to describe the extent and the nature of the financial risks faced by the Group, with relevant comparative information on the previous financial year.

4.1. Credit risk

Credit risk is the risk of loss due to possible failure or unwillingness of the counterparty to fulfill its contractual obligations, thus resulting in the loss of funds and profit. Credit risk management focuses on ensuring a certain disciplined mentality, transparency, and calculated risk undertaking based on internationally recognized practices.

Credit Risk Management

Credit risk management methodologies are adjusted to reflect the each time economic environment. Various methods are used which are annually reviewed, or whenever necessary, and are adjusted depending on the Group's strategy and its short- and long-term goals.

The various analyses of sectors and sub-sectors of the economy, in association with the financial forecasts offer guidance to define the credit policy.

The credit limits per borrower are defined by having in view the minimization of the credit risk and considering the credit rating of the borrower, the offered collaterals and guarantees that reduce the Group's exposure to credit risk, the type and the term of the facility. The creditworthiness analysis for each borrower is conducted by taking into account the country risk as well as the business sector in which such borrower is active, as well as his qualitative and quantitative characteristics.

At the same time, credit approval limits have been established, while tasks during the financing procedure have been set to ensure the objectivity, independence and control of the new and existing credit facilities.

During the approval procedure, the overall credit risk for each counterparty or group of counterparties is examined, and all risks are then related to each another, while the credit limits approved by various companies of the Group are added up.

The creditworthiness of the counterparts as well as their credit exposure are systematically monitored, in association with the relevant approved limits. At the same time, any concentration is continuously analyzed and monitored in view of limiting any possible large exposures and risky concentrations.

Credit risk concentration may be generated per economy sector, counterparty or group of counterparties, country, currency and type of collaterals.

Balancing the profit-risk relation is vital to the ongoing Group's profitability. This relation is analyzed at customer and product levels through profitability measurement analysis and pricing definition, in order to combine the undertaken risk with the expected profits.

In addition, within the framework of the credit risk management policy, the effect of extreme but feasible scenarios on the quality of the loan portfolio and on the available funds is evaluated by conducting stress tests.

Internal rating systems

The methods to evaluate the creditworthiness are classified in the following categories, depending on the type of the counterparty: central governments (for purchase and holding of bonds), financial institutions, large and small & medium-sized entities (SMEs) and natural persons.

As regards the governments' and financial institutions rating, it is detailed in the following sections "Counterparty Bank risk" and "Country risk".

Natural persons are rated following a research conducted in the TIRESSIAS bank information system presenting the background of the transaction activity of the customer and their income. In particular, for issuing a credit card, customers are evaluated with the scoring/rating system based both on demographic factors and objective financial information (e.g. income, assets).

To rate large and SME businesses, a risk classification system is used. The first aspect concerns the classification of the borrower's creditworthiness to a ten-scaled rating system based on qualitative and quantitative criteria, thus defining the probability failing to meet its obligations. The weighting coefficients for the different criteria varies depending on the nature and the size of the borrower's activity.

The second aspect of the transaction risk rating is the evaluation of the quality and sufficiency of the collaterals, thus defining the expected loss in case of default.

The customer's degree of creditworthiness is used in association with the degree of the collaterals' sufficiency (i.e. the unsecured risk) during the credit approval stage and the definition of the relevant limits. In particular, the creditworthiness rating of the business portfolio is systematically monitored in order to internally calculate the probability of default and to timely diagnose any adverse drifting to the various portfolio quality/risk stages, in view of elaborating the appropriate strategies to hedge the risks undertaken.

Maximum exposure to credit risk prior to offered collaterals and other credit upgradings

The following table presents the maximum exposure to credit risk arising from financial instruments presented in the statement of financial position of the Group and the Bank, without taking into consideration any received collaterals or other credit upgradings. As far as the financial instruments presented in the statement of financial position are concerned, the exposure to credit risk equals their book value.

Group

Amounts in Eur '000	**Maximum exposure**	
	2019	**2018**
Exposure to credit risk from items on the SOFP:		
Loans and advances to credit institutions	85.913	11.718
Financial assets at fair value through profit or loss	63.177	64.595
Derivative financial instruments	102	24
Loans and advances to customers (net of provisions)		
Retail	11.550	8.022
Wholesale:		
Large Corporate	29.899	8.707
Small and medium business	43.300	17.518
Loans and advances to customers measured at fair value through profit and loss:	3.962	3.741
Investment portfolio securities:		
Financial assets at fair value through other income statement	1.377	1.382
Other assets	23.167	29.551
Total balance sheet items	**262.447**	**145.259**
Exposure to credit risk from off balance sheet items:		
Letters of guarantee	7.487	3.040
Total	**269.934**	**148.299**

Bank

Amounts in Euro '000	Maximum exposure 2019	2018
Exposure to credit risk from items on the SOFP:		
Loans and advances to credit institutions	85.907	11.699
Financial assets at fair value through profit or loss	43.973	43.900
Derivative financial instruments	102	24
Loans and advances to customers (net of provisions)		
Retail	11.550	8.022
Wholesale:		
Large Corporate	29.899	8.707
Small and medium business	51.279	24.588
Loans and advances to customers measured at fair value through profit and loss:	3.962	3.741
Investment portfolio securities:		
Financial assets at fair value through other income statement	1.377	1.382
Other assets	23.140	29.534
Total balance sheet items	**251.189**	**131.599**
Exposure to credit risk from off balance sheet items:		
Letters of guarantee	7.487	3.040
Total	**258.676**	**134.639**

Loans and advances

The following table presents the quality of the loans and advances of the Group and the Bank.

Group

Loans and advances to customers and impairment provisions per IFRS 9 Stage

Amounts in ,000 Euro	Stage 1		Stage 2		Stage 3		Total		
	Loans and advances to customers without significant increase in credit risk after initial recognition		Loans and advances to customers with significant increase in credit risk after initial recognition		Credit-impaired loans and advances to customers		Loans and advances to customers		Loans and advances to customers net value
31/12/2019	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	
Individuals									
Consumer	1.482	76	0	0	42	42	1.524	118	1.406
Margin/Brokerage	10.144	0	0	0	283	283	10.427	283	10.144
Corporate									
Small Business	32.721	2.084	458	0	1.256	1.256	34.435	3.340	31.095
SMEs	12.863	771	0	0	0	0	12.863	771	12.092
Corporate	23.580	354	0	0	0	0	23.580	354	23.226
Margin Corporate/SMEs	6.938	0	0	0	0	0	6.938	0	6.938
Total	**87.728**	**3.285**	**458**	**0**	**1.581**	**1.581**	**89.767**	**4.867**	**84.901**
Commitments relevant to credit risk									
Loan commitments	6.587	120	900	32	0	0	7.487	152	7.335
Total	**6.587**	**120**	**900**	**32**	**0**	**0**	**7.487**	**152**	**7.335**

Loans and advances to customers and impairment provisions per IFRS 9 Stage

Amounts in ,000 Euro	Stage 1		Stage 2		Stage 3		Total		
	Loans and advances to customers without significant increase in credit risk after initial recognition		Loans and advances to customers with significant increase in credit risk after initial recognition		Credit-impaired loans and advances to customers		Loans and advances to customers		Loans and advances to customers net value
1/1/2019	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	
Individuals									
Consumer	1.101	44	0	0	19	19	1.120	63	1.057
Margin/Brokerage	6.967	0	0	0	306	306	7.272	306	6.967
Corporate									
Small Business	8.455	93	0	0	1.256	788	9.710	880	8.830
SMEs	8.834	105	0	0	0	0	8.834	105	8.729
Corporate	8.036	63	0	0	0	0	8.036	63	7.973
Margin Corporate/SMEs	734	0	0	0	0	0	734	0	734
Total	**34.126**	**305**	**0**	**0**	**1.580**	**1.112**	**35.706**	**1.417**	**34.289**
Commitments relevant to credit risk									
Loan commitments	2.140	9	900	32	0	0	3.040	40	3.000
Total	**2.140**	**9**	**900**	**32**	**0**	**0**	**3.040**	**40**	**3.000**

Loans and advances to customers on 31.12.2019 based on their quality (impairments under IFRS 9)

Amounts in ,000 Euro 31/12/2019	Loans and advances to customers				Total value before impairment	Accumulated impairment provisions		Total net value after impairment	Value of collaterals
	Not past due	Past due	Individual assessment	Collective assessment		Individual assessment	Collective assessment		
Individuals									
Consumer	1.475	50	42	1.482	1.524	42	76	1.406	1.845
Margin/Brokerage	10.144	283	283	10.144	10.427	283	0	10.144	28.335
Corporate									
Small Business	32.645	1.790	1.256	33.179	34.435	1.256	2.084	31.095	15.795
SMEs	11.083	1.780	0	12.863	12.863	0	771	12.092	21.890
Corporate	23.580	0	0	23.580	23.580	0	354	23.226	9.463
Margin Corporate/SMEs	6.938	0	0	6.938	6.938	0	0	6.938	21.647
Total	**85.864**	**3.903**	**1.581**	**88.186**	**89.767**	**1.581**	**3.285**	**84.901**	**98.974**
Commitments relevant to credit risk									
Loan commitments	6.587	900	0	7.487	7.487	0	152	7.335	2.968
Total	**6.587**	**900**	**0**	**7.487**	**7.487**	**0**	**152**	**7.335**	**2.968**

Loans and advances to customers on 31.12.2018 based on their quality (impairments under IAS 39)

Amounts in ,000 Euro 31/12/2018	Loans and advances to customers				Total value before impairment	Accumulated impairment provisions		Total net value after impairment	Value of collaterals
	Not past due	Past due	Individual assessment	Collective assessment		Individual assessment	Collective assessment		
Individuals									
Consumer	1.107	12	19	1.101	1.120	19	44	1.057	591
Margin/Brokerage	6.967	306	306	6.967	7.272	306	0	6.967	19.954
Corporate									
Small Business	8.454	1.256	1.256	8.454	9.710	788	93	8.830	6.930
SMEs	8.020	815	0	8.834	8.834	0	105	8.729	515
Corporate	8.036	0	0	8.036	8.036	0	63	7.973	0
Margin Corporate/SMEs	734	0	0	734	734	0	0	734	688
Total	**33.318**	**2.388**	**1.580**	**34.126**	**35.706**	**1.112**	**305**	**34.289**	**28.679**
Commitments relevant to credit risk									
Loan commitments	2.140	900	0	3.040	3.040	0	40	3.000	518
Total	**2.140**	**900**	**0**	**3.040**	**3.040**	**0**	**40**	**3.000**	**518**

The balances do not include the amount of € 3,962,000 euros dated 31.12.2018 and of € 3,741,000 dated 31.12.2018 of the BUSSINESS ENERGY loan.

Amounts in ,000 Euro

Loans and advances to customers on 31.12.2019 and impairment provisions per IFRS 9 Stage

	Consumer loans			Margin/ Brokerage Retail		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Performing	1.475	0	0	10.144	0	0
Up to 30 days	0	0	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	7	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	0	0	0	0
From 181 to 360 days	0	0	13	0	0	0
From 361 to 720 days	0	0	19	0	0	0
More than 720 days	0	0	9	0	0	283
Denounced	0	0	2	0	0	0
Total	**1.482**	**0**	**42**	**10.144**	**0**	**283**
Impairments	76	0	42	0	0	283
Net value	1.406	0	0	10.144	0	0
Collaterals	1.845	0	0	28.335	0	0

Amounts in ,000 Euro

Loans and advances to customers on 31.12.2019 and impairment provisions per IFRS 9 Stage

	Corporate loans			Margin Corporate/SMEs		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Performing	67.308	0	0	6.938	0	0
Up to 30 days	1.856	458	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	0	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	0	0	0	0
From 181 to 360 days	0	0	0	0	0	0
From 361 to 720 days	0	0	0	0	0	0
More than 720 days	0	0	0	0	0	0
Denounced	0	0	1.256	0	0	0
Total	**69.164**	**458**	**1.256**	**6.938**	**0**	**0**
Impairments	3.210	0	1.256	0	0	0
Net value	65.954	458	0	6.938	0	0
Collaterals	42.068	5.080	0	21.647	0	0

Amounts in ,000 Euro

Loans and advances to customers on 31.12.2018 and impairment provisions per IFRS 9 Stage

	Consumer loans			Margin/ Brokerage Retail		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Performing	1.099	0	0	6.967	0	0
From 1 to 30 days	2	0	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	0	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	10	0	0	0
From 181 to 360 days	0	0	0	0	0	0
From 361 to 720 days	0	0	0	0	0	0
More than 720 days	0	0	9	0	0	306
Denounced	0	0	0	0	0	0
Total	**1.101**	**0**	**19**	**6.967**	**0**	**306**
Impairments	44	0	19	0	0	306
Net value	1.057	0	0	6.967	0	0
Collaterals	591	0	0	19.954	0	0

Amounts in ,000 Euro

Loans and advances to customers on 31.12.2018 and impairment provisions per IFRS 9 Stage

	Corporate loans			Margin Corporate/SMEs		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Performing	24.510	0	0	734	0	0
Up to 30 days	815	0	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	0	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	0	0	0	0
From 181 to 360 days	0	0	0	0	0	0
From 361 to 720 days	0	0	0	0	0	0
More than 720 days	0	0	0	0	0	0
Denounced	0	0	1.256	0	0	0
Total	**25.325**	**0**	**1.256**	**734**	**0**	**0**
Impairments	304	0	788	0	0	0
Net value	25.021	0	468	734	0	0
Collaterals	6.109	0	1.336	688	0	0

Amounts in ,000 Euro

Analysis of collaterals and guarantees received

	Real estate collaterals	Financial collaterals	Government guarantees	Other collaterals	Total collaterals
31/12/2019					
Individuals	1.234	611	0	28.335	**30.179**
Corporate	35.965	1.042	0	31.788	**68.794**
Total	**37.199**	**1.653**	**0**	**60.122**	**98.974**
31/12/2018					
Individuals	0	591	0	19.954	**20.546**
Corporate	5.040	300	0	2.794	**8.134**
Total	**5.040**	**891**	**0**	**22.748**	**28.679**

Total credit risk: Exposures and weighting under Regulation 575/2013

Amounts in ,000 EURO

	31/12/2019				31/12/2018			
Exposures	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**
Central governments or central banks	27.242	0	27.242	1.187	57.731	0	57.731	2.367
Regional governments or local authorities	0	0	0	0	0	0	0	0
Public sector entities	4.793	0	4.793	4.793	4.792	0	4.792	4.792
Multilateral development banks	0	0	0	0	0	0	0	0
International organizations	0	0	0	0	0	0	0	0
Financial institutions	88.211	0	88.211	25.862	13.829	0	13.829	4.095
Corporate entities	119.210	2.895	116.315	68.676	36.198	15	36.183	27.029
Retail banking	27.100	68	27.032	884	18.615	2	18.613	976
Secured on property collateral	11.104	129	10.975	5.382	4.219	0	4.219	2.004
In default	1.581	1.581	0	0	1.580	1.103	477	711
High risk	19.205	0	19.205	28.807	20.695	0	20.695	31.043
Covered bonds	0	0	0	0	0	0	0	0
Short term credit assessment	0	0	0	0	0	0	0	0
Collective investment undertakings CIU	0	0	0	0	0	0	0	0
Shares	472	0	472	552	443	0	443	523
Other	27.966	0	27.966	17.101	14.575	0	14.575	7.927
Total	**326.884**	**4.673**	**322.211**	**153.244**	**172.677**	**1.120**	**171.557**	**81.467**

Total credit risk: Exposure-based classification

Amounts in ,000 EURO

	31/12/2019				31/12/2018			
Exposures	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**
On balance sheet	259.665	4.536	255.129	141.628	149.797	1.118	148.679	78.268
Off-balance sheet	62.386	137	62.249	8.102	20.207	2	20.205	1.735
Counterparty risk	4.833	0	4.833	3.514	2.673	0	2.673	1.464
Total	**326.884**	**4.673**	**322.211**	**153.244**	**172.677**	**1.120**	**171.557**	**81.467**

Total credit risk: Off-balance sheet items classification

Amounts in ,000 EURO

	31/12/2019				31/12/2018			
Exposures	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**
Risk-free letters of guarantee	0	0	0		0	0	0	
Medium-risk letters of guarantee	3.389	43	3.346		1.948	2	1.946	
High-risk letters of guarantee	4.098	12	4.086		1.092	0	1.092	
Approved loan agreements and credit lines*	54.899	82	54.817		17.167	0	17.167	
Total	**62.386**	**43**	**62.249**	**8.102**	**20.207**	**2**	**20.205**	**1.735**

Notes

1. 31 Dec. 2018 -The approved loan agreements and credit lines pertain to lines that may be canceled unconditionally at any time without notice, except the amount of €270 ths.
2. 31 Dec. 2019 - Approved credit lines that may be unconditionally canceled, €38,080 ths (0% weighting)
3. 31 Dec. 2019 - Approved L/G limits; €14,789 ths (20% weighting)
4. 31 Dec. 2019 - Approved Credit Card and Loan of set maturity, €2,030 ths

Bank

Loans and advances to customers and impairment provisions per IFRS 9 Stage

Amounts in ,000 Euro 31/12/2019	Stage 1: Loans and advances to customers without significant increase in credit risk after initial recognition		Stage 2: Loans and advances to customers with significant increase in credit risk after initial recognition		Stage 3: Credit-impaired loans and advances to customers		Total: Loans and advances to customers		Loans and advances to customers net value
	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	
Individuals									
Consumer	1.482	76	0	0	42	42	1.524	118	1.406
Margin/Brokerage	10.144	0	0	0	283	283	10.427	283	10.144
Corporate									
Small Business	40.781	2.165	458	0	1.256	1.256	42.495	3.421	39.074
SMEs	12.863	771	0	0	0	0	12.863	771	12.092
Corporate	23.580	354	0	0	0	0	23.580	354	23.226
Margin Corporate/SMEs	6.938	0	0	0	0	0	6.938	0	6.938
Total	**95.788**	**3.366**	**458**	**0**	**1.581**	**1.581**	**97.827**	**4.947**	**92.880**
Commitments relevant to credit risk									
Loan commitments	6.587	120	900	32	0	0	7.487	152	7.335
Total	**6.587**	**120**	**900**	**32**	**0**	**0**	**7.487**	**152**	**7.335**

Loans and advances to customers and impairment provisions per IFRS 9 Stage

Amounts in ,000 Euro 1/1/2019	Stage 1: Loans and advances to customers without significant increase in credit risk after initial recognition		Stage 2: Loans and advances to customers with significant increase in credit risk after initial recognition		Stage 3: Credit-impaired loans and advances to customers		Total: Loans and advances to customers		Loans and advances to customers net value
	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	Loans and advances to customers	Impairments	
Individuals									
Consumer	1.101	44	0	0	19	19	1.120	63	1.057
Margin/Brokerage	6.967	0	0	0	306	306	7.272	306	6.967
Corporate									
Small Business	15.567	136	0	0	1.256	788	16.823	924	15.899
SMEs	8.834	105	0	0	0	0	8.834	105	8.729
Corporate	8.036	63	0	0	0	0	8.036	63	7.973
Margin Corporate/SMEs	734	0	0	0	0	0	734	0	734
Total	**41.239**	**348**	**0**	**0**	**1.580**	**1.112**	**42.819**	**1.460**	**41.359**
Commitments relevant to credit risk									
Loan commitments	2.140	9	900	32	0	0	3.040	40	3.000
Total	**2.140**	**9**	**900**	**32**	**0**	**0**	**3.040**	**40**	**3.000**

Loans and advances to customers on 31.12.2019 based on their quality (impairments under IFRS 9)

Amounts in ,000 Euro	Loans and advances to customers				Total value before impairment	Accumulated impairment provisions		Total net value after impairment	Value of collaterals
31/12/2019	Not past due	Past due	Individual assessment	Collective assessment		Individual assessment	Collective assessment		
Individuals									
Consumer	1.475	50	42	1.482	1.524	42	76	1.406	1.845
Margin/Brokerage	10.144	283	283	10.144	10.427	283	0	10.144	28.335
Corporate									
Small Business	32.645	9.850	1.256	41.239	42.495	1.256	2.165	39.074	15.795
SMEs	11.083	1.780	0	12.863	12.863	0	771	12.092	21.890
Corporate	23.580	0	0	23.580	23.580	0	354	23.226	9.463
Margin Corporate/SMEs	6.938	0	0	6.938	6.938	0	0	6.938	21.647
Total	**85.864**	**11.963**	**1.581**	**96.246**	**97.827**	**1.581**	**3.366**	**92.880**	**98.974**
Commitments relevant to credit risk									
Loan commitments	6.587	900	0	7.487	7.487	0	152	7.335	2.968
Total	**6.587**	**900**	**0**	**7.487**	**7.487**	**0**	**152**	**7.335**	**2.968**

Loans and advances to customers on 31.12.2018 based on their quality (impairments under IAS 39)

Amounts in ,000 Euro	Loans and advances to customers				Total value before impairment	Accumulated impairment provisions		Total net value after impairment	Value of collaterals
31/12/2018	Not past due	Past due	Individual assessment	Collective assessment		Individual assessment	Collective assessment		
Individuals									
Consumer	1.107	12	19	1.101	1.120	19	44	1.057	591
Margin/Brokerage	6.967	306	306	6.967	7.272	306	0	6.967	19.954
Corporate									
Small Business	15.567	1.256	1.256	15.567	16.823	788	136	15.899	9.339
SMEs	8.020	815	0	8.834	8.834	0	105	8.729	515
Corporate	8.036	0	0	8.036	8.036	0	63	7.973	0
Margin Corporate/SMEs	734	0	0	734	734	0	0	734	688
Total	**40.431**	**2.388**	**1.580**	**41.239**	**42.819**	**1.112**	**348**	**41.359**	**31.088**
Commitments relevant to credit risk									
Loan commitments	2.140	900	0	3.040	3.040	0	40	3.000	518
Total	**2.140**	**900**	**0**	**3.040**	**3.040**	**0**	**40**	**3.000**	**518**

The balances do not include the amount of €3,962 ths at 31/12/2019 and of €3,741 ths at 31/12/2018 of BUSSINESS ENERGY S.A.

Amounts in ,000 EURO

Loans and advances to customers on 31.12.2019 and impairment provisions per IFRS 9 Stage

	Consumer loans			Margin/ Brokerage Retail		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Performing	1.475	0	0	10.144	0	0
From 1 to 30 days	0	0	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	7	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	0	0	0	0
From 181 to 360 days	0	0	13	0	0	0
From 361 to 720 days	0	0	19	0	0	0
More than 720 days	0	0	9	0	0	283
Denounced	0	0	2	0	0	0
Total	**1.482**	**0**	**42**	**10.144**	**0**	**283**
Impairments	76	0	42	0	0	283
Net value	1.406	0	0	10.144	0	0
Collaterals	1.845	0	0	28.335	0	0

Amounts in ,000 EURO

Loans and advances to customers on 31.12.2019 and impairment provisions per IFRS 9 Stage

	Corporate loans			Margin Corporate/SMEs		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Performing	67.308	0	0	6.938	0	0
From 1 to 30 days	9.916	458	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	0	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	0	0	0	0
From 181 to 360 days	0	0	0	0	0	0
From 361 to 720 days	0	0	0	0	0	0
More than 720 days	0	0	0	0	0	0
Denounced	0	0	1.256	0	0	0
Total	**77.223**	**458**	**1.256**	**6.938**	**0**	**0**
Impairments	3.290	0	1.256	0	0	0
Net value	73.933	458	0	6.938	0	0
Collaterals	42.068	5.080	0	21.647	0	0

Amounts in ,000 EURO

Loans and advances to customers on 31.12.2018 and impairment provisions per IFRS 9 Stage

	Consumer loans			Margin/ Brokerage Retail		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Performing	1.099	0	0	6.967	0	0
From 1 to 30 days	2	0	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	0	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	10	0	0	0
From 181 to 360 days	0	0	0	0	0	0
From 361 to 720 days	0	0	0	0	0	0
More than 720 days	0	0	9	0	0	306
Denounced	0	0	0	0	0	0
Total	**1.101**	**0**	**19**	**6.967**	**0**	**306**
Impairments	44	0	19	0	0	306
Net value	1.057	0	0	6.967	0	0
Collaterals	591	0	0	19.954	0	0

Amounts in ,000 EURO

Loans and advances to customers on 31.12.2018 and impairment provisions per IFRS 9 Stage

	Corporate loans			Margin Corporate/SMEs		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Performing	31.623	0	0	734	0	0
From 1 to 30 days	815	0	0	0	0	0
From 31 to 60 days	0	0	0	0	0	0
From 61 to 90 days	0	0	0	0	0	0
Unlikely to pay	0	0	0	0	0	0
From 91 to 180 days	0	0	0	0	0	0
From 181 to 360 days	0	0	0	0	0	0
From 361 to 720 days	0	0	0	0	0	0
More than 720 days	0	0	0	0	0	0
Denounced	0	0	1.256	0	0	0
Total	**32.437**	**0**	**1.256**	**734**	**0**	**0**
Impairments	304	0	788	0	0	0
Net value	32.133	0	468	734	0	0
Collaterals	8.518	0	1.336	688	0	0

Amounts in ,000 Euro

Analysis of collaterals and guarantees received

	Real estate collaterals	Financial collaterals	Government guarantees	Other collaterals	Total collaterals
31/12/2019					
Individuals	1.234	611	0	28.335	**30.179**
Corporate	35.965	1.042	0	31.788	**68.794**
Total	**37.199**	**1.653**	**0**	**60.122**	**98.974**
31/12/2018					
Individuals	0	591	0	19.954	**20.546**
Corporate	5.040	300	0	5.202	**10.542**
Total	**5.040**	**891**	**0**	**25.157**	**31.088**

Total credit risk: Exposures and weighting under Regulation 575/2013

Amounts in ,000 EURO

	31/12/2019				31/12/2018			
Exposures	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**
Central governments or central banks	29.402	0	29.402	6.587	59.370	0	59.370	6.464
Regional governments or local authorities	0	0	0	0	0	0	0	0
Public sector entities	4.793	0	4.793	4.793	4.792	0	4.792	4.792
Multilateral development banks	0	0	0	0	0	0	0	0
International organizations	0	0	0	0	0	0	0	0
Financial institutions	87.860	0	87.860	25.792	13.414	0	13.414	4.012
Corporate entities	127.269	2.926	124.343	76.703	43.971	17	43.954	34.140
Retail banking	27.100	67	27.033	885	18.615	2	18.613	976
Secured on property collateral	11.104	127	10.977	5.383	4.219	0	4.219	2.004
In default	1.581	1.581	0	0	1.580	1.103	477	711
High risk	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0
Short term credit assessment	0	0	0	0	0	0	0	0
Collective investment undertakings CIU	0	0	0	0	0	0	0	0
Shares	6.863	0	6.863	16.529	7.521	0	7.521	18.219
Other	27.826	0	27.826	16.961	14.530	0	14.530	7.881
Total	**323.798**	**4.701**	**319.097**	**153.633**	**168.012**	**1.122**	**166.890**	**79.199**

Total credit risk: Exposure-based classification

Amounts in ,000 EURO	31/12/2019				31/12/2018			
Exposures	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**
On balance sheet	256.579	4.566	252.013	142.016	144.472	1.120	143.352	76.000
Off-balance sheet	62.386	135	62.251	8.103	20.867	2	20.865	1.735
Counterparty risk	4.833	0	4.833	3.514	2.673	0	2.673	1.464
Total	**323.798**	**4.701**	**319.097**	**153.633**	**168.012**	**1.122**	**166.890**	**79.199**

Total credit risk: Off-balance sheet items classification

Amounts in ,000 EURO	31/12/2019				31/12/2018			
Exposures	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**	**Total amount**	**Impairment**	**Amount after impairment**	**Weighted amount**
Risk-free letters of guarantee	0	0	0		0	0	0	
Medium-risk letters of guarantee	3.389	42	3.347		1.948	2	1.946	
High-risk letters of guarantee	4.098	12	4.086		1.092	0	1.092	
Approved loan agreements and credit lines*	54.899	81	54.818		17.827	0	17.827	
Total	**62.386**	**42**	**62.251**	**8.103**	**20.867**	**2**	**20.865**	**1.735**

Notes

1. 31 Dec. 2018 -The approved loan agreements and credit lines pertain to lines that may be canceled unconditionally at any time without notice, except the amount of €270 ths.
2. 31 Dec. 2019 - Approved credit lines that may be unconditionally canceled, €38,080 ths (0% weighting)
3. 31 Dec. 2019 - Approved L/G limits; €14,789 ths (20% weighting)
4. 31 Dec. 2019 - Approved Credit Card and Loan of set maturity, €2,030 ths

Counterparty banks risk

The Group is exposed to the risk of capital losses due to contingent delayed payments of outstanding and contingent liabilities of counterparty banks. Thanks to its daily activities, the Group transacts with other banks and financial institutions. By conducting such activities, the Group runs the risk of capital losses due to contingent delayed payments to the Group of outstanding and contingent liabilities of counterparty banks.

The limits of counterparty banks reflect the admissible risk level and are further divided into Foreign Exchange and Cash Services or other services that run such a risk depending on the needs and the volume of the operations of each service. In general, the maximum limits are set by bank evaluation models and the instructions given by the regulatory authorities.

The credit limit granted to each counterparty is divided into sub limits, thus covering placements, investments, foreign currency acquisitions, as well as the daily settlement limit. The actual positions are compared to the limits on a daily basis.

Country risk

The Group is exposed to the risk of capital loss due to possible political, economic and other events that occur in a specific country where the capitals or cash of the Group have been placed or invested through various local banks and financial institutions.

All countries are assessed with reference to size, economic data and prospects of the country, as well as its credit rating by international credit rating agencies (Moody's, Standard & Poor's). The actual positions per country are compared to their limits on a daily basis. The limits are reviewed at least once a year, while countries with the smaller size and lower solvency ratio are subject to a more thorough and frequent analysis and evaluation, where necessary.

4.2. Market risk

Market risk is the risk of losses to the various transaction portfolios due to the variation of the performance of the prices of the prices of the goods included in the said portfolios. Such portfolios are the shares and stock exchange indexes portfolios, as well as interest rates, commodities, currencies etc.

The Group operates mainly in the stock exchange transactions sector and therefore its major portfolio running a market risk is the Equities/Equity and Index Derivatives Book, listed mainly on the Hellenic Exchanges.

The Group's Risk Management Committee (RMC) approves the market risk management procedures and has set the relevant limits for undertaking such a risk per product and portfolio. The limits in question are systematically monitored and checked, while they are reviewed at least once a year; they are modified, if necessary, depending on the Group's strategy and current market conditions.

According to the Institutional Counterparties Credit Risk Policy and Management responsible for approving the relevant limits for the counterparty, issuer and country risk is the Executive Committee or the Board of Directors of the Bank (depending on the value of the limit) upon relevant recommendation of the competent unit handling the relation, based on internal and/or external financial analyses.

The RMD measures, checks and monitors the Market Risk on a daily basis and conducts measurements to estimate the said risks for the different portfolios.

(i) Market risk of commercial and available-for-sale portfolios

Measurements are conducted using various methodologies and measurement techniques such as Value At Risk – VAR. The measurement of the Value At Risk defines the maximum possible portfolio loss with a confidence level of 99% and a one day of hold period, using the variance - covariance method. The measurements cover all trading and available for sale portfolios of the Group's companies.

The market risk of the Group and the Bank, in terms of VaR, for the aforementioned positions as of December 31, 2019, amounted to €183.26K as broken down in the following table.

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Foreign exchange risk	6,50	2,25
Bond portfolio interest rate risk	181,37	182,73
Stock market portfolio market risk	13,09	16,37
Decrease due to correlation	-17,70	-16,97
Net market risk	**183,26**	**184,38**

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Foreign exchange risk	6,50	2,25
Bond portfolio interest rate risk	181,37	170,74
Stock market portfolio market risk	13,09	11,58
Decrease due to correlation	-17,70	-13,81
Net Market Risk	**183,26**	**170,76**

Apart from the above measurements, the portfolios market risk is monitored by a series of additional limits such as the maximum open position limit for every product, and stop-loss limits for every portfolio.

Finally, at regular intervals and in any case by the end of each semester, measurements of various stress test scenarios are conducted regarding the market risk in order to more efficiently manage the said risk and to inform the Management and the supervisory authorities.

(ii) Interest Rate Risk

Interest rate risk means the risk run by the Group to impair the value of the financial instruments and the net interest income due to adverse fluctuations of the market interest rates. Interest rate risk arises due to deferred readjustment of the interest rates or the expiry of the assets and liabilities on and off the statement of financial position.

The method of Static Repricing Gap is mainly used to estimate the exposure to the interest rate risk of transactions' portfolio and the bank's portfolio. The Static Repricing Gap method is used to estimate the sensitivity level of all current assets and liabilities of the Group (on and off Statement of Financial Position items).

The method in question separates the interest rate-sensitive assets and the liabilities into maturity time zones for every currency depending on the remaining period until their maturity, for the fixed interest rate items or the next repricing period for the floating interest rate items, and calculates the interest rate exposure, the balance between the assets and liabilities for every period.

The following tables present the Group's and the Bank's exposure to the interest rate risk. The tables present the assets and liabilities of the Group and the Bank at their carrying amounts, classified according to the interest rate revaluation date, for floating interest rates or maturity date, for fixed interest rates.

Group

Amounts in Eur '000	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Non-interest bearing	Total
Balance at 31th December 2019								
Assets								
Cash and balances with Central Banks	0	0	0	0	0	0	27.493	**27.493**
Advances to credit institutions	14.763	69.000	0	0	0	0	2.150	**85.913**
Financial assets at fair value through profit or loss	0	0	52.861	0	0	0	10.316	**63.177**
Loans and advances to customers (net of provisions)	23.114	1.522	27.171	8.589	10.834	17.480	0	**88.710**
Financial assets at fair value through other income statement	0	959	0	0	0	0	418	**1.377**
Other assets	8.738	11.192	0	0	0	0	16.930	**36.860**
Total assets	**46.615**	**82.673**	**80.033**	**8.589**	**10.834**	**17.480**	**57.308**	**303.531**
Liabilities								
Due to credit institutions	9.449	0	0	0	0	0	0	**9.449**
Due to customers	75.309	58.279	50.913	0	0	0	0	**184.501**
Other liabilities	0	0	0	0	0	0	35.995	**35.995**
Provisions	0	0	0	0	0	0	792	**792**
Total liabilities	**84.758**	**58.279**	**50.913**	**0**	**0**	**0**	**36.787**	**230.737**
Total interest rate gap	**(38.143)**	**24.394**	**29.120**	**8.589**	**10.834**	**17.480**	**20.521**	**72.794**
Balance at 31th December 2018								
Total Assets	50.909	9.014	64.707	0	0	0	83.625	**208.254**
Total Liabilities	95.590	3.593	690	0	0	0	31.317	**131.189**
Net position	**(44.681)**	**5.421**	**64.017**	**0**	**0**	**0**	**52.308**	**77.065**

For the loans pertaining to IBG S.A. and ACTIVE S.A., a provision has been formed for their entire amount, while their interest period has been suspended.

Bank

Amounts in Euro '000	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Non-interest bearing	Total
At 31st December 2019								
Assets								
Cash and balances with Central Banks	0	0	0	0	0	0	27.493	**27.493**
Advances to credit institutions	14.757	69.000	0	0	0	0	2.150	**85.907**
Financial assets at fair value through profit or loss	0	0	33.656	0	0	0	10.316	**43.973**
Loans and advances to customers (net of provisions)	23.114	1.522	35.151	8.589	10.834	17.480	0	**96.690**
Financial assets at fair value through other income statement	0	959	0	0	0	0	418	**1.377**
Other assets	8.738	11.192	0	0	0	0	25.399	**45.329**
Total assets	**46.609**	**82.673**	**68.807**	**8.589**	**10.834**	**17.480**	**65.777**	**300.769**
Liabilities								
Due to credit institutions	9.449	0	0	0	0	0	0	**9.449**
Due to customers	78.487	58.279	50.913	0	0	0	0	**187.680**
Other liabilities	0	0	0	0	0	0	35.814	**35.814**
Provisions	0	0	0	0	0	0	792	**792**
Total liabilities	**87.936**	**58.279**	**50.913**	**0**	**0**	**0**	**36.607**	**233.735**
Total interest rate gap	**(41.327)**	**24.394**	**17.894**	**8.589**	**10.834**	**17.480**	**29.170**	**67.034**
At 31st December 2018								
Total assets	57.960	9.014	44.012	0	0	0	92.472	**203.457**
Total liabilities	95.649	3.593	690	0	0	0	31.238	**131.169**
Net position	**(37.689)**	**5.421**	**43.322**	**0**	**0**	**0**	**61.234**	**72.288**

Moreover, to estimate the interest rate risk the Group and the Bank calculate the negative impact on the annual net interest income based on the "Guidelines on the management of interest rate risk arising from non-trading book activities" of EBA/GL/2018/02 where six interest rate shock scenarios are run:

1. Parallel shock up;
2. Parallel shock down;
3. Steepener shock (short rates down and long rates up);
4. Flattener shock (short rates up and long rates down);
5. Short rates shock up; and
6. Short rates shock down.

This change, in the event of an interest rate increase by 200 bps, will have a negative impact on the Bank's equity by €2,048,000 euros, while it will reduce income by €895,000 euros. Therefore, it will entail a total risk of €2,943,000 euros.

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation of the value of the financial instruments and assets and liabilities due to changes in exchange rates. Foreign currency transactions risk arises from an open position, positive or negative, which exposes the Group to exchange rates changes. Such a risk could arise in the event of assets being carried in one currency while financed by liabilities in another, or from forwards and swaps, as well as derivatives, including options.

The following tables present the Group's and the Bank's exposure to the foreign currency risk. The following tables present the carrying amount of the assets and liabilities of the Group and the Bank, classified per currency.

Group

Amounts in Eur '000	EUR	USD	GBP	CHF	JPY	Other currencies	Total
Balance at 31th December 2019							
Foreign exchange risk from assets							
Cash and balances with central banks	27.338	135	13	0	1	5	**27.493**
Loans and advances to credit institutions	82.247	2.007	519	87	111	942	**85.913**
Financial assets at fair value through profit or loss	63.177	0	0	0	0	0	**63.177**
Derivative financial instruments	102	0	0	0	0	0	**102**
Loans and advances to customers (net of provisions)	88.673	0	0	20	0	18	**88.710**
Financial assets at fair value through other income statement	1.377	0	0	0	0	0	**1.377**
Investments in subsidiaries and associates	54	0	0	0	0	0	**54**
Property, plant and equipment and intangible assets	4.722	0	0	0	0	0	**4.722**
Other assets	31.574	408	0	0	0	0	**31.982**
Total Assets	**299.264**	**2.550**	**532**	**107**	**113**	**965**	**303.531**
Foreign exchange risk from liabilities							
Due to credit institutions	547	8.902	0	0	0	0	**9.449**
Due to customers	168.391	15.938	37	12	0	122	**184.501**
Derivative financial instruments	217	0	0	0	0	0	**217**
Other liabilities	32.526	1.358	445	94	89	864	**35.377**
Provisions	792	0	0	0	0	0	**792**
Retirment benefit obligations	401	0	0	0	0	0	**401**
Total Liabilities	**202.874**	**26.199**	**482**	**107**	**89**	**986**	**230.737**
Net Position	**96.391**	**(23.649)**	**50**	**0**	**23**	**(21)**	**72.794**
Balance at 31th December 2018							
Total Assets	203.807	2.359	324	153	207	1.405	**208.254**
Total Liabilities	120.229	8.538	265	109	124	1.924	**131.189**
Net Position	**83.577**	**(6.179)**	**59**	**43**	**83**	**(519)**	**77.065**

Moreover, the Group, for measuring the foreign currency risk, calculates the negative impact on the annual results from a fluctuation of the exchange rates.

Bank

Amounts in Euro '000	EUR	USD	GBP	CHF	JPY	Other currencies	Total
As at 31st December 2019							
Foreign exchange risk for assets							
Cash and balances with central banks	27.338	135	13	0	1	5	**27.493**
Loans and advances to credit institutions	82.241	2.007	519	87	111	942	**85.907**
Financial assets at fair value through profit or loss	43.973	0	0	0	0	0	**43.973**
Derivative financial instruments	102	0	0	0	0	0	**102**
Loans and advances to customers (net of provisions)	96.652	0	0	20	0	18	**96.690**
Financial assets at fair value through other income statement	1.377	0	0	0	0	0	**1.377**
Investments in subsidiaries and associates	6.591	0	0	0	0	0	**6.591**
Property, plant and equipment and intangible assets	4.722	0	0	0	0	0	**4.722**
Other assets	33.506	408	0	0	0	0	**33.914**
Total assets	**296.502**	**2.550**	**532**	**107**	**113**	**965**	**300.769**
Foreign exchange risk of liabilities							
Due to credit institutions	547	8.902	0	0	0	0	**9.449**
Due to customers	171.569	15.938	37	12	0	122	**187.680**
Derivative financial instruments	217	0	0	0	0	0	**217**
Other liabilities	32.346	1.358	445	94	89	864	**35.197**
Provisions	792	0	0	0	0	0	**792**
Retirment benefit obligations	401	0	0	0	0	0	**401**
Total liabilities	**205.871**	**26.199**	**482**	**107**	**89**	**986**	**233.735**
Net Position	**90.631**	**(23.649)**	**50**	**0**	**23**	**(21)**	**67.034**
As at 31st December 2018							
Total assets	199.163	2.206	324	153	207	1.405	**203.457**
Total liabilities	120.209	8.538	265	109	124	1.924	**131.169**
Net position	**78.953**	**(6.332)**	**59**	**43**	**83**	**(519)**	**72.288**

Furthermore, the Bank, in the process of measuring foreign exchange risk, conducts a crisis simulation, thus examining the negative effect on the Bank's annual profit or loss using possible scenarios of the fluctuation of the international exchange rates. The examined scenarios include the following fluctuations: Eur/Usd -5.4%, Eur/Gbp +9.6%, Eur/Chf -8.2%, Eur/Jpy +11.4%, Eur/Aud +9.7%, Eur/Nok +15.3%,Eur/Cad +11.9%, Eur/Sek +15.1%, Eur/Try +15.7%, Eur/Rub +19.3%, Eur/Dkk +5%, Eur/Ron +7.4%, Eur/Hkd +0.6%.
With closing balances as of 31.12.2019, the simulation entails losses of €1,133.70k.

(iv) Risk arising from share and other securities price changes

Group

The risk pertaining to shares and other securities held by the Group arises from possible adverse fluctuations of the current prices of shares and other securities. The Group invests mainly in shares in the Athens Stock Exchange (ASE) and Cyprus Stock Exchange (CSE), and depending on the investment goal, they are allocated to the appropriate portfolio (assessment at the fair value through profit or loss or available for sale). Investments are also made aiming at taking advantage of short-term fluctuations in share/ratio prices or at hedging open positions with the use of derivatives on shares or ratios. The Group is not exposed to risks as far as commodities prices are concerned.

The Group, in assessing the price risk, calculates the negative impact on its annual results after taxes from a change in share prices.

Bank

The risk of share prices has to do with the adverse fluctuations of the share prices and derivatives on shares and stock exchange ratios held by the Bank that are recorded on the transaction portfolios and available for sale.

The said risk is monitored through limits set for each share and/or share category while, in addition, techniques for mitigating it are applied through derivatives on the relevant shares and ratios. Consequently, no particular exposure to the said risk has been observed in 2019 beyond the risk undertaking levels set by the net of levels dully approved on the basis of the Bank's strategy.

The following table presents the results of the crisis simulation regarding the share price risks conducted on the transaction portfolios and available for sale using balances as of 31.12.2019.

The examined scenarios are the following:

As regards the shares risk (since the exposure of the portfolios focuses on the Greek market), the FTSE/ASE Large Cap. +/-31.7% and DAX 30 +/- 31.4% fluctuation scenaria were examined.

Risk factors *(Amounts in € ,000)*	**Markets**	**Scenario**	**Loss due to the drifting of risk factors**	**Profit due to the drifting of risk factors**
Share prices	Hellenic Exchanges, fluctuation of FTSE/ASE Large Cap.	-31.7%	1,042.55	-
		31.7%	333.63	-
Share prices	Frankfurt Exchange, fluctuation of DAX 30	31.4%	-	40.05
		-31.4%	254.57	-

4.3. Liquidity risk

Liquidity risk means the risk of failing to raise sufficient cash to cover the direct obligations of the Group or to do so the Group shall suffer significant financial cost.

The said risk is controlled through a developed liquidity management structure comprising various types of controls, procedures and limits. This ensures compliance with the regulations on liquidity ratios set by the competent supervisory authorities, as well as with internal limits.

Control and management of the liquidity risk are achieved by using and controlling the following ratios:

(a) Liquidity coverage ratio (LCR): defined as the quotient of the high quality liquid assets to the net 30-day cash outflows as these are defined in the Regulation EU 575/2013;

(b) Net stable funding ratio (NSFR): defined as the quotient of the available stable funding to the required stable funding, as these are defined in the Regulation EU 575/2013.

An important part of the assets is financed by customer deposits. Short-term cash requirements are financed mainly through current and savings deposits. Long-term investments are mainly covered by bonds and time deposits.

Although these deposits can be withdrawn on demand without prior notice, their highly diversified nature both in number and in type of deposits, ensures the absence of major fluctuations and, therefore, in their majority, constitute a stable deposit basis.

The Group conducts liquidity stress tests.

The following liquidity risk tables analyze liabilities to other banks, customer deposits and other liabilities to the Group's and the Bank's customers for the corresponding periods depending on the period from the reporting date to maturity. The referred amounts correspond to the contractual non-discounted cash flows.

Group

Amounts in Eur '000	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Balance at 31th December 2019							
Liabilities							
Due to credit institutions	46	8.902	500	0	0	0	**9.449**
Due to customers	75.309	58.279	50.913	0	0	0	**184.501**
Other liabilities	22.945	6.453	724	1.193	5.472	0	**36.787**
Total liabilities	**98.300**	**73.635**	**52.138**	**1.193**	**5.472**	**0**	**230.737**
Total assets	**203.282**	**1.522**	**35.869**	**20.362**	**25.017**	**17.480**	**303.531**
Balance at 31th December 2018							
Liabilities							
Due to credit institutions	62	7.102	34.767	0	0	0	**41.932**
Due to customers	42.186	0	15.756	0	0	0	**57.941**
Other liabilities	26.123	4.413	180	601	0	0	**31.317**
Total liabilities	**68.370**	**11.515**	**50.703**	**601**	**0**	**0**	**131.189**
Total assets	**148.280**	**1.971**	**18.838**	**19.259**	**15.442**	**4.465**	**208.254**

Bank

Amounts in Euro '000	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Total
As at 31st December 2019							
Liabilities							
Due to credit institutions	46	8.902	500	0	0	0	**9.449**
Due to customers	78.487	58.279	50.913	0	0	0	**187.680**
Other liabilities	22.764	6.453	724	1.193	5.472	0	**36.607**
Total liabilities	**101.298**	**73.635**	**52.138**	**1.193**	**5.472**	**0**	**233.735**
Total assets	**200.520**	**1.522**	**35.869**	**20.362**	**25.017**	**17.480**	**300.769**
As at 31st December 2018							
Liabilities							
Due to credit institutions	62	7.102	34.767	0	0	0	**41.932**
Due to customers	42.244	0	15.756	0	0	0	**58.000**
Other liabilities	25.481	4.395	180	1.182	0	0	**31.238**
Total liabilities	**67.788**	**11.497**	**50.703**	**1.182**	**0**	**0**	**131.169**
Total assets	**146.195**	**1.953**	**18.838**	**16.861**	**15.442**	**4.168**	**203.457**

4.4. Capital adequacy

The Group is subject to supervision of the Bank of Greece that sets and monitors the capital adequacy requirements of the Group.

To calculate the capital adequacy starting from 01.01.2014 the new supervisory framework (Basel III) that was incorporated into the Greek Law pursuant to Law 4261/2014 base, is applied; it substantially modifies the credit risk calculation and introduces capital requirements for the operational risk. No significant changes occurred to the calculation of the market risk. In particular, the credit risk of the investment portfolio is calculated using the standard method, while the operational risk is calculated using the Basic Indicator Approach.

The capital adequacy of the Group is monitored at regular intervals by the Financial Department of the Group and the results are submitted on a quarterly basis to the Bank of Greece.

The regulatory capitals of the Group are exclusively derived from the Core Equity (Tier I). They mainly include the share capital, the reserves and results carried forward. Furthermore, they are adjusted in accordance with the provisions of the Decision ref. ΕΠΑΘ 114-1/04.08.2014. The Group has no Tier II additional regulatory capital.

The Capital Adequacy ratio of the Group and the Bank as of 31.12.2019 and 31.12.2018 was the following:

Group

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Share Capital	110.427	110.427
Other Reserves	18.863	18.942
Retained Earnings	(56.496)	(52.304)
Goodwill and other intangible assets	(1.809)	(327)
Other adjustments	(1.115)	(806)
Total Tier I	**69.870**	**75.932**
Total supervisory capitals	**69.870**	**75.932**
Weighted assets		
- on-SFP items	141.372	76.819
- off-SFP items	11.616	4.662
- transaction portfolio items	94.612	75.460
- operatinal risk	20.550	18.251
Total	**268.150**	**175.193**
Capital Adequacy Ratio	**26,06%**	**43,34%**

In 2019, the Capital Adequacy ratio of the Group amounted to 26.03%, recording a decrease compared to 2018, mainly due to the increase of the weighted assets.

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Share Capital	110.427	110.427
Other Reserves	18.196	18.193
Retained Earnings	(61.589)	(56.332)
Goodwill and other intangible assets	(1.808)	(326)
Other adjustments	(1.324)	(2.985)
Total Tier I	**63.902**	**68.977**
Total supervisory capitals	**63.902**	**68.977**
Weighted assets		
- on-SFP items	142.016	77.465
- off-SFP items	11.617	3.199
- transaction portfolio items	94.612	72.221
- operatinal risk	17.898	16.013
Total	**266.143**	**168.898**
Capital Adequacy Ratio	**24,01%**	**40,84%**

In 2019, the Capital Adequacy ratio of the Bank amounted to 24.01%, recording a decrease compared to 2018, mainly due to the increase of the weighted assets.

Moreover, the Bank within the framework of the "Procedure to Evaluate the Internal Capital Adequacy" takes into account a range of risks as well as is capacity regarding their management. The said Procedure intends to ensure that the Bank will have sufficient capital to cover all important risks to which it is exposed, over the next three years.

5. Fair value of financial assets and liabilities

5.1 Financial assets and liabilities not carried at fair value

The fair value represents the amount for which an asset could be replaced or a liability settled through an arm's length transaction. Differences may arise between the carrying amount and the fair value of financial assets of the statement of financial position and liabilities. The items of the transaction portfolio, the derivatives and the securities available-for-sale are presented in the financial statements at their fair value. Loans and other advances, securities held to maturity and financial liabilities are presented at the amortized cost. The carrying amount of these items, as presented in the financial statements, does not significantly differ from their fair value. In particular:

(a) Loans and advances to credit institutions

Due from other banks include mainly short-term interbank placements and other collectibles. The vast majority of the placements have a one-month maturity and therefore their fair value is quite similar to their carrying amount.

(b) Loans and advances to customers

Loans to customers are presented after deduction of the corresponding provision for impairment. The vast majority of the above refer to floating interest loans and therefore their carrying amount is quite similar to their fair value.

(c) Deposits

The fair value of deposits without fixed maturity (saving and current accounts) is the amount that the Group should pay upon customer demand, which value is equal to their carrying amount. The customer deposits and placements from other banks have an average maturity shorter than three months. Therefore, their estimated fair value does not materially differ from their carrying amount.

5.2 Fair Value Hierarchy

IFRS 7 defines the valuation models hierarchy regarding the objectivity of the data used by these models. The observable data are based on active markets and derive from independent sources, while non-observable information refers to the Management assumptions. These two methods for retrieving information generate the following hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities This level includes listed shares and borrowed funds on stock exchanges (such as London, Frankfurt and New York) and derivatives such as Futures (Nasdaq, S&P 500).

Level 2 - includes inputs other than the quoted prices included in Level 1 and considered to be directly or indirectly observable. This level includes the majority of OTC derivatives and various issued debts. The sources of such data are the LIBOR curve, Bloomberg and Reuters.

Level 3 - Inputs that are not based on observable market data (unobservable inputs). This level includes capital investments and borrowed funds that are not traded on an active market, and there are no similar traded products.

Group

Hierarchy as of December 31, 2019:

Amounts in Eur '000	**31th December 2019**			
Financial assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	43.973	0	19.205	**63.177**
Derivative financial instruments	102	0	0	**102**
Loans and advances to customers	0	0	3.962	**3.962**
Financial assets at fair value through other income statement	418	959	0	**1.377**
Total	**44.493**	**959**	**23.166**	**68.618**

Financial liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	217	0	0	**217**
Total	**217**	**0**	**0**	**217**

Hierarchy as of December 31, 2018:

Amounts in Eur '000		**31th December 2018**		
Financial assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	43.900	0	20.695	**64.595**
Derivative financial instruments	24	0	0	**24**
Loans and advances to customers	0	0	3.741	**3.741**
Financial assets at fair value through other income statement	389	993	0	**1.382**
Total	**44.314**	**993**	**24.436**	**69.742**

Financial liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	5.384	0	0	**5.384**
Total	**5.384**	**0**	**0**	**5.384**

Bank

Hierarchy as of December 31, 2019:

Amounts in Euro '000		**31st December 2019**		
Financial assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	43.973	0	0	**43.973**
Derivative financial instruments	102	0	0	**102**
Loans and advances to customers	0	0	3.962	**3.962**
Financial assets at fair value through other income statement	418	959	0	**1.377**
Total	**44.493**	**959**	**3.962**	**49.413**

Financial liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	217	0	0	**217**
Total	**217**	**0**	**0**	**217**

Hierarchy as of December 31, 2018:

Amounts in Euro '000		**31st December 2018**		
Financial assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	43.900	0	0	**43.900**
Derivative financial instruments	24	0	0	**24**
Loans and advances to customers	0	0	3.741	**3.741**
Financial assets at fair value through other income statement	389	993	0	**1.382**
Total	**44.314**	**993**	**3.741**	**49.047**

Financial liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	5.384	0	0	**5.384**
Total	**5.384**	**0**	**0**	**5.384**

6. Net interest income

The net interest income is broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Interest and similar income		
Interest from fixed yield securities	1.157	1.468
Interest from loans	3.283	1.953
Interest from interbank transactions	312	444
Other interest income	1	20
Total	**4.754**	**3.884**
Interest and similar expenses		
Interest on deposits	(418)	(210)
Interbank transactions	(183)	(87)
Other interest expense	(75)	(58)
Total	**(676)**	**(354)**
Net interest income	**4.078**	**3.530**

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
Interest and similar income		
Interest from fixed yield securities	1.157	1.333
Interest from loans	3.514	2.157
Interest from interbank transactions	274	444
Other interest income	1	20
Total	**4.947**	**3.954**
Interest and similar expenses		
Interest on deposits	(418)	(210)
Interbank transactions	(165)	(87)
Other interest expense	(75)	(32)
Total	**(658)**	**(328)**
Net interest income	**4.290**	**3.626**

7. Net fee and commission income

The net fee and commission income is broken down as follows:

Group

Amounts in Eur '000	31st December 2019	31st December 2018
Net income from commissions on commercial transactions	(22)	(6)
Net income from investment banking	207	172
Net income from stock market transactions	3.267	2.507
Other commission income	755	330
Net fee and commission income	**4.206**	**3.003**

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
Net income from commissions on commercial transactions	(16)	(3)
Net income from investment banking	207	172
Net income from stock market transactions	3.267	2.507
Other commission income	755	330
Net fee and commission income	**4.212**	**3.006**

The increase of fees and commission income is due to increased brokerage fees and to the redefinition of the lending effective rate.

8. Net trading income

The gain and losses on financial transactions of the Group and the Bank are broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Profit/(loss) from foreign exchange	148	(174)
Profit/(loss) from derivatives held for trading	(5.220)	5.034
Profit/(loss) from investments in shares and mutual funds	6.494	(4.130)
Profit/(loss) from bonds	1.957	2.952
Total	**3.379**	**3.682**

The income of 2019 was mainly affected by the valuation of the mutual funds to which the Bank's subsidiaries have invested in amounting to €1.0 million. In 2018, the relevant valuations of the mutual funds of the subsidiaries amounted to €3.4 million euros. Moreover, the 2019 income includes gains from the trading portfolio of €2.1 million, compared to €0.4 million in 2018.

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Profit/(loss) from foreign exchange	148	(174)
Profit/(loss) from derivatives held for trading	(5.220)	5.034
Profit/(loss) from investments in shares and mutual funds	5.502	(4.130)
Profit/(loss) from bonds	1.912	(365)
Total net trading income	**2.342**	**365**

The increased trading income is mainly due to the bond and shares portfolio valuation results.

9. Other operating income

The Group's and the Bank's other income is broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Rental income	16	16
Unused provisions reversed	0	69
Other income	318	286
Total	**335**	**371**

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Rental income	16	16
Unused provisions reversed	0	18
Other income	299	307
Total	**316**	**341**

The other income mainly pertain to income from IT support to the companies of Group.

10. Staff costs

The total charge to the profit and loss of the Group and the Bank for employee benefits is broken down as follows:

Group and Bank

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Salaries and wages	6.964	6.453
Social security cost	1.739	1.622
Pension costs - defined benefit plans	352	100
Other employee benefit expenses	695	460
Total	**9.750**	**8.636**

The total staff of the Group and the Bank on 31.12.2019 amounted to 283 persons (31.12.2018: 189 persons).

11. Other operating expenses

The Group's and the Bank's "Other operating expenses" item is broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Fees to lawyers, advisors, auditors etc.	927	891
IT applications	646	613
Subscriptions	323	300
Building expenses	822	820
Advertisement and promotion expenses, sponsorships, etc.	204	124
Taxes and duties	705	620
Office supplies	46	49
Other operating expenses	838	688
Total	**4.510**	**4.105**

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Fees to lawyers, advisors, auditors etc.	788	638
IT applications	646	613
Subscriptions	322	300
Building expenses	822	819
Advertisement and promotion expenses, sponsorships, etc.	204	124
Taxes and duties	680	616
Office supplies	46	49
Other operating expenses	825	686
Total Other operating expenses	**4.334**	**3.845**

12. Other provisions

The Group's and the Bank's "Other provisions" item is broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Reversal of impairmentof property plant and equipment	0	83
Provision for legal cases and letters of guarantee (Note 33)	(16)	310
Performance fees provision	1.236	(911)
Total	**1.220**	**(516)**

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
Impairment and reversal of impairment of participations (Note 21)	(277)	293
Reversal of impairmentof property plant and equipment	0	84
Provision for legal cases and letters of guarantee (Note 33)	(16)	310
Performance fees provision	1.236	(911)
Total	**943**	**(224)**

The fee provision of € -1,236,000 (31.12.2018: € 911,000) for the Group and the Bank pertains to a contractual right to pay the stock brokers administrators in which the companies IBG CAPITAL S.A and IBG INVESTMENT S.A. participate in, because of the increase in value for the shareholders, part of which is presented in the readjustment of the value of the relevant participations.

13. Income Tax

The charge to the profit and loss of the financial year for income tax for the Group and the Bank is broken down as follows:

Group

Amounts in Eur '000	31st December 2019	31st December 2018
Deferred tax	331	(1.540)
Total	**331**	**(1.540)**

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
Deferred tax	307	(751)
Total	**307**	**(751)**

According to Law 4110/2013, in force until and including the year 2018, the Greek tax rate was 29%. For the year ended on 31.12.2019, the applicable tax rate was 24%.

Moreover, the distributed dividends are subject to 15% tax withholding. For the unaudited years refer to Note 37.

For the financial year 2019, the audit is in progress and the relevant tax certificate is expected to be issued after the publication of the financial statements for the year 2019. Upon completion of the tax audit the Group's Management does not expect any significant tax liabilities beyond those already reported and presented in the financial statements.

14. Cash and balances with Central Banks

The cash and balances of the Group and the Bank with the Central Bank are broken down as follows:

Group and Bank

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Cash	726	429
Deposits with central bank	26.767	56.784
Total	**27.493**	**57.213**

The average amount of minimum cash to be placed by the Group and the Bank with the Bank of Greece in December 2019 amounted to €1,317 ths.

15. Loans and advances to credit institutions

The loans and advances of the Group and the Bank to credit institutions arising from deposits and transactions are current ones and are broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Interbank deposits	40.000	7.003
Placements from foreign banks	11.250	1.135
Placements from domestic banks and other receivables	5.663	3.576
Time deposits	29.000	4
Total	**85.913**	**11.718**
Current	***85.913***	***11.718***
Non-current	***0***	***0***

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Interbank deposits	40.000	7.003
Placements from foreign banks	11.250	1.135
Placements from domestic banks and other receivables	5.657	3.562
Time deposits	29.000	0
Total	**85.907**	**11.699**
Current	***85.907***	***11.699***
Non current	***0***	***0***

16. Financial assets at fair value through profit or loss

The Group's and the Bank's trading securities portfolio is broken down as follows:

Group

Amounts in Eur '000	31st December 2019	31st December 2018
Shares and other securities with variable yield		
Equity securities listed on ASE	10.316	2.805
Mutual Funds	19.205	20.695
Other bonds	26.355	26.133
Other government bonds	5.267	3.456
Bank bonds	2.034	11.505
Total	**63.177**	**64.595**

The major assumptions for the valuation of the Mutual Funds (investments in closed-type business holdings mutual funds) are presented in Note 2.4.

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
Shares and other securities with variable yield		
Equity securities listed on ASE	10.316	2.805
Other bonds	26.355	26.133
Other government bonds	5.267	3.456
Bank bonds	2.034	11.505
Total	**43.973**	**43.900**

17. Derivative Financial Instruments

Group and Bank

	31st December 2019			31st December 2018		
		Estimated fair value			Estimated fair value	
Amounts in Eur '000	Nominal value	Assets	Liabilities	Nominal value	Assets	Liabilities
Derivatives on indices/securities:						
Futures	6.520	0	0	2.535	0	0
Options	143	102	70	93	24	5.359
Futures on indices	6.907	0	0	1.246	0	0
Foreign exchange swaps	0	0	146	0	0	25
Total derivative financial instruments		**102**	**217**		**24**	**5.384**

The valuation of the futures contracts on December 31, 2019 and 2018, due to the daily clearing of these derivatives is included in the exchange-traded derivatives margin account which has been included in Other Assets.

18. Loans and advances to customers

The Group's and the Bank's loans portfolio is broken down as follows:

Group

Amounts in Eur '000	31st December 2019	31st December 2018
Loans and advances to customers measured at amortzed cost		
Consumer loans	1.524	1.119
Loans to individuals (stock market)	10.427	7.272
Intercompany Loans	10.564	11.711
Bond loans	23.580	9.255
Corporate loans (stock market)	6.938	734
Corporate loans	36.733	5.615
	89.767	**35.706**
Less: Provisions for impairment of loans and advances to customers	(5.019)	(1.457)
Book value of loans and advances to customers measured at amortzed cost after provision	**84.749**	**34.249**
Loans and advances to customers measured at fair value through profit and loss	3.962	3.741
Total loans and advances to customers	**88.710**	**37.990**
Current	***51.807***	***17.571***
Non-current	***36.903***	***20.419***

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Loans and advances to customers measured at amortzed cost		
Consumer loans	1.524	1.119
Loans to individuals (stock market)	10.427	7.272
Intercompany Loans	18.624	18.823
Bond loans	23.580	9.255
Corporate loans (stock market)	6.938	734
Corporate loans	36.733	5.615
	97.827	**42.819**
Less: Provisions for impairment of loans and advances to customers	(5.099)	(1.500)
Book value of loans and advances to customers measured at amortzed cost after provision	**92.728**	**41.319**
Loans and advances to customers measured at fair value through profit and loss	3.962	3.741
Total loans and advances to customers	**96.690**	**45.059**
Current	***59.787***	***24.640***
Non-current	***36.903***	***20.419***

The Group's and the Bank's provisions for impairment losses are broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Balance at the beginning of the year	(1.457)	(2.376)
Provisions for the year	(3.581)	427
Change to Net Equity - Due to application IFRS9 (Fiscal Year 2017)	0	(573)
Loans written-off	18	1.064
Balance at the end of year	**(5.019)**	**(1.457)**

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Balance at the beginning of the year	(1.500)	(2.376)
Provisions for the year	(3.602)	471
Change to Net Equity - Due to application IFRS9 (Fiscal Year 2017)	0	(660)
Loans written-off	3	1.064
Balance at the end of year	**(5.099)**	**(1.500)**

In 2018, the Bank granted a syndicated bond loan to the company Business Energy, the balance of which amounts to €4.0 million euros on 31.12.2019. The loan did not fulfill the SPPI valuation criteria and therefore it has been compulsorily measured at fair value through profit and loss (Note 5.2).

19. Financial assets at fair value through other income statement

The investment portfolio of the Group and the Bank includes bonds and shares.

Group and Bank

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Financial assets at fair value through other income statement		
Other bonds	959	993
Total fixed yield securities	*959*	*993*
Equity securities listed on ASE	406	377
Non-listed securities	12	12
Total equity securities with variable yield	*418*	*389*
Total	**1.377**	**1.382**

20. Assets available for sale

On 31.12.2019, the non-current assets held for sale include the companies **IBG Global Funds SICAV-SIF**, a Luxembourg-based Specialized Investment Fund, and **IBG Capital Management S.ar.l**, the managing company of the above Fund domiciled in Luxembourg.

The Management of the Group, after having investigated various alternatives for exploiting the above assets, considered that they do not generate the estimated contributions in the general business plan of the Group.

Consequently, it initiated a procedure to sell them while since the expected outcome could not be reached it decided to liquidate the **IBG Global Funds SICAV-SIF** Investment Fund and to close the business in accordance with the voluntary liquidation procedure, as provided for in the relevant legal framework of Luxembourg, and also to launch the liquidation of the managing company **IBG Capital Management S.ar.l.**

The Group expects that all the above would be completed during the current year 2020.

Analysis of the assets available for sale and liabilities relevant to the assets available for sale

Amounts in Euro '000	31st December 2019	31st December 2018
ASSETS		
Loans and advances to other financial institutions	346	397
Financial assets at fair value through other income statement	74	2.257
Other assets	39	28
Assets available for sale	**459**	**2.682**
LIABILITIES		
Due to other financial institutions	0	1
Other liabilities	74	67
Provisions	4	9
Liabilities related to assets held for sale	**78**	**76**

21. Investments in subsidiaries and associates

Name	**% interest held at 31/12/2019**	**Country**	**Business activity**
IBG CAPITAL S.A.	100,00%	Greece	Venture capital firm
IBG INVESTMENTS S.A.	90,00%	British Virgin Islands	Provision of investment services
IBG CAPITAL MANAGEMENT S.AR.L.	100,00%	Luxemburg	Mutual fund management firm
IBG GLOBAL FUNDS SICAV - SIF	100,00%	Luxemburg	Mutual fund
IBG INVESTMENT SERVICES LTD	100,00%	Cyprus	Provision of investment services
HELLENIC CAPITAL PARTNERS S.A.	20,00%	Greece	Venture capital mutual fund management firm
IBG S.A.	79,31%	Greece	Provision of investment services
OPTIMA ASSET MANAGEMENT S.A.	4,40%	Greece	Mutual fund management firm

Name	% interest held at 31/12/2018	Country	Business activity
IBG CAPITAL S.A.	100,00%	Greece	Venture capital firm
IBG INVESTMENTS S.A.	90,00%	British Virgin Islands	Provision of investment services
IBG CAPITAL MANAGEMENT S.AR.L.	100,00%	Luxemburg	Mutual fund management firm
IBG GLOBAL FUNDS SICAV-SIF	100,00%	Luxemburg	Mutual fund
IBG INVESTMENT SERVICES LTD	100,00%	Cyprus	Provision of investment services
HELLENIC CAPITAL PARTNERS S.A.	20,00%	Greece	Venture capital mutual fund management firm
IBG S.A.	79,31%	Greece	Provision of investment services
OPTIMA ASSET MANAGEMENT S.A.	4,40%	Greece	Mutual fund management firm

Company	**Financial figures 31-12-2019**			
Amounts in Eur '000	**Assets**	**Liabilities**	**Revenue**	**Profit/(loss) before tax**
IBG CAPITAL S.A.	4.393	205	0	(652)
IBG INVESTMENTS S.A.	18.783	8.555	1.706	1.371
IBG CAPITAL MANAGEMENT S.AR.L.	103	66	18	(20)
IBG GLOBAL FUNDS SICAV - SIF	282	12	83	(4)
HELLENIC CAPITAL PARTNERS S.A.	1.853	390	1.438	301
IBG S.A.	313	833	0	(7)
OPTIMA ASSET MANAGEMENT S.A.	1.426	858	693	11

Company	**Financial figures 31-12-2018**			
Amounts in Eur '000	**Assets**	**Liabilities**	**Revenue**	**Profit/(loss) before tax**
IBG CAPITAL S.A.	7.353	2.887	0	380
IBG INVESTMENTS S.A.	17.093	8.235	3.030	2.696
IBG CAPITAL MANAGEMENT S.AR.L.	116	58	45	4
IBG GLOBAL FUNDS SICAV-SIF	2.566	18	4	(133)
HELLENIC CAPITAL PARTNERS S.A.	1.593	350	771	16
IBG S.A.	320	833	0	(7)
OPTIMA ASSET MANAGEMENT S.A.	1.384	832	687	(8)

The financial statements of the above subsidiaries of the Group and the Bank, except "IBG S.A" which is under liquidation, are consolidated under the full consolidation method in the consolidated financial statements of the Group.

The "Investments in subsidiaries and associates" of the Group and the Bank item is broken down as follows:

Group - Investments in associates

Amounts in Eur '000	31st December 2019	31st December 2018
Balance at the beginning of the year	**54**	**54**
Balance at end of the year	**54**	**54**

Bank- Investments in subsidiaries and associates

Amounts in Euro '000	31st December 2019	31st December 2018
Balance at the beginning of the year	**6.868**	**11.589**
- Subsidiaries for Sales	0	(2.513)
- Reversal of impairment of investments in subsidiary	(277)	293
- Decrease of interests held in investments	0	(2.501)
Balance at end of the year	**6.591**	**6.868**

At Bank level, the 2018 write-down reversal concerns the impairment reversal of the subsidiaries IBG CAPITAL S.A. and IBG INVESTMENTS S.A. made in the past years. The impairment reversal arose because of the increased fair value of the closed-type business holdings mutual funds in which the subsidiaries had invested. The major assumptions for the valuation of the closed-type business holdings mutual funds are presented in Note 4.

22. Property, plant and equipment and intangible assets

The variations of the tangible assets during the financial year 2019 are the following:

Group and Bank

Amounts in Eur '000	**Property, plant and equipment** Land and buildings	Vehicles & machinery	Furniture and other equipment	Total
Acquisition cost at 1 January 2019	5.481	11	3.308	8.800
less: Accumulated depreciation	(4.716)	(2)	(3.080)	(7.798)
Net book value at 1 January 2019	**765**	**9**	**228**	**1.002**
Additions	1.250	634	285	2.169
Disposals/write-offs	0	(1)	0	(1)
Transfers	0	(86)	(14)	(100)
Depreciation for the year	(67)	(84)	(7)	(157)
Depreciation of assets sold/written off	0	1	0	1
Acquisition cost at 31 December 2019	6.731	559	3.579	10.869
less: Accumulated depreciation	(4.783)	(85)	(3.087)	(7.954)
Net book value at 31 December 2019	**1.948**	**474**	**492**	**2.914**

Amounts in Eur '000	**Property, plant and equipment** Land and buildings	Vehicles & machinery	Furniture and other equipment	Total
Acquisition cost at 1 January 2018	5.360	43	3.279	8.682
less: Accumulated depreciation	(4.670)	(15)	(3.127)	(7.811)
Net book value at 1 January 2018	**759**	**23**	**178**	**870**
Additions	121	0	130	251
Disposals/write-offs	0	(32)	(101)	(133)
Depreciation for the year	(46)	(4)	(54)	(104)
Depreciation of assets sold/written off	0	17	101	117
Acquisition cost at 31 December 2018	5.481	11	3.308	8.800
less: Accumulated depreciation	(4.716)	(2)	(3.080)	(7.798)
Net book value at 31 December 2018	**765**	**9**	**228**	**1.002**

The variation of the other intangible assets during the financial year 2019 is the following:

Group and Bank

Amounts in Eur '000	**Software**
Acquisition cost at 1 January 2019	1.673
Less: Accumulated amortisation	(1.346)
Net book value at 1 January 2019	**326**
Additions	1.627
Amortisation for the year	(146)
Acquisition cost at 31 December 2019	3.300
Less: Accumulated amortisation	(1.492)
Net book value at 31 December 2019	**1.808**

Amounts in Eur '000	**Software**
Acquisition cost at 1 January 2018	1.537
Less: Accumulated amortisation	(1.166)
Net book value at 1 January 2018	**371**
Additions	136
Amortisation for the year	(179)
Acquisition cost at 31 December 2018	1.673
Less: Accumulated amortisation	(1.346)
Net book value at 31 December 2018	**326**

23. Right-of-use assets and lease liabilities

Group and Bank

As a result of the enactment, as of 1.1.2019, of the new accounting standard IFRS 16, right-of-use assets of € 6,168,000 euros have been recognized, € 5,861,000 out of which concern property leases.

As a result of the application of IFRS 16, the Group and the Bank recognized lease liabilities of € 6,190,000 on 31.12.2019.

(i) Amounts recognized in the balance sheet

Property use on rights *Amounts in Eur '000*	**31st December 2019**	**31st December 2018**
Buildings	5.861	0
Transportation equipment	306	0
Balance of year end	**6.168**	**0**
Lease Liability		
Short-term Liability	718	0
Long-term Liability	5.472	0
Balance of year end	**6.190**	**0**

(ii) Amounts recognized in the Profit & Loss

Amounts in Eur '000	*Note*	**31st December 2019**	**31st December 2018**
Depreciation of property rights			
Buildings		120	0
Transportation equipment		17	0
Total	22	**138**	**0**
Interest expense	6	35	0
Short-term rental expenses	11	150	0

24. Deferred tax

The variation of the temporary differences within the financial year 2019 for the Group and the Bank is broken down as follows:

Group

Amounts in Eur '000	**Balance as at 1st January 2019**	**Recognised in profit or loss**	**Recognised in equity**	**Balance as at 31st December 2019**
PPE and investment property	169	(31)	0	138
Other provisions	2.753	305	0	3.057
Retirement benefit obligations	88	9	0	96
Financial assets at fair value through other income statement	(7)	0	92	85
Financial assets at fair value through profit or loss	(2.815)	(47)	0	(2.862)
Tax losses	1.296	96	0	1.392
Total	**1.484**	**331**	**92**	**1.906**

The other provisions include the deferred tax assets against participations impairment losses amounting to € 1.06 million.

Amounts in Eur '000	Balance as at 1st January 2018	Recognised in profit or loss	Recognised in equity	Balance as at 31st December 2018
PPE and investment property	164	5	0	169
Other provisions	3.837	(1.247)	162	2.753
Retirement benefit obligations	77	11	0	88
Financial assets at fair value through other income statement	(2.048)	2.035	7	(7)
Financial assets at fair value through profit or loss	(93)	(2.723)	0	(2.815)
Tax losses	917	379	0	1.296
Total	**2.854**	**(1.540)**	**169**	**1.484**

The other provisions include the deferred tax assets against participations impairment losses amounting to € 0.96 million.

Bank

Amounts in Euro '000	Balance as at 1st January 2019	Recognised in profit or loss	Recognised in equity	Balance as at 31st December 2019
PPE and investment property	157	(31)	0	126
Other provisions	2.251	281	0	2.532
Retirement benefit obligations	87	9	0	96
Financial assets at fair value through other income statement	(7)	0	0	(6)
Financial assets at fair value through profit or loss	97	(47)	0	50
Tax losses	1.118	96	0	1.214
Total	**3.703**	***307***	***0***	**4.011**

The other provisions include the deferred tax assets against participations impairment losses amounting to € 1.06 million.

Amounts in Euro '000	Balance as at 1st January 2018	Recognised in profit or loss	Recognised in equity	Balance as at 31st December 2018
PPE and investment property	164	(7)	0	157
Other provisions	3.303	(1.244)	191	2.251
Retirement benefit obligations	77	11	0	87
Financial assets at fair value through other income statement	(14)	0	7	(7)
Financial assets at fair value through profit or loss	(92)	189	0	97
Tax losses	817	301	0	1.118
Total	**4.256**	***(751)***	***198***	**3.703**

The other provisions include the deferred tax assets against participations impairment losses amounting to € 0.96 million.

25. Other stock exchange transactions

The other stock exchange transactions of the Group and the Bank are broken down as follows:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Margin derivative trading account	7.700	5.350
Clearing accounts for securities transactions of ASE, Greek derivatives market of the ASE and foreign stock markets	1.137	78
Clearing accounts for securities transactions of Bonds	162	183
Customers' demands for securities transactions of ASE, ADEX and foreign stock exchanges	1.029	564
Total	**10.028**	**6.175**

26. Investment Services Guarantee Securities

These items are broken down as follows:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Hellenic Deposit and Investment Guarantee Fund	4.793	4.792
Guarantee fund	3.903	3.794
Auxiliary fund	2.497	1.994
Total	**11.192**	**10.580**

27. Current tax assets and Other assets

Group and Bank

The current tax receivables of the Group and the Bank are broken down as follows:

Amounts in Eur '000	31st December 2019	31st December 2018
Other receivables from the Greek State	282	232
Total	**282**	**232**

Group

The other assets of the Group are broken down as follows:

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Interest and other accrued income	333	501
Other receivables	160	122
Guarantees	298	209
Other receivables except loans	366	432
Carbon emission reserve	612	11.876
Advances and other receivables accounts	401	59
Total	**2.169**	**13.199**
Less: Provisions	(223)	(403)
Total	**1.947**	**12.796**
Current	***1.648***	***12.587***
Non-current	***298***	***209***

Bank

The other assets of the Bank are broken down as follows:

Ποσά σε Ευρώ '000	**31st December 2019**	**31st December 2018**
Interest and other accrued income	333	501
Guarantees	298	209
Advances and other receivables accounts	374	59
Carbon emission reserve	612	11.876
Other receivables	526	537
	2.142	**13.183**
Less: Provisions	(223)	(403)
Total	**1.920**	**12.780**
Current	***1.621***	***12.570***
Non-current	***298***	***209***

28. Due to credit institutions

The dues to other credit institutions are broken down as follows:

Group and Bank

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Due to credit institutions - current accounts	46	62
Due to credit institutions - time deposits	500	34.767
Interbank deposits	8.902	7.102
Total	**9.449**	**41.932**
Current	***9.449***	***41.932***
Non-current	***0***	***0***

29. Due to customers

The deposits and other customers' accounts are broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Sight deposits	72.283	13.708
Savings accounts	1.430	745
Time deposits	103.427	39.405
Blocked deposits	5.766	3.980
Cheques payable	1.596	103
Total	**184.501**	**57.941**
Current	***184.501***	***57.941***
Non-current	***0***	***0***

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Sight deposits	75.461	13.708
Savings accounts	1.430	745
Time deposits	103.427	39.464
Blocked deposits	5.766	3.980
Cheques payable	1.596	103
Total	**187.680**	**58.000**
Current	***187.680***	***58.000***
Non-current	***0***	***0***

In the term deposits of the Group and the Bank the amount of €27,790,000 pertains to balances of stock exchange customers. The relevant amount in 2018 was of €25,432,000.

30. Customer balances to stock exchange accounts

The customer balances from stock exchange transactions are broken down as follows:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Settlement accounts from securities transactions of ASE, Greek derivatives market and foreign stock exchanges	1.063	876
Settlement accounts for securities transactions of Bonds	176	73
Due to customers from transactions in the ASE, the Greek derivatives market of the ASE and other foreign stock markets	20.712	18.743
Total	**21.950**	**19.692**
Current	***21.950***	***19.692***
Non-current	***0***	***0***

31. Retirement benefit obligations

The amounts recorded on the statement of financial position are the following:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Balance sheet obligations for:		
Lump-sum payments upon retirement		
– Unfunded	401	301
	401	**301**

The amounts recorded on the income statement are the following:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Current service cost	30	26
Finance cost	5	4
Cost of settlement	317	70
Total included in employee benefits	**352**	**100**

Changes in liabilities in the Statement of Financial Position are as follows:

Group and Bank

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Net liability in opening balance sheet	**301**	**264**
Employer contributions paid	(335)	(77)
Expenditure to be recorded in the income statement	352	100
Amount recorded in Other comprehensive income	82	15
Net liability in closing balance sheet	**401**	**301**

32. Other liabilities

The other liabilities are broken down as follows:

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Liabilities arising from taxes	457	395
Obligations to Associated banks	0	178
Accrued interest and other expenses	24	8
Other payables	6.091	4.002
Social insurance cost	588	399
Total	**7.160**	**4.981**
Current	***7.160***	***4.981***
Non-current	***0***	***0***

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Liabilities arising from taxes	457	395
Obligations to Associated banks	0	178
Accrued interest and other expenses	24	8
Other payables	5.988	4.000
Social insurance cost	588	399
Total	**7.057**	**4.979**
Current	***7.057***	***4.979***
Non-current	***0***	***0***

33. Provisions

The provisions are broken down as follows:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Provision for legal cases	471	560
Other provisions	321	321
Total	**792**	**880**

34. Share capital

The share capital remained unchanged and is broken down as follows:

	Number of shares	Nominal value	Total no of ordinary shares
31st December 2018	**3.762.420**	€ 29,35	**110.427.027**
31st December 2019	**3.762.420**	€ 29,35	**110.427.027**

35. Other reserves

The other reserves are broken down as follows:

Group

Amounts in Eur '000	31st December 2019	31st December 2018
Statutory reserve	11.719	11.719
Special reserves	5.672	5.672
Other reserves	1.453	1.535
Other reserves	**18.844**	**18.926**

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
Statutory reserve	11.719	11.719
Special reserves	4.924	4.924
Other reserves	1.534	1.534
Other reserves	**18.177**	**18.177**

Legal Reserve: According to the Greek Trade Law, the Group is required to withhold from its net accounting profits a minimum of 5% per year as legal reserve. Such withholding ceases to be compulsory when the total legal reserve exceeds 1/3 of the paid up share capital. This taxed reserve is non-distributable throughout the Group's lifetime and is intended to cover any debit balances of the profit or loss carried forward item

Extraordinary Reserves: The extraordinary reserves have been formed from taxed profits, and therefore no additional tax liability will be imposed in case of their distribution.

36. Cash and cash equivalents

For the preparation of the cash flow statement of the Group and the Bank, cash and cash equivalents include short-term placements with other banks which are immediately available or have a 90-day maturity.

Group

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Cash and balances with central bank (Note 14)	27.493	57.213
Loans and advances to credit institutions (Note 15)	85.913	11.718
Total	**113.406**	**68.931**

Bank

Amounts in Euro '000	**31st December 2019**	**31st December 2018**
Cash and balances with central banks (Note 14)	27.493	57.213
Loans and advances to credit institutions (Note 15)	85.907	11.699
Total	**113.401**	**68.912**

Cash flows from operating activities of the Group and the Bank include trading portfolio transactions. Investment portfolio transactions are included in the cash flows from investing activities.

37. Commitments, contingent liabilities and assets

a) Contingent liabilities from guarantees

The nominal values of the contingent and undertaken liabilities are broken down as follows:

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
Contingent liabilities		
Letters of Guarantee (Bid and Performance books)	3.389	1.948
Letters of Guarantee (Advance Payment, Prompt Payment)	4.098	1.092
Total	**7.487**	**3.040**

b) Contingent tax liabilities

According to Law 4174/2013 (Article 65A as in force and according to article 82 of Law 2238/1994), Greek companies the financial statements of which are compulsorily audited are bound to get an "Annual Tax Certificate" up to the financial year 2015, the issuance of which requires the conduct of a tax audit by the auditors who audit their annual financial statements. For the years starting on 01.01.2016 and henceforth, the Annual Tax Certificate will be optional, but the Bank continues to get it.

The Group has been audited by the tax authorities up to the financial year 2009. It has not been audited by the tax authorities for the year 2010 to which the Annual Tax Certificate did not apply and therefore the Group may be possibly liable to pay additional taxes, if they are established.

The Bank has obtained a tax certificate by the Auditors without qualifications for the years 2011, 2012, 2015, 2016, 2017 and 2018. For the years 2013 and 2014, it has obtained a tax certificate from its Auditors without qualifications, but with an emphasis of matter based on the inquiry submitted by the Bank to the Ministry of Finance regarding the tax handling of the loss from the transfer of assets and liabilities to Piraeus Bank. For the financial year 2019, the Bank is currently audited by its Auditors. This audit is in progress and the relevant tax certificate is expected to be issued after the publication of the financial statements for the year 2019. We consider that until the completion of the tax audit, no additional tax liabilities will arise that will have a significant impact on the financial statements.

Moreover, the company IBG CAPITAL SA has obtained a tax certificate without qualifications from its Auditors for the financial years 2011 to and including 2013, while for the years 2014 to and including 2019 it is not required to obtain any tax certificate in accordance with Law 4174/2013, article 65.

According to the Greek tax legislation and the relevant ministerial decisions, the companies for which a tax certificate without remarks about infringements of the tax legislation is issued are not exempted from the infliction of additional taxes and fines by the tax authorities within the framework of the legal restrictions (five years from the end of the financial year in which the relevant tax return shall be submitted). In the light of the above, generally it is considered that the right of the Greek State to inflict taxes up to the financial year 2012 is exhausted as regards the Group.

c) Contingent legal obligations

There are no pending legal liabilities or obligations that could materially affect the financial position of the Group on December 31, 2019, except the cases for which a relevant provision has been formed (Note 33).

38. Related party transactions

All transactions are objective, are conducted at arm's length and fall within the scope of the normal activities of the Group. The volume of transactions per category is shown here below.

38.1 Transactions with subsidiaries of Optima bank Group and Motor Oil Hellas group

Group

Amounts in Eur '000	31st December 2019	31st December 2018
a) Receivables		
Loans net of provisions	12.917	7.723
Other receivables	58	1.132
Total	**12.975**	**8.855**
b) Payables		
Due to credit institutions	0	120
Deposits	23.829	1.422
Other liabilities	1	181
Total	**23.830**	**1.723**
c) Income		
Interest and similar income	472	833
Commission income	1.076	1.094
Other income	179	246
Total	**1.728**	**2.173**
d) Expenses		
Interest and similar expenses	0	80
Commission expenses	83	88
Λοιπά έξοδα	139	0
Total	**223**	**168**

Bank

Amounts in Euro '000	31st December 2019	31st December 2018
a) Receivables		
Loans net of provisions	20.897	17.863
Other receivables	58	1.132
Total	**20.954**	**18.995**
b) Payables		
Due to credit institutions	0	120
Deposits	27.007	1.481
Other liabilities	1	181
Total	**27.008**	**1.782**
c) Income		
Interest and similar income	794	833
Commission income	1.076	1.094
Other income	185	246
Total	**2.056**	**2.173**
d) Expenses		
Interest and similar expenses	0	80
Commission expenses	83	88
Other expenses	139	0
Total	**223**	**168**

38.2 Transactions with Management and members of the Board of Directors

Group and Bank

Amounts in Eur '000	31st December 2019	31st December 2018
a) Receivables		
Loans	29	35
Total	**29**	**35**
b) Payables		
Deposits	102	1
Total	**102**	**1**
c) Income		
Interest and similar income	1	2
Total	**1**	**2**

38.3 Remuneration of Management and members of the Board of Directors

Group and Bank

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Board of Directors compensation	367	85
Salaries	333	395
Total	**700**	**480**

39. External auditors

The total fees paid by the Group to the independent auditor "PricewaterhouseCoopers Auditors" for their audit and other services provided to the Bank are broken down as follows:

Amounts in Eur '000	**31st December 2019**	**31st December 2018**
Statutory Audit	82	49
Tax Audit Certificate	49	39
Other Audit Services	6	3
Non Audit Services	13	8
Total	**150**	**99**

40. Adoption of the IFRS 16

The Group has retrospectively adopted the IFRS 16 "Leases" as of January 1, 2019 and has not reformulated the comparative data for the reporting period 2018, as this is permitted by the transition provisions of the Standard. The adjustments that arise from the new lease rules are therefore recognized in the opening balance sheet on January 1, 2019.

When it adopted the IFRS 16, the Group recognized a lease liability for a leased office building that has been classified as "operating lease" in the past, according to the principles of IAS 17 "Leases". These liabilities were evaluated at the present value of the residual rents, discounted at the lessee's incremental borrowing rate on January 1, 2019. The weighted average of the discount rate used amounted to 3.71% for the Group and the Company. The asset right-of-use was evaluated to an amount equal to the lease liability.

(i) Practical expedients

For the first implementation of IFRS 16, the Group used the following practical expedients provided for in the Standard:

- Application of a single discount rate on a lease portfolio with reasonably comparable characteristics (such as leases with similar remaining lease term for an underlying asset of similar category in a similar economic environment);
- Use of assessment under IAS 37 regarding whether the leases are onerous contracts before the date of first application, as an alternative to the impairment test;
- Leases with a remaining term of less than 12 months as of January 1, 2019 are regarded as short-term leases;
- Use of hindsight for lease term when the lease agreement includes rights to extend or terminate the lease.
- Exclusion of the initial direct costs from the measurement of the right-of-use asset at the date of first application.

Moreover, the Group has chosen not to reassess whether a contract is or contains a lease at the date of first application. Instead, for the contracts concluded before the transition date, the Group was founded on the assessment made under IAS 17 and the IFRIC Interpretation 4 "Determining whether an Arrangement contains a Lease".

(ii) Accounting handling of the lessor

The Group was not required to made adjustments to the accounting handling in its capacity as lessor for the operating lease agreements as a result of the adoption of IFRS 16.

41. Events after the financial statements date

COVID-19 pandemic

In early March 2020, the World Health Organization (WHO) declared the spread of the coronavirus COVID -19 as a Pandemic. The outbreak and the rapid spread of the epidemic worldwide made the international organizations and governments to take measures aiming at protecting the population and preventing the spread of the virus. These measures initially pertained to the suspension of the activity of a large number of businesses, the lockdown on the population and the closure of the borders to some extent. As a result of these measures, the global economic activity has been adversely affected as well as the Greek economy.

In an effort to mitigate the impacts of this situation, the European Central Bank promptly took measures aiming at a temporary capital injection to banks, in association with the adjustment of existing time schedules and procedures, at increasing their liquidity thanks to reduced-cost refinancing programs, in order to ensure the activity of the markets, at dealing with the non-performing loans which, among others, aim at providing sustainable solutions to temporarily debtors in difficultly because of the pandemic, while at the same time the Bank offered flexibility to the supervisory authorities and extended the deadlines for crucial supervisory measures.

In parallel, it was decided to support the affected countries in covering the health expenses thanks to a credit line, to finance SMEs through the national development banks and to protect jobs by using financing tools.
Within this context, for the very first days the Greek Government took measures to suspend the operation of all educational institutions, crowd gathering facilities, retail shops, while it also took measures to place the population on lockdown. Admittedly, these measures successfully limited the spread of the virus and therefore Greece has the lower number of fatalities.
At the same time it took measures for the employment relation (arrangements to organize the time and the place of work, granting the right to teleworking, granting a special purpose leave, suspension of the contracts of employment in businesses that were bound to suspend their activity), for supporting the affected people (rent cuts, extension of the deadline for the payment of securities, grants to employees - unemployed people, suspension of the scheduled payments) and for their financing (through the repayable advance, programs of the European Investment Bank and a guaranteeing mechanism).
For sure, the growth dynamics shown by the Greek economy in 2019 was abruptly halted because of the pandemic. The significant impact of the services on the economic activity and its shallow productive structure are strongly affected by this situation. Now, all forecasts refer to a deep recession in 2020, while a significant part of such recession will be counterbalanced in 2021.
Optima bank, giving priority to the safety of its personnel and customers, took all necessary measures to protect them by taking advantage of the possibilities offered, while at the same time it enhanced the plan to continue operating and serving its customers.
Given that the COVID-19 evolution is still uncertain and its economic impacts are unknown yet, the Management closely monitors the situation and considers that its business plan will not be affected, mainly because of the growth potential of the Bank and its strong balance sheet. However, depending on the developments in the economy, the estimates of the Bank may be readjusted.

Other events

On March 26, 2020, Motor Oil Hellas announced that its Board of Directors granted a special permit so that its subsidiary Ireon Investment Ltd could proceed with a disinvestment by selling shares of Optima bank. The buyers of Optima bank shares amounting to a total of 45% shall be related parties of Motor Oil Hellas, among which its executive Vice President Mr. Ioannis V. Vardinogiannis and the Non-executive Director Mr. Dimosthenis Vardinogiannis.

Maroussi, June 30, 2020

The Chairman of the Board of Directors	**The Chief Executive Officer**
Georgios Taniskidis	**Dimitrios Kyparissis**
The Head of Financial Affairs	**The Head of Accounting and Tax Affairs**
Angelos Sapranidis	**Konstantinos Kalliris**