COOPERATIVE BANK
OF KARDITSA

COOPERATIVE BANK OF KARDITSA SYN.PE.

Annual Financial Report
for the year ended on 31 December 2020

June 2021

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A) Report of the Board of Directors for the financial year 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2020

This Board of Directors Annual Report is for the financial year 2020 (1.1.2020 - 31.12.2020). The Report was drafted and is harmonized with the relevant provisions of Article 150 of Law 4548/2018.

This Report fairly presents all information required by law to provide a substantial and documented view of the activities, over the period under review, of the Cooperative Bank of Karditsa SYN. PE.

The Report is included as is, along with the Bank's financial statements and the other data and statements required by law in the Annual Financial Report as of the year 2020.

A. THE WORLD ECONOMY

At the start of 2020, the world economy had just completed its tenth year cycle of continuous growth, a trend most economists and government officials believed would last for many more years.

But within just two months, a mysterious new virus that was detected in China in December 2019 began to spread rapidly around the world, shattering those expectations and causing the deepest global recession for generations.

The outbreak of the pandemic in early 2020 was a turning point for the world economy. The countries were shaken by a double, unexpected and acute crisis, both in the health and the economic sector. Global society has suffered huge human losses. It has been confronted with the worst recession in 100 years, as global GDP fell by 3.5%.

The pandemic has shaken global trade, with exports dropping to their lowest level in a decade, in March and April. Following government decisions around the world to shut down businesses and cut off all unnecessary activities, the global population was faced with a huge wave of unemployment.

Unprecedented levels of State financial support have protected economies from an even greater disaster, but they have also increased the already huge volume of global government debt.

Another direct result of all these government expenditures was the increase in consumer savings in many parts of the world. State support in the form of allowances in developed countries has strengthened household bank accounts and since several consumers made savings, especially in the early stages of the pandemic, their savings increased significantly.

The global economy in 2020 relied even more on RES and this rate is expected to continue. China represented half of the new installed capacity of renewable energy sources connected to the grid in 2020 and will represent 45% this year and 58% in 2022.

Last year, the new installed capacity of renewable energy sources increased by 45% to 280 gw - the biggest annual increase since 1999, according to the International Energy Agency.

RES investments support growth in China, Europe and the US, where governments are auctioning large contracts for the supply of energy from renewable energy sources and companies are signing huge clean energy purchase agreements.

B. THE EUROPEAN ECONOMY

The pandemic has spread rapidly in developed countries. Due to the mobility of citizens, the virus spread rapidly in European countries. As early as February 2020, Italy and Spain recorded thousands of victims. As a consequence of this situation, European governments have imposed strict lockdown measures everywhere.

As a result of the above, Europe experienced the greatest drop in its GDP since the establishment of the euro and since 1995 when data began to be collected, according to Eurostat.

But the EU’s response was immediate. The suspension of the Stability and Growth Pact and the restrictions on the provision of State aid and guarantees for business lending have helped governments to provide liquidity to businesses and employees and thus halt the wave of bankruptcies and the dramatic rise in unemployment.

Then, for the first time, the EU leaders' initiative to finance the European Reconstruction Program through the issue of a joint debt, set the stage for the rapid recovery of the European economy.

The second wave of the pandemic in Europe in the autumn and winter of 2020 made the enforcement of lockdown measures necessary once again. Consequently, the recovery of the financial losses that had occurred during the third quarter of 2020 was halted. The euro area economy recorded, on a quarterly basis, a slight decline in the fourth quarter, much lower than expected. However, on a yearly basis it decreased by 4.9% in the fourth quarter of 2020 and by 6.6% in the whole year.

C. THE GREEK ECONOMY

The fragile Greek economy followed the same recession path as the rest of Europe. As a primarily service economy with a large share of tourism and retail trade, it was hit harder than other EU countries by external and domestic demand.

All governments in the eurozone, including Greece, have adopted a series of fiscal and labor market policy measures aimed at supporting businesses and employment. Although the financial support measures and the recession have led to a sharp reversal of the general government budget result from a surplus deficit in 2020 (and, in conjunction with deflation, a significant increase in the ratio of public debt to GDP), they prevented mass collapse of businesses and households affected by the pandemic.

In 2020, the recession eventually reached 8.2%, 2.3 percentage points less than the target of a 10.5% recession set in the 2021 budget.

However, despite the heavy losses, it showed remarkable durability and ability to adapt to the new circumstances. In order to mitigate the effects of the recession, the reaction of the Greek Government was immediate. The implementation of the necessary anti-cyclical fiscal policy by taking measures of unprecedented size and scope, amounting to 11.2% of GDP, has protected employment, protected entrepreneurship and stimulated domestic demand.

The above, in combination with the credit extension, the loan suspension measures for the affected debtors and other facilities, although they incurred significant financial costs, mitigated the particularly negative effects on disposable income and employment, created positive expectations and moderated the very high uncertainty.

Thus, the economy avoided the double-digit recession, since according to the initial data announced today by ELSTAT, the recession for the 4th quarter of 2020 reached 7.9% of GDP much lower than the double-digit rates calculated by the financial experts. At the same time, the Statistical Authority revised its forecasts for the previous three quarters. In the third quarter the recession was 10.5% compared to 11.7% in the previous forecast, in the second quarter the recession was revised to 13.8% from 14.7%, while for the first quarter marginal growth was corrected to 0.1% from 0.4% in the previous forecast.

Greece has also shown resilience in terms of employment in 2020, with losses for the whole year being below the eurozone average and significantly lower than other Southern European countries. However, in a year with such major problems as 2020, the cost of employment support was significant. Measures to support employees and the unemployed for the 12 months of the pandemic have reached EUR 5.8 billion. Of this, approximately EUR 3 billion concerned the payment of special compensation of EUR 534 to 1,727,577 beneficiaries, plus an additional EUR 1.5 billion for the full coverage of their insurance contributions.

In conclusion, the Greek economy in 2020, due to its great dependence on tourism, was hit hard by the COVID-19 pandemic. The real GDP shrank on an annual basis by -8.2% (from € 183.4 billion in 2019 to € 165.8 billion in 2020) with service exports having the greatest negative contribution to this performance. The recession in Greece in 2020 was the 4th deepest among the 27 European Union countries (the 1st being Spain with -11.0%, the 2nd being Italy with -8.9% and the 3rd being Croatia with -8.4%). However, it proved to be milder than the official forecasts of international organizations and the market average. Measures to support economic policy have, to a certain extent, mitigated the recession effect as they have directly and indirectly retained the contraction of demand and supply. Nevertheless, in addition to the benefits, the aforementioned also led to high costs in the form of a large budget deficit. Based on the first estimate of the annual national accounts, the real GDP in Greece in 2020 was -29.8% (- € 66.9 billion at current prices) lower than the corresponding figure in 2007 (pre-crisis debt levels). It will take several years with relatively high growth rates to recover those production-income losses. To bring real GDP back to the levels of 2007 within a 10-year horizon, the average annual growth rate needs to be 3.6%. Given the country’s demographic problem (in the long run it is expected to have a negative impact on employment), achieving this level of growth requires a high level of productivity and investment.

D. THE BANK SYSTEM

In 2020, despite the lockdown measures to address the pandemic, positive developments were recorded in the financial sector, with an increase in bank deposits and an improvement in the financing conditions of the banks, which contributed to the strengthening of their liquidity and allowed the increase of the bank financing of businesses and households.

An fact indicative of the increased liquidity created by the support measures implemented by the government is that deposits in banks have increased since the beginning of the year by EUR 19.9 billion and EUR 17.9 billion since the beginning of the crisis in March. More specifically, the total deposits at the end of 2020 amounted to EUR 163 billion compared to EUR 143.1 billion in December 2019, of which EUR 126.3 billion are household deposits, and EUR 36.7 billion are business deposits.

In addition to limiting consumption, deposits were also supported by decisive measures such as the suspension in the payment of taxes and insurance contributions for those companies affected by the economic crisis caused by the pandemic, as well as measures to strengthen liquidity with direct funding such as the repayable advance, TEPIX II and the Guarantee Fund. It is characteristic that, in the same period, credit expansion jumped to a record high over the last 10 years reaching 9.1% in December, whereas credit expansion for non-financial companies reached 9.9%.

In 2020, the Greek banks managed to increase their capital adequacy to levels above the minimum threshold, by issuing securities considered as supervisory equity. The average Capital Adequacy Ratio stands at 16.6%, about 3 points below the corresponding European average, with the gap having been widened by about two more points, also taking into account the full impact of the application of International Financial Reporting Standard 9 (IFRS 9).

The implementation of the “Hercules” program has helped to accelerate the de-escalation of the stocks of NPLs. Compared to March 2016, when the highest figures were recorded, a reduction of 56% has been achieved in the total amount of Non-Performing Loans (NPLs). The NPLs amount to almost EUR 47 billion on an individual basis and 58 billion on a consolidated basis, the NPL indices being a percentage of total loans amounting to 30.22% and 32.9% respectively. The average for EU credit institutions for the same period is only 2.6%. The coverage rate of NPLs from provisions is 44%, and is almost at the same level as the EU average. At the same time, the major problem of the structure of supervisory funds, much of which are in the form of Deferred Tax Claims (DTCs), remains unsolved and has even worsened.

Furthermore, Greek banks have a deficit of more than EUR 10 billion in relation to the minimum requirements of own funds and eligible liabilities.

An important problem for the Greek banks is the ever-increasing indirect dependence on the Greek State, following the extension of the guarantees of the Hercules program and the percentage of deferred tax on the assets of the banks.

Since the initial stage of the crisis caused by the Covid-19 pandemic, Greek banks have announced a generalized deferral of interest payment and/or moratorium on loans for the debtors affected by the pandemic. The maximum amount of loans drawn from the four systemic Greek banks that were in moratoria status from the beginning of the pandemic until the end of 2020 reached EUR 27.6 billion on a consolidated basis. In December 2020, the balance of these loans was around EUR 4 billion. Suspension of payments mainly involved performing loans and the sectors to which suspended loans related were mainly five, with the first being that of food and accommodation, trade, manufacturing, construction and real estate services and transport. In 2020, the number of stores and employees in the banking system continued to shrink. This contraction was caused by the reduction of operating costs and the expansion of electronic services.

In the midst of a pandemic, the radical reduction of staff in the Greek banking system continued at an even more intensive pace, as it is estimated that around 3,700 bank employees were dismissed from banks in 2020. This is the largest number of removals in recent years, which exceeded 10% of the total number of bank employees, which according to the data of the Hellenic Banking Association, was 36,663 at the end of 2019, exceeding the relevant targets agreed with the supervisor (SSM). It is noted that in 2019 there were 2,656 employees outside banks (a decrease of 6.7% compared to 2018). Bank employees were removed in 2020 in two ways: voluntary departure programs and transfer of staff to non-performing loan management companies. Following the new removals in 2020, the total number of bank employees was reduced to around 33,000. Namely, half of them have remained since 2009, amounting to 65,682 (BoG data). At the same time, the network of Greek banks continued to shrink dramatically in 2020. Piraeus Bank closed 45 branches, National Bank 41 and a total of more than 120 were closed last year.

E. THE COOPERATIVE BANKS

At the end of 2020 there were positive changes in all key financial figures of Cooperative Banks.

In more detail:

- The assets increased by 14.83% (EUR 1,724.2 million compared to EUR 1,501.6 million, i.e. an increase of EUR 222.6 million).

- There was a change of 16.19% in deposits. Specifically, they amounted to EUR 1,554.3 million compared to EUR 1,337.7 million in 2019, i.e. increasing by EUR 216.5 million.

- The grants increased by 12.36%, i.e. from EUR 968.3 million amounted to EUR 1.088.1 million, namely increasing by EUR 119.7 million.

The cooperative funds increased by 15.90%, while the equity increased by 9.64%. Specifically, the cooperative funds increased by € 11.33 million (€ 82.6 million compared to € 71.3 million), while equity increased by € 10.2 million (€ 115.8 million compared to € 105.7 million).

Profit before tax shows a significant decrease of EUR 2 million (EUR 3.3 million compared to EUR 5.4 million), showing a decrease of 37.75%.

The number of members increased by 4,495 people (change of 4.56%) (103,083 vs 98,588) and the staff also increased by 15 people, i.e. a change of 2.85% (542 vs 527). The average CAR of cooperative banks amounted to 14.25%.

In June 2020, the number of Cooperative Banks in Greece decreased further, following the decision of the General Assembly of the Pancretan Cooperative Bank to be converted into a S.A. and to now belong to the industry of commercial banks. This was a major blow to the institution, as Pancretan Bank represented in terms of size, almost half of the industry.

In July 2020, elections were held to elect a new Board of Directors in the Union of Cooperative Banks of Greece. After the departure of Mr. Nikos Myrtakis, who has been for many years the Chairman of the Union of Cooperative Banks of Greece, the new Chairman elected unanimously of Mr. Georgios Boukis, Chairman of the Cooperative Bank of Karditsa.

F. THE COOPERATIVE BANK OF KARDITSA

The Cooperative Bank of Karditsa was faced to all these circumstances, too. 2020 was another year of significant growth in the size and results of the bank. Assets reached EUR 159.8 million for the first time, recording an increase of 34% compared to 2019 (119.2 million).

Deposits continued to grow. At the end of 2020, they exceeded € 142.3 million compared to € 103.6 million in 2019, marking an increase of € 39 million or 37.46%. From the officially published data of the Bank of Greece regarding the deposits per county, the Bank's share has grown in the Prefecture of Karditsa and in 2020 stood at 13.7%, reflecting for one more year the confidence shown by members and customers to the bank. Characteristic of the confidence of the professionals active in our Prefecture is the percentage of sight deposits held at the Cooperative Bank of Karditsa. This figure exceeded 27.46% of the total sight deposits of the Prefecture.

Pre-impairment loans amounted to EUR 96.03 million compared to EUR 77.42 million in 2019, increasing by 24.04%. The continued positive credit growth rate confirms the intention of the bank's BoD to continue to finance the local economy and support businesses.

The percentage of non-performing loans (> 90 days + final delays) declined further to 26.52% compared to 29.84% in 2019 and 32.52 % in 2018 well below the average banking system, with a clear downward trend as shown by the first figures of 2021. This was the result of the successful management of large exposures and of the significant increase in total lending.

Bad debt provisions amount to EUR 19,128,430.27 compared to EUR 19,041,127 in 2019. Accumulated allowance for 19.92% of total customer receivables. Finally, the bank proceeded to write off bad debts totaling € 1,044,494.60.

Subsequently, the loan-to-deposit ratio declined further to 67.3%, compared to 74.7% in 2019 and 78.83% in 2018.

The bank's liquid reserves amounted to EUR 73.5 million in 2020 compared to EUR 54.9 million in 2019, increasing by 34%. The adequacy of liquid reserves strengthens the bank against any liquidity risk and gives great opportunities to finance the local economy.

Subscriptions of new members continue to grow at high rates. The number of Bank members on 31/12/2020 reached 10,886, marking an increase of 670 new members or a percentage increase of 6.6% compared to 2019. Between 2010-2020 the number of members was steadily rising and the increase is 165%. The cooperative shares reached 260,834 on 31.12.2020 increased by 12,270 in 2020.

Total operating revenues reached 6.04 million significantly increased by 11.37% compared to 2019 (5.4 million).

Total costs (operation, administration, depreciation, etc.) increased by 8.98% (€ 2.4m in 2020 compared to € 2.2m in 2019).

As a result, operating profits reached EUR 2.20 million, up by 23.7% from 2019 (EUR 1.78 million), confirming for one more year the dynamic operating profitability of our bank.

The credit risk impairment allowance amounted to EUR 1.13 million, aimed at further shielding the Bank.

Net profit after taxes and impairment losses (provisions) amounted to € 861,069 compared to € 302,307 in 2019, marking an increase of 185%.

The bank's accounting equity increased to EUR 15.1 million, namely increasing by 11% compared to 2019 (EUR 13.6 million), (DTA EUR 2.49 million or 16.46%). The accounting value of the share was set at € 58.02, increased by 6.40% (2019: € 54.53). This yield is almost ten times the yield of the time deposit and shows the return on the investment in shares of the Cooperative Bank of Karditsa.

The Liquidity Coverage Ratio (LCR) was 474.26% (2019 187.25%) well above the 100% minimum requirement.

For the Cooperative Bank of Karditsa, the minimum capital adequacy ratio was set at 12.65% (8% base indicator + 2.15% additional capital requirement + 2.5% reserve). Our bank meets and exceeds this requirement for another year by achieving an index of 19.66%, the highest in the entire banking system.

The results of 2020 and the continuous profitable years confirm the stability, dynamics and the upward course of the Cooperative Bank of Karditsa. Our bank, with its high capital adequacy and great liquidity, is able to cope with the great recession that the institutions envisage for 2021, due to the global health crisis caused by the coronavirus pandemic. The fundamentals of the bank are not expected to be significantly affected.

The strong position of the Cooperative Bank of Karditsa makes it the most important economic development operator in our region.

In September 2020, the bank suffered a severe blow (as did the entire city of Karditsa) due to the storm Ianos. Unprecedented weather events have caused flooding in almost the entire Prefecture. The central branch and the administration offices of the Bank incurred serious damages, resulting in the suspension of their operations for one week. Nevertheless, the bank continued to operate from regional branches and electronically. The systems we have developed in the case of disasters worked perfectly, so the bank continued to serve members and customers seamlessly.

The Board of Directors would like to thank the employees who, in self-denial and under adverse conditions, in the water and mud, brought the bank to a fully operational state in a very short time.

At the same time, in response to the needs of our members and customers, which resulted from the catastrophic flood, we immediately announced a freeze on installments of the performing loans for three months for those who submitted a request.

The Board of Directors, in order to strengthen the bank and despite the continuous profitability, has been applying a tight dividend policy all these hard years, as it is also recommended by the BoG in its circular. Especially this year, after the recommendation for non-distribution of dividends, the Board of Directors chose to increase the allowances, to significantly reduce the deferred tax included in the bank's equity and to transfer the surplus to retained earnings carried forward for a future fiscal year.

The board of directors of the bank implements transparently all applicable corporate governance principles. It adapts immediately to the requirements of the supervisory authorities and organizes the bank’s staff and management in line with the institutional obligations as well as the increased operational needs resulting from the increase in figures. It makes every effort to respond consistently to the expectations of members and customers.

The Cooperative Bank of Karditsa is at the forefront of actions in Greece aimed at strengthening the real economy, stimulating the social economy, highlighting the productive structures of our region. The bank's executives and all the employees in the bank demonstrated unparalleled zeal, consistency of diligence and willingness to evolve this year, too. They are the ones who, together with the trust and the funds of the members, keep the Cooperative Bank of Karditsa on the top.

G. MOST SIGNIFICANT ACTIONS IN FINANCIAL YEAR 2020

Throughout 2020, the Bank's Management and Services have coped with the problems posed by the current circumstances, and its main activities for the year are summarized as follows:

- Efforts to develop the Bank's operational profitability continued, with particular emphasis on the development of its operations, the maintenance of reasonable levels of operating costs, the increase in size and the active management of overdue loans, while jobs vacancies in the Bank were increased. The strategic planning procedures for the development of the Bank's network of branches have been completed.

- The Bank's ATM network deployment and planning processes have been completed.
- The implementation of the project "Digital Leap" of 400 thousand euros for the digital transformation of the Bank continued and is expected to be completed within 2021.
- The implementation of the projects in the framework of the action RESEARCH-INNOVATIVE-CREATE continued.
- An agreement was signed with the European Investment Fund for the financing of investment projects in the primary sector.
- An was signed with the European Investment Fund to extend the provision of EASI financing guarantees on preferential terms.
- A proposal for cooperation with the Development Bank of the Council of Europe was submitted for the implementation of employment support actions in the wider region of Thessaly.
- A proposal was submitted to the European Investment Fund for the implementation of a business support program for the wider region of Thessaly, within the framework of the Pan-European Guarantee Fund.
- A proposal was submitted to the European Investment Fund for the financing and provision of capital aid to the Bank, in the context of the development of its services, its digital transformation and the expansion of its network of branches.
- Proposals were submitted to the Hellenic Development Bank for the participation of our Bank in all business support programs due to the Covid-19 pandemic.
- Appropriate computer infrastructures were developed to support all State-supported entrepreneurship actions due to the Covid-19 pandemic.
- The expansion of the Inclusive Computer Center was continued and the Disaster Recovery and Business Continuity Plans were revised, as a consequence of the storm Ianos.
- The Bank's call center was replaced and upgraded, providing a set of digital services and facilities to the Bank's employees and customers.
- We continued to improve the services offered by e- Banking.
- The application for Smart Mobile Phones - Mobile Banking of the Bank was developed and made available.
- The expansion of the Bank customers' ability to pay in stores through automatic APS devices was planned.
- The adoption of a certified electronic signature for the handling of all the Bank's official

documents was implemented

- The electronic signature service was implemented through electronic tablet devices for almost all the documents signed by the Bank's customers.
- The new corporate identity procedures of the Bank have been completed
- Further information systems (MIS) for Management and its services and the Intranet of the Bank, providing information and education services, have been further developed.

H. OBJECTIVES FOR 2021

The main objectives of the Bank for 2021 are:

- to successfully address the financial impact of the COVID-19 pandemic;
- to expand the bank's customer base;
- to strengthen capital with the entry of new partners and to increase the participation of the existing ones;
- to strengthen and expand cooperation with the European Investment Fund;
- to strengthen and extend the cooperation with the Hellenic Development Bank;
- to strengthen and expand the cooperation with the Development Bank of the Council of Europe.
- to step-up operations with the activation of new branches in the wider geographical area of Thessaly;
- to further reduce non-performing loans (NPEs) through their active management;
- to improve and upgrade the computer infrastructure and applications of the Bank;
- to further promote the digital transformation of the Bank by adopting best international practices;
- to fully utilize the capabilities of the GOV.GR platform;
- to use the expected credit loss assessment model in the management of NPEs;
- to extend the integration of ESG criteria in the process of evaluation and pricing of investment projects and financing requests;
- to provide adequate financing to the local economy and services to the partners;
- to maintain a balanced growth rate between deposits and advances;
- to optimally utilize the high number of liquid reserves of our Bank;
- to establish a subsidiary company for the implementation of projects and participation in RES investment projects by the Bank;
- to achieve satisfactory liquidity levels through deposits and collaboration with other financial organizations;
- to promote the principles of Ethical Banking and Cooperation;

- to promote and support actions related to the Social and Circular Economy;
- to further centralize business, while maintaining flexibility and constantly improving the quality of customer service;
- to extend the Bank's collaborations with Payment Institutions, Banks and foreign bodies to provide additional upgraded services to our customers.

Other information

- The bank is not active in research and development
- The bank does not hold own cooperative shares.
- It has the following branches and counters: Central Branch in Karditsa, Counter in Palamas of the Prefecture of Karditsa, Counter in Mouzaki of the Prefecture of Karditsa and Counter in Sofades of the Prefecture of Karditsa.

I. RISK MANAGEMENT

In the unstable environment of the Greek economy, the Board of Directors of the Cooperative Bank of Karditsa makes special efforts to limit the risks that may affect the value of the assets-liabilities (on and off-balance sheet) and hence the Bank's net position.

The Board of Directors is responsible for developing and supervising the risk management framework, establishing the risk assumption and capital management strategies, in line with the Bank’s business objectives, while assessing the effectiveness of its risk management policy and the adequacy of own funds, in relation to the extent and form of the risks assumed. The risk management framework is continually evaluated and evolving, taking into account the Bank's historical data base, market dynamics, supervisory compliance and international best practices. To this end, the bank has set up and operates a Risk Management Unit.

The Bank submits annually to the relevant departments of the Bank of Greece the Internal Capital Adequacy Assessment Process (ICAAP), analyzing quantitatively and qualitatively the instruments it uses to manage the individual risks and the future impact on its solvency (Capital Adequacy Indicator).

The unprecedented health crisis resulting from the outbreak of coronavirus (COVID 19) in early 2020, which had a significant impact on the world economy, creating new conditions of insecurity and uncertainty as to when to return to normality, is a special field for risk management within the current and next fiscal year.

The Bank, in addition to the Government’s decisions and the actions of the ECB’s Board of Directors, from the first moment put the protection of its staff and customers as a priority. The Bank's plans for emergency management and minimization of all significant risks that could affect the smooth continuation of its business in all respects were implemented immediately, so that its customers can be served safely, while measures were taken so that the personnel would not be exposed to danger. At the same time, the Bank participated in all government programs to support borrowers and production activities.

The Bank's Management closely monitors all possible difficulties that borrowers who have used the measure of suspension of installments may face. The reason is to address a possible increase in non-performing loans, which is a common concern of banks in the current economic situation. Given the limited use of the measure by customers of the bank representing 7.65% of the total portfolio and less than 4% of the total financed customers, as well as the increased level of provisions and collateral on financing, the Management decided to address customers who may face difficulties on a case-by-case basis.

In particular, the actions taken by the Bank on the subject are:

- Suspension of the payment of the checks of the companies affected by COVID-19;
- Suspension of the installments of all loans to natural and legal persons;
- Subsidy for interests on performing loans to professionals and businesses;
- Participation in the loan subsidy scheme securing primary residence;
- Zeroing commissions for e-Banking transactions;
- Participation in the liquidity aid program of the Hellenic Development Bank (TEPIX II);
- Participation in the COVID-19 Guarantee Fund program of the Hellenic Development Bank.

In addition to the above, it is noted that the Bank maintained in the fiscal year 2020 a high capital adequacy ratio and a satisfactory liquidity ratio (financial statements, notes 4.2.3 and 4.3). It should also be noted that the above key indicators are taking place at satisfactory levels and taking into account the impact of the application of IFRS 9 as at 1.1.2018.

In the new environment created, the Bank remained focused on the observance of the basic risk management policies and in particular the management of special circumstances and crisis, by immediately implementing a plan to continue its activity, taking all necessary measures and taking all those actions so that its important functions are not disrupted, at the same time having as its first priority to protect the health of its staff, associates and customers. In particular, remote work (teleworking), flexible working hours, protection of vulnerable groups of staff, job rotation, implementation of a business continuity plan and the possibility of conducting online financial transactions contributed to the smooth continuation of all its important work.

Credit risk

Credit risk is the risk of financial loss that may arise from the potential breach of the contractual obligations of borrowers. Credit risk is the most important source of risk for the Bank and therefore its systematic and effective monitoring, measurement and valuation are the primary concern of the Management.

In order to better monitor and manage the loans, the Bank has proceeded, in accordance with the institutional framework, to the separation of funding, to those managed by the Credit Division and to those managed by the Overdues Division. The Bank, pursuant to the Bank of Greece Executive Committee's Act No 175/29.07.2020, has adopted the European Banking Authority's guidelines on the management of non-performing exposures and regulated exposures (EBA/GL/2018/06) and the repeal of Executive Committee's Act No 42/30.5.2014 on the "Framework of supervisory obligations for the management of exposures in default and non-performing exposures" (Government Gazette, Series II, No 1582). The self-assessment carried out in the context of the aforementioned Executive Committee's Act is estimated to help further the organization of the Bank's Management in its target to address non-performing loans.

The Credit Division evaluates and authorizes the loans proposed by all branches of the bank. For the evaluation of business loans borrowers, the program of the company "Systemic R.M. Software Development & Marketing SA" is used. The final decision to approve or reject funding is left to the discretion of four approval units, depending on the amount of the grant.

As part of strengthening Credit Risk Management, the change in the information flow of financing/renewal requests with the active participation of the Risk Management Unit has been designed and implemented based on appropriate advice since 2017.

The management of overdue claims is assigned to the Overdue Department and decisions are made by the Overdue Committee. The Overdue Directorate follows, among other things, the Code of Conduct and classifies the borrowers into either cooperating or not.

The aim of the Overdue Directorate is to find a viable solution for cooperating customers who are not able to meet their obligations to the Bank, to improve the collection rate and maintain the overdue ratio as low as possible.

Residual risk

The Bank receives caps and collateral against credit to customers, reducing total credit risk and securing repayment of loans. For this purpose, the Bank incorporates collaterals into its policy, which comprise in particular the following:

- Greek Government Guarantees
- Pledges on deposits
- Prenotations/Mortgages of real estate
- Bank Letters of Guarantee
- Pledges on checks
- Assigned receivables
- Guarantees of Greek, European Funds and Organizations

To test the impact of residual risk on the overall credit risk, a stress test is regularly conducted.

Legal risk

In our bank there is a Legal Service, which is staffed by legal advisors and has the responsibility to handle all legal affairs of the Bank and to assist the Overdue and Complication Division in its operations.

Counterparty risk

Our bank is not exposed to this kind of risk.

Concentration risk

Because of its small size and activity in a limited geographical area where a particular economic activity is carried out, the Bank presents high concentration rates per sector. However, in the last few years there has been an attempt to ensure a greater spread, with very satisfactory results. In assessing this risk, the Bank's exposure is calculated by branch of activity and customer.

Securitization risk

Our bank has not implemented securitization programs.

Market risk

Our bank does not face a market risk because the strategy of all BoDs since its establishment is not to extend to products other than lending.

Liquidity risk

In order to minimize this risk, the BoD has opted to always maintain higher levels of required oversight. This, of course, had a negative effect on the results but helped in times of crisis not to be faced with problems that would have an impact on the reputation of the bank. Now, the Bank manages this risk through an integrated Liquidity Monitoring Framework (Internal Audit Adequacy Assessment Procedure (IAAAP).

Operational risk

A database of operational risk events has been created and appropriate instructions have been shared with staff. Our bank uses modern software to support its operations and invests in their constant improvement. It has developed an Information Management System (MIS) which provides an immediate overview of all bank sizes and ensures a rapid response to changing circumstances. The key parameters contributing to the potential increase in requirements are the ICT risk and legal risk.

A CRM platform is also used to electronically monitor the storage of information and cases.

Regulatory compliance risk

As part of our bank’s regulatory compliance obligations, seminars on "deterring money laundering and terrorist financing" have been held from time to time. Our bank’s cooperation mainly with members reduces the chances of unusual or suspicious transactions. Responsible staff have produced manuals accessible to all staff.

A legal committee and a lawyer now work within the bank. The texts sent to us are forwarded directly to the competent services to act, and there has been no significant problems so far with respect to the identified risk.

Capital risk

The risk involves the level, structure and stability of supervisory own funds and whether they can absorb losses. The composition of Tier 1 consists of cooperative capital paid without the participation of innovative securities and hybrid components reflecting the policy followed throughout the bank's operation.

The limitation under Law 4261/14 for a capital reduction of more than 2% significantly enhances the stability of the bank's equity.

There is a satisfactory spread, taking into account the size and prefecture in which the bank operates.

Dividend Policy - Provisions

Management decisions, depending on the dividend policy to follow, have been a mixture of financial and investment decisions. Whether there will be distribution of dividends and the amount of the dividend are decided on a yearly basis. That is, the bank follows a circular dividend policy whereby the shareholders ultimately bear the entire risk of the operations performed by the undertaking.

Management, by implementing a diligent dividend policy, aims at offsetting retained profits on the one hand and avoiding shocks through disturbing reputation, on the other. By satisfying marginal investors as much as possible ensures us to maintain stability in equity to a satisfactory extent. One contributor to this is the deterrence of redemption-liquidation requests that put pressure on the bank's operation. Regarding whether liquidity will be affected by the disbursement of money in the form of a dividend, there is no such problem for this year as well.

Profitability risk

The management of the Bank regularly evaluates the level and structure of operating income and profits that are important factors for maintaining the financial strength of the Bank. The management vigorously and statistically monitors key profitability indicators by making comparative and longitudinal analyzes of the level and evolution of figures such as:

- Net income from interest
- Profit before taxes and impairment provisions
- Profit before tax
- Profit after tax

Particular importance is attached to the structure of revenues, to the coverage of provisions from operating profits after deduction of operating expenses, to the level and evolution of operating expenses and provisions. The Risk of profitability is significant in the context of the Internal Capital Adequacy Assessment Process (ICAAP). The internal capital calculated under Pillar II is assessed by the management and the results are taken into account in the Bank's capital planning.

J. NON-FINANCIAL INFORMATION

Environmental issues

The Bank recognizes its environmental obligations and the need to constantly improve its environmental performance, to strike a balance between financial growth and environmental protection.

Due to its object, the Bank is not directly related to environmental pollution, however it takes environmental policy measures focusing on:

- Energy saving.

- Keeping staff informed of environmental issues.
- Saving paper consumption and taking measures for recycling where needed.
- Establishment of a subsidiary for the development of actions and projects in the field of Renewable Energy Sources.

Labor matters.

a) Promoting equal opportunities and protecting diversity are included in the Bank's key principles.

The Bank's Management does not discriminate in respect of recruitment/selection, remuneration, training, delegation of work functions or any other work-related activities. The factors considered include a person's experience, personality, theoretical training, qualifications, efficiency and abilities. The Company encourages all its employees to, and suggests that they should respect each Bank employee's, supplier's or customer's different personality and reject all kinds of discriminatory conduct.

b) Health and safety at work

Employee health and safety at work are a top priority and a necessary condition for the operation of the Bank. The Bank maintains "first aid" materials in the workplace. The Bank uses the services of a 'safety engineer' according to the applicable legislation.

c) Training systems, promotion methods, etc.

The staff selection and recruitment procedures are carried out in accordance with the qualifications required for each post and are non-discriminatory. The Bank systematically trains all categories of its employees, either through "internal" or "external" seminars.

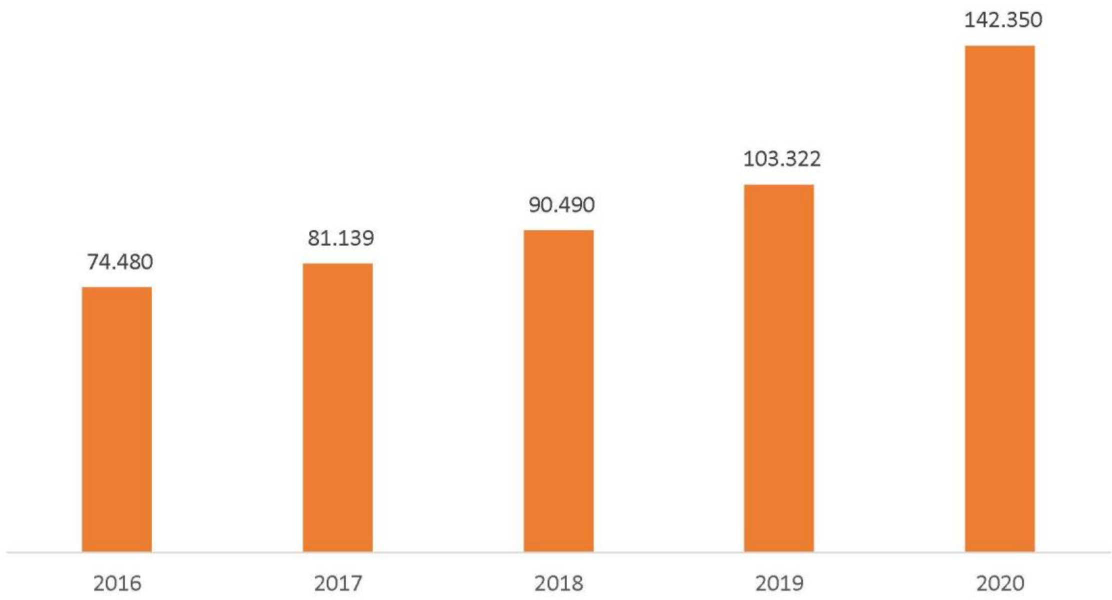
K. DEVELOPMENT OF FINANCIAL FIGURES AND RESULTS FOR THE YEAR 2020

The financial statements for the year have been prepared in accordance with the International Financial Reporting Standards (IFRS).

DEVELOPMENT OF FIGUES AND OTHER SIGNIFICANT INDICATORS	2016	2017	2018	2019	2020
A) Net income from interest	2,524	2,462	2,993	3,541	3,993
B) Net operating income from bank and non-bank operations	2,984	2,921	3,566	4,000	4,622
C) Earnings before taxes and provisions	1,252	1,053	1,530	1,781	2,204
D) Profit before tax	456	942	1,509	1,048	1,043
Profit after tax	311	602	1,053	302	862
F) Accounting equity	12,261	13,007	12,918	13,622	15,134
G) Total assets	87,795	95,655	104,673	119,172	159,826
H) Weighted assets	61,429	63,271	63,813	69,099	82,705
I) Administrative expenses	1,599	1,734	1,886	1,976	2,152

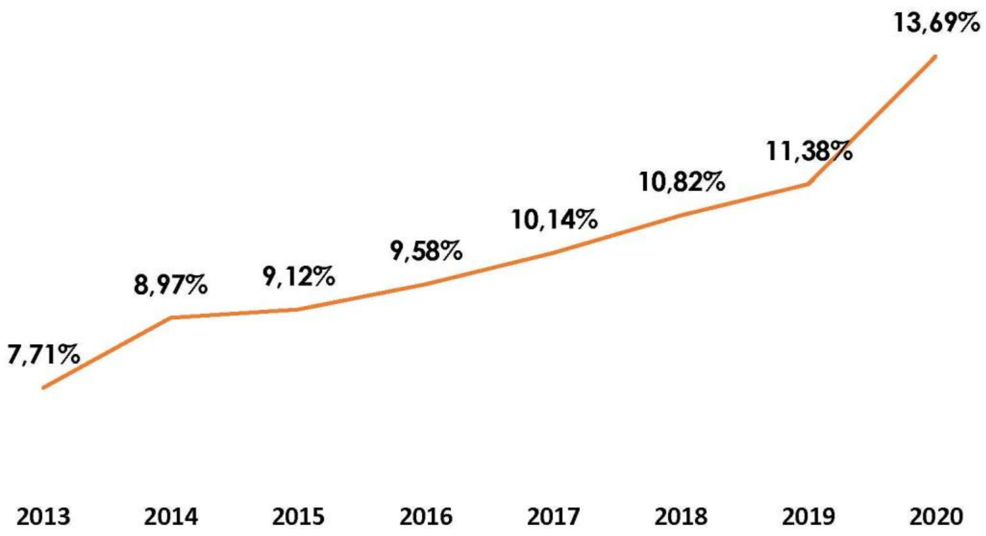
DEVELOPMENT OF FIGUES AND OTHER SIGNIFICANT INDICATORS	2016	2017	2018	2019	2020
1) Profit before tax / Weighted Assets	0.74%	1.49%	2.36%	1.52%	1.26%
2) Profit after tax / Accounting Equ ity	2.54%	4.63%	8.15%	2.22%	5.70%
3) Net income from interest / Total Assets	2.87%	2.57%	2.86%	2.97%	2.50%
4) Net Operating Income / Weighted Assets	4.86%	4.62%	5.59%	5.79%	5.59%
5) Administrative expenses / No of personnel members	EUR 45.69	EUR 48.17	EUR 52.39	EUR 53.41	EUR 53.80
6) Administrative expenses / Operating income	53.59%	59.36%	52.89%	49.40%	46.56%

Deposits: The Bank's deposits on 31/12/2020 stood at € 142.3 million from € 103.3 million on 31/12/2019, marking an increase of 37.8%.

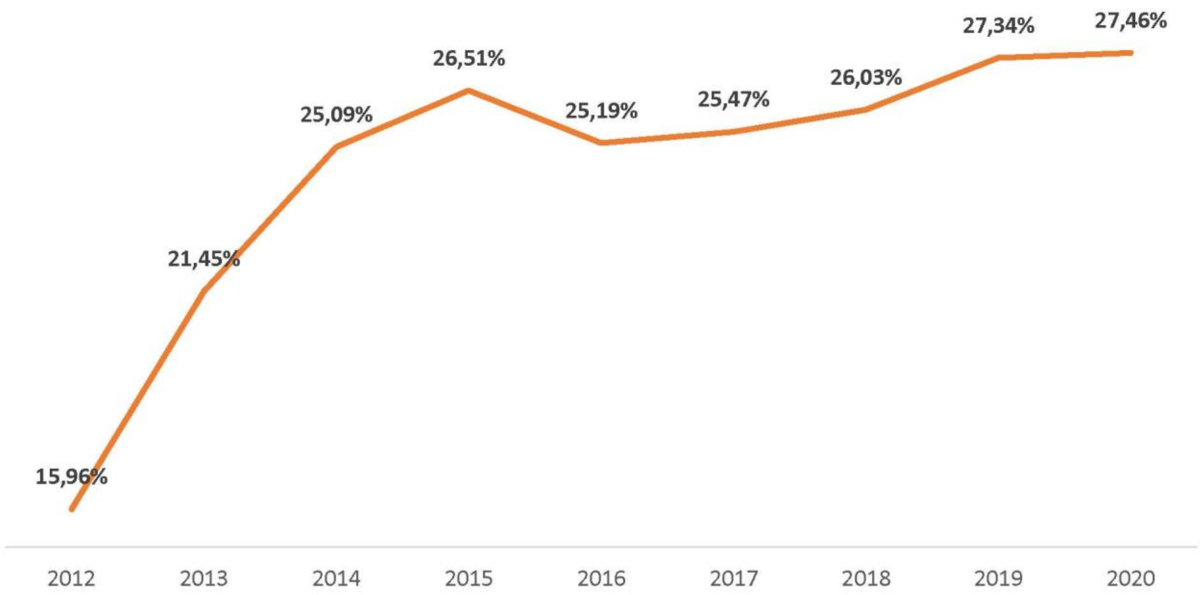


From the officially published data of the Bank of Greece regarding the deposits per county, the Bank's share has grown in the Prefecture of Karditsa and in 2020 stood at 13.69%, reflecting for one more year the confidence shown by members and customers to the bank.

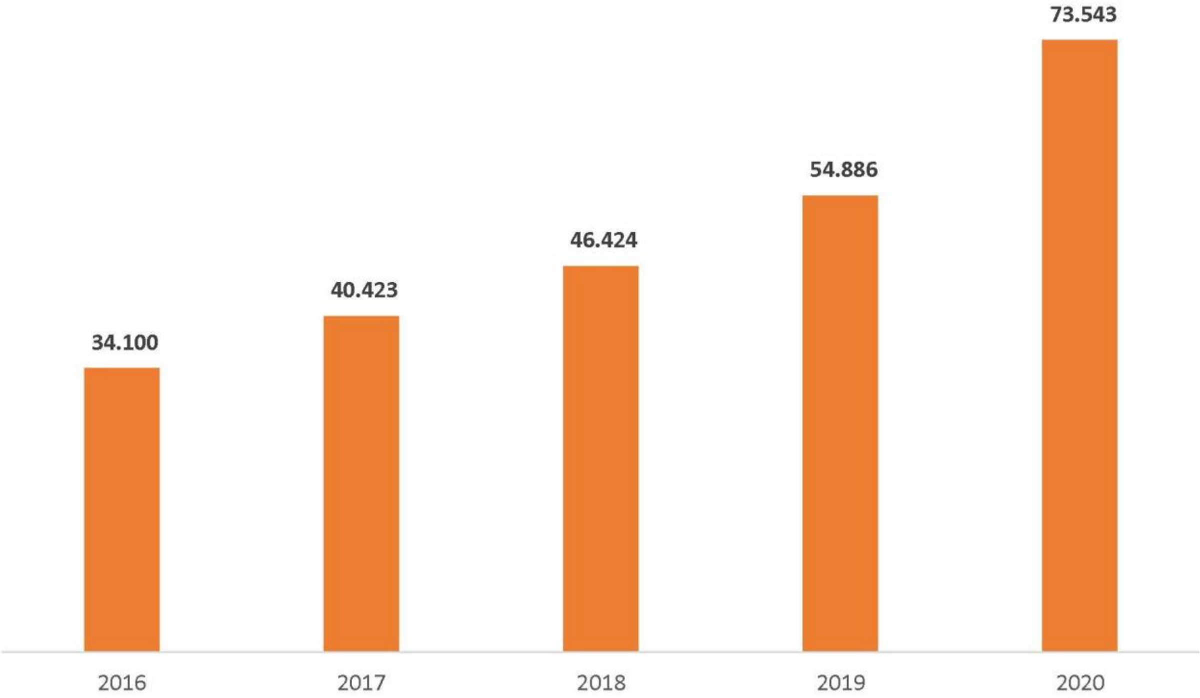
Share of Deposits in the Prefecture of Karditsa



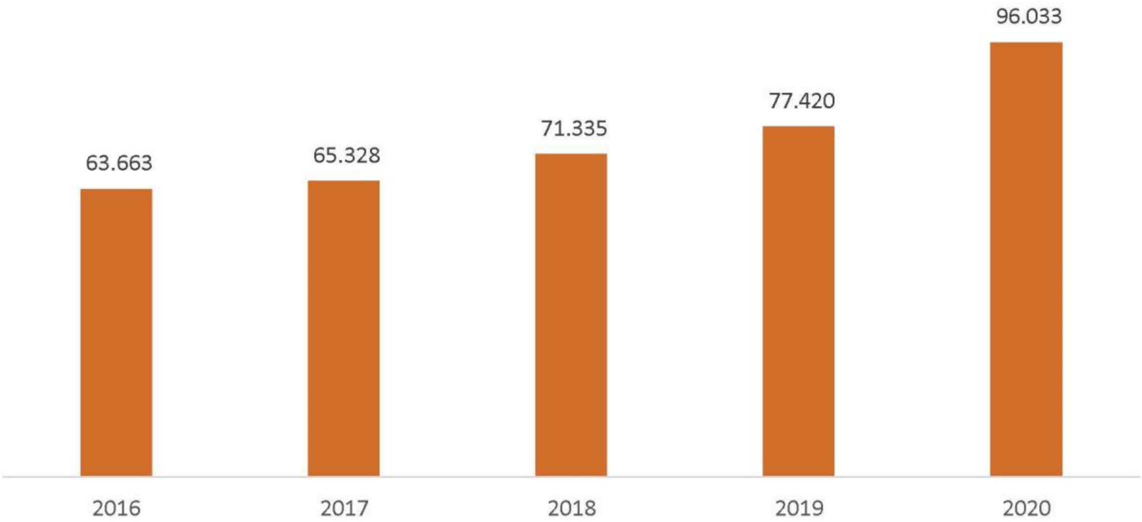
Characteristic of the confidence of the professionals active in our Prefecture is the percentage of sight deposits held at the Cooperative Bank of Karditsa on the total sight deposits of the Prefecture.



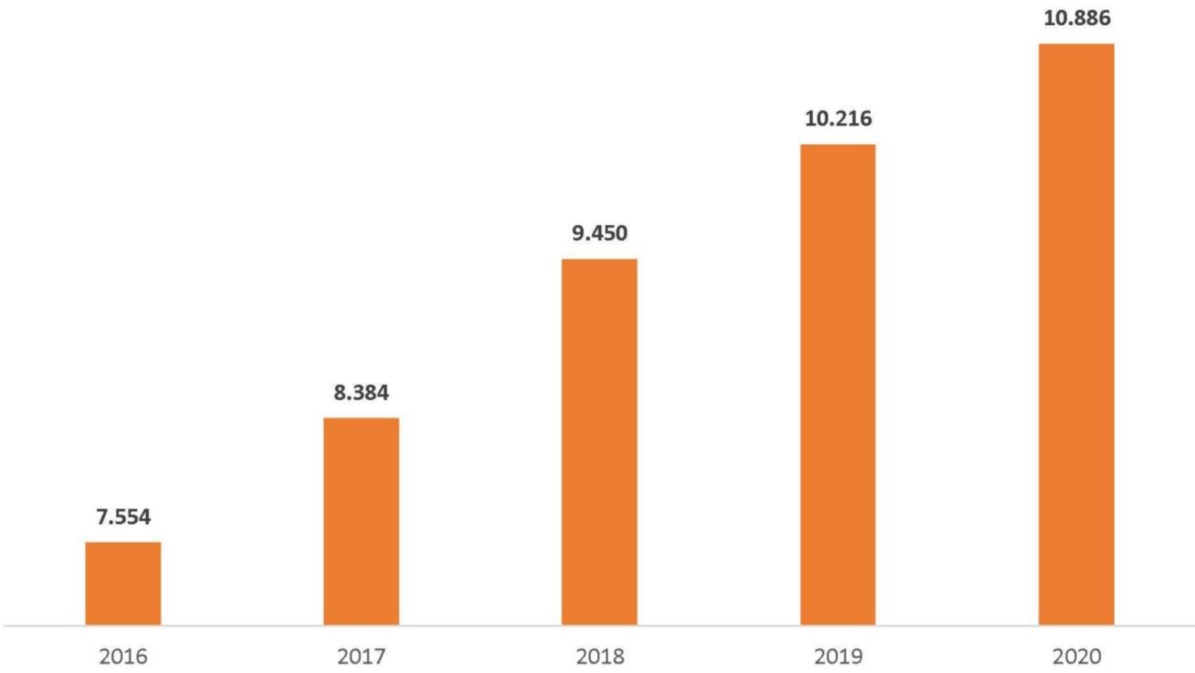
Cash Equivalents: They consist of cash, deposits with the Central Bank and deposits with credit institutions and amounted to EUR 73.5 million in 2020 compared to EUR 54.9 million in 2019, marking an increase of 34%.



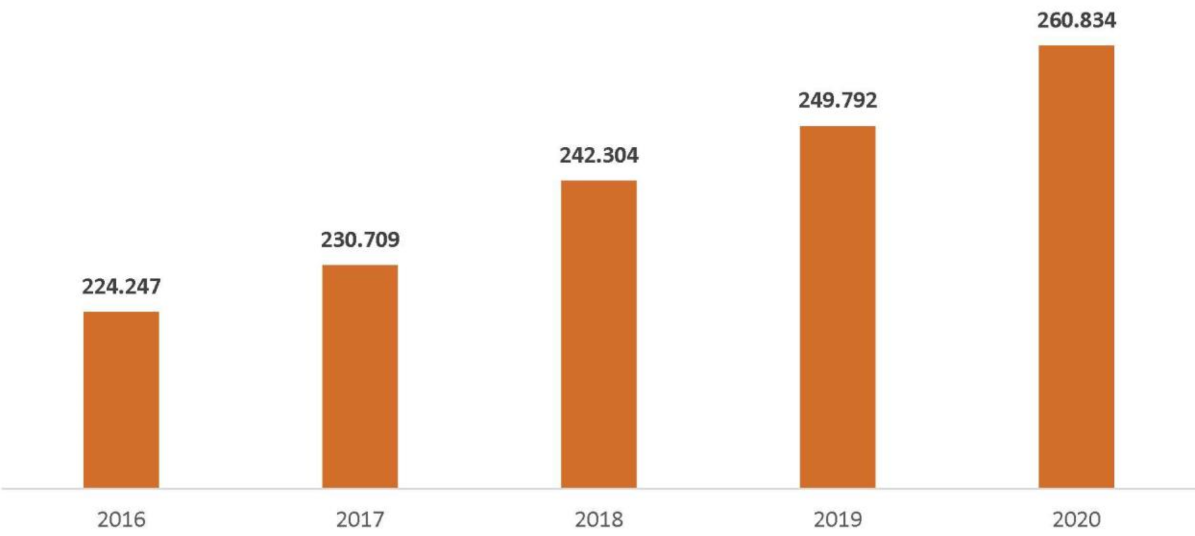
Loans: As at 31/12/2020 the Bank's total loans and advances amounted to EUR 96.03 million compared to EUR 77.42 million in 2019, recording an increase of 24.04%.



Members: The number of Bank members on 31/12/2020 reached 10,886, marking an increase of 670 new members or a percentage increase of 6.56% compared to 2019.



Cooperative shares: In 2020 the cooperative shares grew by 11,042, marking an increase of 4.42%.



Equity: The Bank's equity on 31.12.2020 amounted to EUR 15.13 million compared to EUR 13.6 million in the previous year. As a result, the capital adequacy ratio stood at 19.66%, compared to 21.96% in 2019. The fall in the ratio is justified by the change in the rate of transitional provisions from the use of IFRS 9 which for 2020 was set at 70% and by the weighted increase in assets as a result of the significant credit expansion of 2020.

Amounts in EUR	2016	2017	2018	2019	2020
Cooperative capital	8,297,139	8,536,233	8,965,248	9,242,304	9,650,858
Share premium	6,731,847	1,999,195	2,232,117	2,365,002	2,552,574
Reserves	2,096,154	1,932,615	1,715,732	1,787,297	1,891,736
Results carried forward	-4,864,449	539,127	5,047	227,563	1,038,288
Total equity	**12,260,691**	**13,007,170**	**12,918,144**	**13,622,167**	**15,133,456**

Thus the book value of the cooperative share for 2020 is EUR 58.02 compared to EUR 54.53 in 2019, increased by 6.4%

Amounts in EUR	2016	2017	2018	2019	2020
Nominal value			**37**		
Book value of share	**54.68**	**56.38**	**53.31**	**54.53**	**58.02**

L. DISCLOSURE OF INFORMATION UNDER ARTICLE 6 L. 4374/2016

information for the year 2020 according to the provisions of Law 4374/2016.

Article 6. Transparency in credit institutions' relationships with the media and subsidized persons.

Ads & Other disclosures

S/N	Name	TOTAL 2020
1	G. G. ALEXIOU AND CO. S.A.	EUR 317.44
2	GRIGORIOU ATHANASIOS	EUR 1,178.00
3	NEXT COM HIGH TECHNOLOGY - EL. TRADE OF CONSULTING SERVICES AND PARTICIPANTS SA	EUR 2,455.20
	Total Ads - Listings & Disclosures	**EUR 3,950.64**

Grants & Subsidies

S/N	Name	TOTAL 2020
1	SOFADES MUNICIPALITY ASSOCIATION OF PENSIONERS	EUR 300.00
2	MUNICIPAL ORGANIZATION OF CULTURE, SPORTS AND ENVIRONMENT OF SOFADES	EUR 500.00
3	LYRITSI VASILIKI - TAEKWONDO ATHLETE	EUR 300.00
4	GENERAL HOSPITAL OF KARDITSA	EUR 14,879.44
5	ASSOCIATION OF PARENTS HAVING THREE CHILDREN OF THE PREFECTURE OF KARDITSA	EUR 300.00
6	HELLENIC RED CROSS - DEPARTMENT OF KARDITSA	EUR 300.00

7	DONATION TO “HOUSE OF LOVE”	EUR 287.57
8	DIAMANTIS STEFANOS - PARALYMPIC ATHLETE	EUR 1,500.00
	Total donations & grants	**EUR 18,367.01**
	Grant total	**EUR 22,317.65**
	Payments to legal persons	**EUR 20,517.65**
	Payments to natural persons	**EUR 1,800.00**

M. TRANSACTIONS WITH AFFILIATED PARTIES

All transactions with affiliated parties have been made within the normal framework of the Bank's operations under the terms and conditions of the market and have been approved by the Board of Directors. Further analysis is provided in Note 29 of the Financial Statements.

N. DORMANT DEPOSITS

Pursuant to Law 4151/2013, credit institutions operating in Greece are required to pay the balances of dormant deposit accounts to the Greek Government, after 20 years. During the closing period, the Bank was not obliged to pay such amounts to the State.

True copy of the Book of Minutes
of the Board of Directors
Karditsa, 07 June 2021

The Chairman of the Board of Directors
Georgios Boukis

Audit Report of an Independent Certified Auditor-Accountant

To the partners of the Bank "Cooperative Bank of Karditsa SYN.PE".

Audit Report on the Financial Statements

Opinion

We have audited the attached financial statements of the "Cooperative Bank of Karditsa SYN.PE." (the Bank), which comprise the balance sheet as of 31 December 2020, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the attached financial statements constitute an appropriate presentation, in all material aspects, of the financial position of the Bank "Cooperative Bank of Karditsa SYN.PE." as at 31st December 2020, and of its financial performance and its cash flows for the year that ended on the above date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis of the opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs), as transposed into Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company, during the whole period of our appointment, in accordance with the Code of Ethics for Professional Auditors established by the International Auditing and Assurance Standards Board, as incorporated into Greek Legislation, as well as the ethical requirements related to the audit of financial statements in Greece, and we have fulfilled our ethical obligations in accordance with the requirements of the applicable legislation and the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issue

The key audit issue was that issue which, in our professional judgment, was of paramount importance in our audit of the financial statements of the current fiscal year. This issue and the associated risks of material misstatement were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this issue.

Key audit issue	Addressing the audit issue
Provision for impairment of loans and advances to customers for expected credit losses On 31.12.2020, "Loans and receivables against customers" (before impairment allowances), amounted to EUR 96,033 thousand (2019: EUR 77,425 thousand), while respectively the accumulated impairment allowances amounted to EUR 18,754 thousand (2019: EUR 18.735 thousand). Furthermore, as on 31.12.2020 provisions for expected credit losses relating to off-balance sheet items amounted to EUR 374 thousand (2019: EUR 305 thousand).	Our audit approach, on the recognition and measurement of the impairment provision of loans and receivables against customers for expected credit losses, included the understanding of the procedure followed by the Management and the examination of the adequacy and effectiveness of internal safeguards in the context of implementation of the approved methodology. It also included the examination of the models used and the assumptions adopted by the Management, including the accuracy and completeness of the data and the application of mathematical formulas and calculations taken into account when determining the amount of the

During the financial year 2020, the Bank recognized an impairment provision for expected impairment losses on loans and receivables from customers and off-balance sheet items of € 1,132 thousand at the expense of the income statement (2019: 732 thousand). The provision for impairment for expected credit losses on loans and advances to customers is the most important issue for our audit because of: • The significance of the size of "Loans and receivables from customers" in the Financial Statements. • The complexity in designing and implementing the model of calculating the expected credit losses. • The significant judgments and assessments required regarding the correct classification of loans and the establishment of criteria for identifying the increase in credit risk (SICR) taking into account the uncertainty conditions due to the emergence of the COVID-19 pandemic and the moratoria on payments, as well as the suspension of payments provided by the Management, in the context of the limitation of the consequences of the extraordinary local circumstances arising from the disaster that hit the area of activity of the Bank (floods from the Mediterranean cyclone "Ianos"). • The fact that the application of IFRS 9, on the measurement of expected credit losses, which depends to a large extent on the determination of the Probability of Default and Loss Given Default, requires the use of models, the operation of which is based on significant management judgments, while incorporating significant estimates and assumptions as well as macroeconomic variables. • The complexity in designing and implementing the model of calculating the expected credit losses Management provides further information on the following accounting policies and methods used to determine the expected impairment loss for “loans and receivables against customers” in notes 3.3.1 and 4.2.1. of the financial statements.	expected credit losses. We further examined the completeness and design adequacy of the Bank's policies and procedures, the appropriateness of the methodologies applied, and we also carried out detailed and substantive audit procedures at the level of management claims. In particular, our audit procedures included, inter alia: • Examining the consistency of the implementation of the methodology approved by the Management, regarding the classification of loans granted in stages. • Examining the reasonableness of the assumptions on which the methodology applied by the Management is based, in order to calculate the expected credit losses, including the examination of the criteria for determining the credit risk increase (SICR), taking into account the conditions of uncertainty created due to the COVID-19 pandemic and the extraordinary circumstances created by the disaster (flood “Ianos”), which hit the area of activity of the Bank. • Examining the process of calculating the expected credit losses and the reasonableness of the results of the calculations according to the classification of financial assets and off-balance sheet items by assessing the presumptions and the reasonable assumptions used to determine Probability of Default and Loss Given Default, taking into account the above mentioned exceptional circumstances, while examining the completeness of the financing files concerned. • Examining, on a sample basis, the reasonableness of the results and methodologies used to estimate the value of the collateral taken in securing the loans granted (properties and other collateral) taken into account when estimating the expected credit loss, the existence of a legal right over them, based on the relevant contracts and other supporting documents. In addition, we assessed the adequacy of the disclosures in relation to the above issue, which are set out in notes 3.3.1 and 4.2.1 of the financial statements.

Other information

The management is responsible for other information. The other information is included in the Management Report of the Board of Directors, which is referred to in the 'Report on Other Legal and Regulatory Requirements' but does not include the financial statements and the audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance regarding them in our opinion.

With regard to our audit of the financial statements, it is our responsibility to read the other information and thus to consider whether the other information is materially inconsistent with the financial statements or the knowledge we have acquired during our audit or otherwise appears to be fundamentally incorrect. If, based on the work we have carried out, we reach the conclusion that there are material errors in this information, we are obliged to report it. We have nothing to report regarding this issue.

Responsibilities of the Management and those responsible for governance on financial statements

The management is responsible for the preparation and fair presentation of these Financial Statements, in accordance with International Financial Reporting Standards, as adopted by the European Union, and for those safeguards that the management thinks are necessary to enable preparation of Financial Statements free of material misstatements due to fraud or error.

In preparing the Financial Statements, the management is responsible for assessing the Company's ability to continue its activities, disclosing, where applicable, any issues related to the going concern and the use of the accounting basis of the going concern unless the management either intends to liquidate the Company or to discontinue its activities or has no other realistic option than to take such actions.

The Audit Committee (Article 44 Law 4449/2017) is responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report presenting our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the IAS, as transposed into Greek legislation, will always identify a material misstatement, when such a misstatement exists. Misstatements may result from fraud or error and are considered material when, individually or collectively, they could reasonably be expected to affect the financial decisions of users made on the basis of these financial statements. As a duty of the audit, according to IAS as transposed into Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to identify a material misstatement due to fraud is higher than that due to error, since fraud may involve collusion, forgery, deliberate omissions, false assertions or the bypassing of internal audit safeguards.

- We understand audit-related internal safeguards to design audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company's internal audit safeguards.
- We evaluate the appropriateness of the accounting principles and methods used and the reasonableness of the accounting estimates and disclosures made by Management.
- We reach a decision on the appropriateness of management's use of the going concern accounting principle, based on audit evidence obtained on whether there is material uncertainty about events or circumstances that may indicate material uncertainty as to the ability of the Company to continue its business activity. If we conclude that there is material uncertainty, we are required to report such disclosures in the financial statements in the auditor's report or whether these disclosures are insufficient to differentiate our opinion. Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may result in the Company ceasing to operate as a going concern.
- We evaluate the overall presentation, structure and content of the Financial Statements, including disclosures, and whether the Financial Statements reflect the underlying transactions and events in a manner ensuring their reasonable presentation.

Among other issues, we report to those responsible for governance, the scope and timing of the audit, as well as important audit findings, including any significant deficiencies in the internal audit that we identify during our audit.

In addition, we declare to those responsible for governance that we have complied with the ethical requirements vis-a-vis our independence, and we disclose to them all relationships and other issues that may reasonably be considered to affect our independence and the relevant protection measures, where appropriate.

Of the issues that have been communicated to those responsible for governance, we set out those issues that were of paramount importance to auditing the financial statements for the audited financial year and are therefore key audit matters.

Report on other legal and regulatory requirements

1. Board of Directors Management Report

Taking into account that it is the management's responsibility to draw up the Management Report of the Board of Directors, pursuant to Article 2(5) of Law 4336/2015 (part B), we note that:

(a) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of Article 150 of Law 4548/2018 and its content corresponds to the attached financial statements of the fiscal year ended on 31/12/2020; (b) On the basis of the information obtained during our audit in relation to the bank "Cooperative Bank of Karditsa" and the environment in which it operates, we did not identify any material misstatements in the Management Report of its Board of Directors.

2. Supplementary Report to the Audit Committee

Our opinion on the financial statements is consistent with our Additional Report to the Audit Committee of the Bank provided for in Article 11 of Regulation (EU) No
537/2014.

3. Provision of Non-audit Services

We did not provide the Bank with non-audit services prohibited under Article 5 of Regulation (EU) No 537/2014. The authorized non-audit services that we have provided to the Bank during the year 2020 are disclosed in Note 10 of the attached financial statements.

4. Appointment of Auditor

We were first appointed as Certified Auditors of the Bank by the Annual Ordinary General Meeting of its members of 27/4/1998. Since then, our appointment has been continuously renewed until fiscal year 2020 by the decisions of the Annual Ordinary General Meeting adopted annually.

Athens, 18 June 2021

Vasileios Sp. Chatzilakos
Certified Auditor & Accountant
SOEL REG. No 15221

SOL SA
Member of the Crowe Global Network
3, Fokionos Negri St., 112 57 Athens
SOEL REG. No 125

C) Annual financial statements in line with IFRS

Contents of financial statements

Statement of comprehensive income

	Notes	1/1-31/12/2020	1/1-31/12/2019
Interest and assimilated revenue		4,782,692	4,454,621
Interest and assimilated expenses		(789,548)	(913,631)
Net income from interest	**6**	**3,993,145**	**3,540,991**
Revenue from commissions		1,038,991	934,470
Expenses from commissions		(632,044)	(512,335)
Net revenue from commissions	**7**	**406,947**	**422,135**
Other revenue	**8**	221,700	37,184
Total revenue		**4,621,791**	**4,000,310**
Staff remuneration and costs	**9**	(1,291,308)	(1,242,278)
Depreciation	**17.19**	(265,640)	(243,162)
Other operating expenses	**10**	(861,239)	(733,545)
Total operating expenses before provisions and impairments		**(2,418,187)**	**(2,218,986)**
Profit before provisions, impairments and taxes		**2,203,605**	**1,781,324**
Provisions for impairment for credit risk	**11**	(1,131,797)	(731,972)
Other impairment losses and provisions	**12**	(28,787)	(1,418)
Profit before tax		**1,043,020**	**1,047,935**
Income tax	**13**	(181,951)	(745,628)
Profit for the year		**861,070**	**302,307**
Other total income net of taxes Items not reclassified later to profit or loss			
Revaluation of defined benefit plans	**28**	35,249	(18,127)
Valuation of financial assets at fair value through other comprehensive income	**28**		(7,500)
Other comprehensive income for the year		**35,249**	**(25,626)**
Total comprehensive income for the year		**896,319**	**276,681**

The notes on pages 36 to 89 form an integral part of these financial statements

Balance Sheet

	Notes	31/12/2020	31/12/2019
Assets			
Cash and cash equivalents in the Central Bank	**14**	23,038,953	6,981,799
Claims against credit institutions	**15**	50,503,897	47,906,414
Loans and receivables against customers	**16**	77,279,266	58,690,143
Investment securities portfolio	**17**	1,698,423	257,113
Tangible assets	**18**	1,590,580	662,432
Investments in real estate	**19**	215,446	-
Intangible assets	**20**	305,908	204,446
Deferred tax receivables	**21**	2,491,490	2,295,980
Current tax assets		-	162,428
Other assets	**22**	2,702,392	2,011,087
Total assets		**159,826,354**	**119,171,840**
Liabilities			
Liabilities to customers	**23**	142,349,778	103,558,307
Provisions for other liabilities and expenses Liabilities for post-employment	**24**	165,000	165,000
benefits to staff	**25**	144,178	172,297
Current tax liabilities		308,770	-
Other liabilities	**26**	1,725,174	1,654,069
Total liabilities		**144,692,899**	**105,549,673**
Equity			
Cooperative capital	**27**	9,650,858	9,242,304
Share premium	**27**	2,552,574	2,365,002
Reserves	**28**	1,891,736	1,787,297
Results carried forward		1,038,288	227,563
Total equity		**15,133,456**	**13,622,167**
Total equity and liabilities		**159,826,354**	**119,171,840**

The notes on pages 36 to 89 form an integral part of these financial statements

Statement of charges in equity

	Notes	Cooperative capital	Share premium	Reserves	Results carried forward	Total equity
Balance 1 January 2019		**8,965,248**	**2,232,117**	**1,715,732**	**5,047**	**12,918,145**
Other comprehensive income				(25,626)		(25,626)
Profit for the year					302,307	302,307
Total comprehensive income for the year		**-**	**-**	**(25,626)**	**302,307**	**276,681**
Changes in reserves				77,516	(77,516)	-
Distribution to partners				-		-
Increase of cooperative capital	**27**	301,698	145,025	19,675	(2,275)	464,123
Decrease of cooperative capital	**27**	(24,642)	(12,140)			(36,782)
Balance as at 31 December 2019		**9,242,304**	**2,365,003**	**1,787,297**	**227,563**	**13,622,167**

	Notes	Cooperative capital	Difference from issue of shares above par	Reserves	Results carried forward	Total equity
Balance 1 January 2020		**9,242,304**	**2,365,003**	**1,787,297**	**227,563**	**13,622,167**
Other comprehensive income				35,249		35,249
Profit for the year					861,070	861,070
Total comprehensive income for the year		**-**	**-**	**35,249**	**861,070**	**896,319**
Changes in reserves				47,240	(47,240)	-
Distribution to partners						-
Increase of cooperative capital	**27**	642,986	250,585	21,950	(3,105)	912,416
Decrease of cooperative capital	**27**	(234,432)	(63,013)			(297,445)
Balance as at 31 December 2020		**9,650,858**	**2,552,574**	**1,891,736**	**1,038,288**	**15.133.455**

The notes on pages 36 to 89 form an integral part of these financial statements

Cash flow statement

Cash Flows from Operating Activities	Notes	1/1-31/12/2020	1/1-31/12/2019
Profit before tax		**1,043,020**	**1,047,935**
Adjustments for non-cash items:			
Depreciation	**18.20**	265,640	243,162
Provisions for impairment for credit risk	**11**	1,131,797	731,972
Other impairment losses	**12**	28,787	1,418
Provisions for staff compensation	**25**	18,261	15,887
Impairment of fixed assets	**18**	78,189	-
		2,565,694	2,040,374
Net (increase) / decrease of assets related to continuing operating activities:			
Loans and receivables against customers		(19,652,687)	(6,309,341)
Other assets		(691,306)	(261,151)
		(20,343,993)	(6,570,492)
Net (increase) / decrease of liabilities related to continuing operating activities:			
Liabilities to customers		38,791,471	13,067,966
Other liabilities		(24,752)	143,199
		38,766,718	13,211,165
Net cash flows from operating activities before taxes		**20,988,419**	**8,681,047**
Paid Income Tax		82,606	(387,037)
Net cash Flows from Operating Activities		**21,071,025**	**8,294,009**
Cash Flows from Investing Activities			
(Purchases) / Sales of investment securities	**17**	(1,464,959)	0
Purchases of tangible, intangible fixed assets and investments	**18.20**	(1,257,256)	(182,160)
Purchase investments in real estate		(215,446)	-
Net cash Flows from Investing Activities		**(2,937,661)**	**(182,159)**
Cash Flows from Financing Activities			
Dividend distribution		-	-
Payments of lease liabilities		(93,697)	(74,749)
Increase of cooperative capital	**27**	614,970	427,341
Net cash Flows from Financing Activities		**521,273**	**352,592**
Net increase / (decrease) in cash and cash equivalents		**18,654,637**	**8,464,442**
Cash and cash equivalents		54,888,213	46,423,771
Cash and cash equivalents at the end of the year	**14.15**	**73,542,850**	**54,888,213**

The notes on pages 36 to 89 form an integral part of these financial statements

Notes to the Financial Statements

1. General information

THE COOPERATIVE BANK OF KARDITSA SYN.PE (hereinafter referred to as "the Bank" or "COOPERATIVE BANK OF KARDITSA") was established in Greece in 1994, operates as a credit institution and is registered at GEMI under number: 122314731000. The Bank's headquarters are in Karditsa, Karditsa, at Kolokotroni and Taliadourou Street, Karditsa Commercial Center, PC 43132. The Bank's website address is http://www.bankofkarditsa.gr.

The constituent assembly of 28.3.94 established, in accordance with the provisions of Law 1667/1986, a purely credit cooperative under the name “CREDIT DEVELOPMENT COOPERATIVE OF KARDITSA” SYN. PE.” whose statutes were registered in the Register of Cooperatives of the Court of Justice of Karditsa with the 289/95 Act of the County Court of Karditsa and with registration number 19/5.4.1994. By decision of the Banking and Credit Issues Committee of the Bank of Greece (meeting 607/26.01.98) published in the Hellenic Government Gazette (Issue A 74), the Credit Development Cooperative of the Prefecture of Karditsa was authorized to operate as a credit institution under the name “Cooperative Bank of Karditsa SYN. PE".

By decision of the General Meeting dated 11.06.2009 it was decided to change the name from “Cooperative Bank of the Prefecture of Karditsa SYN. PE" to “Cooperative Bank of Karditsa SYN. PE".

The COOPERATIVE BANK OF KARDITSA has been operating since 1998 as a credit institution, mainly in the framework of the Prefecture of Karditsa. It has the following branches and counters: Central Branch in Karditsa, Counter in Palamas of N. Karditsa, Counter in Mouzaki of N. Karditsa and Counter in Sofades of N. Karditsa.

The main purpose of the cooperative according to its Statute is, by combining the efforts and cooperation of its members, to serve and promote their economic, social and cultural goals and interests. The cooperative is a credit institution and its purpose is financial, aiming at improving and protecting industry and craft, trade, agriculture, livestock and fishing, and generally all sectors of economic activity.

The Bank's purpose also includes banking operations, which is subject to the Bank of Greece's decisions as they are in force.

1.1 Board of directors

The composition of the Bank’s Board of Directors is as follows:

Title	Full name	Member
Chairman	Georgios Boukis	Executive member
Chief Executive Officer	Panagiotis Tournavitis	Executive member
First Vice Chairman	Thomas Deligiannis	Non-executive member
Second Vice Chairman	Aristotelis Mylonas	Non-executive member
General Secretary	Orestis Psachoulas	Non-executive member
Treasurer	Georgios Papakostas Apostolos	Non-executive member
Chairman of the Audit Committee	Kandilas	Non-executive member
Member of the Audit Committee	Miltiadis Evangelopoulos Lampros	Non-executive member
Member of the Audit Committee	Siatiras	Non-executive member

The term of office of the Board of Directors expires in November 2023.

1.2 Approval of Financial Statements

The annual financial statements were approved for publication by the Bank's Board of Directors on 7 June 2021 and are subject to the approval of the Ordinary General Meeting of shareholders.

2. Basis of presentation

These financial statements include the annual financial statements of COOPERATIVE BANK OF KARDITSA for the year ended 31 December 2020 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they have been issued adopted by the European Union.

The financial statements have been prepared under the historical cost principle, except for the financial assets at fair value through other comprehensive income.

The financial statements have been prepared based on the going concern principle.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates by management in the process of applying the accounting principles. Moreover, it requires the use of calculations and assumptions affecting the aforementioned assets and liabilities' amounts, the disclosure of contingent receivables and liabilities existing on the financial statements' preparation date and of the aforementioned income and expense amounts during the reported year. Although these calculations are based on the best possible knowledge of management with respect to the current conditions and activities, the actual results can eventually differ from these estimates. The areas pertaining to complex transactions and involve a great degree of subjectivity, or the assumptions and estimates that are crucial for the financial statements, are disclosed in note 5.

2.1 Going concern basis

Macroeconomic environment

The unprecedented health crisis caused by the coronavirus (COVID 19) outbreak at the beginning of 2020, had a significant impact on the world economy, creating conditions of insecurity and uncertainty as to when to return to normality. In the new circumstances, the economic activity in Greece in 2020 marked a significant decrease, mainly due to the measures taken by the Greek Government, to limit the spread of the pandemic, which led to the suspension of the operation of sectors of the economy which are mainly related to service activities (tourism, food, transport), while at the same time they created a chain of affected commercial and other enterprises.

The country's GDP declined by about 10% as a result of the shrinking domestic and external demand. According to the estimates of the supervisory authority, GDP is then projected to grow by 4.2% in 2021 and by 4.8% in 2022, as it is estimated that both domestic and external demand will show an increasing trend. However, these forecasts are dependent on risks, most of which are related to the duration of the pandemic both at international and domestic level. Furthermore, a significant increase in non-performing exposures (NPEs) could also be a potential risk as a result of a continuing decline in overall economic activity. The faster and more efficient utilization of funds through the European recovery mechanism, as well as the faster disposal of vaccines and the completion of vaccination of the majority of the population, are positive factors in the effort to get out of the pandemic crisis and return to normality.

In this context and in order to mitigate the effects of the pandemic, particularly significant government fiscal and monetary measures have been taken, while the supervisory authorities have shown satisfactory flexibility in terms of dealing with supervisory handling of borrowers placed under moratorium both for capital and interest, in order to keep liquidity at a satisfactory level. These measures (moratoria) were addressed to natural and legal persons, whose economic activity was affected by the pandemic, the largest percentage of whom is related to current loans, and concerned a period of up to 9 months, i.e. until 31.12.2020, while in some cases the expiry of the moratoria has been extended to 2021.

The ECB announced a series of measures on 12.3.2020 in order to alleviate the capital and operational requirements and to ensure a smooth continuation of the important role of the credit system in the functioning of the economy by allowing the requirements of Pillar 2 to be met using other capital instruments, except for the CET1 category until the end of 2022, while at the same time the European Banking Authority decided to postpone the planned stress tests for the next fiscal year 2021. Further flexibility was provided in the management of non-performing loans, as regards the implementation of the relevant guidelines.

In order to address the consequences of the pandemic, there has been unprecedented financial and supervisory support from the Greek Government and also at European level. The total financial support measures planned by the Greek Government amounted to 31.5 billion, of which approximately 24 billion relates to 2020, while the amount of 7.5 billion concerns 2021, while the measures are expected to increase even more during 2021. These measures mainly concern: (a) the subsidy of insurance contributions by the Government for employees who are suspended from work, (b) the reduction of social security contributions, (c) the reduction of the advance of income tax, (d) the abolition of the special solidarity levy, (e) the suspension of VAT liability payments for the affected undertakings as well as the installments for insurance and tax liabilities; (g) the subsidy of interest rates for undertakings that were suspended and the subsidy for the installments of housing loans for households and small undertakings under the GEFIRA I and II programs, (h) the enhancement of the liquidity of beneficiary undertakings through the repayable advance procedure; (i) the special purpose compensations.

Furthermore, as regards the financial support of enterprises in the domestic economy, significant measures have been adopted and implemented, the main ones being: (a) provision of loan guarantees by the Hellenic Development Bank (guarantee fund program), (b) co-financing of loans of small and medium-sized enterprises from the Hellenic Development Bank (TEPIX II), (c) suspension of loan payments (installments), (d) interest subsidy program, (e) suspension of payment of checks and (g) first-residence backed mortgage loan subsidy program

Reaction of the Bank's Management to the conditions of the pandemic (COVID-19) and the natural disaster (flood of the Mediterranean cyclone "Ianos") that hit Karditsa in September 2020.

The first priority of the Bank to tackle the pandemic was the protection of its staff and customers. The Bank's plans for emergency management and minimization of all significant risks that could affect the smooth continuation of its business in all respects were implemented immediately, so that its customers can be served safely, while measures were taken so that the personnel would not be exposed to danger.

Regarding the credits, the Bank participated in all government programs to support borrowers and productive activity in the context of mitigating the effects of the pandemic (COVID-19).

In particular, the actions taken by the Bank are:

- Suspension for up to 9 months of the installments of performing debts of natural and legal persons on 31.12.2019, with a corresponding extension of their duration;
- Subsidy for interests on performing loans to professionals and businesses, in accordance with relevant legislation;
- Participation in the loan subsidy scheme securing primary residence;
- Participation in the liquidity aid program of the Hellenic Development Bank (TEPIX II);
- Participation in the COVID-19 Guarantee Fund program of the Hellenic Development Bank;
- Suspension of the payment of the checks of the companies affected by COVID-19;
- Zeroing commissions for e-Banking transactions;

As regards the measures taken to address the natural disaster (floods caused by the Mediterranean cyclone “Ianos”) which hit, in addition to other parts of the country, the Region of Thessaly and in particular the city of Karditsa and the whole of the Prefecture of Karditsa in September 2020, measures were taken for addressing its consequences as follows:

- As regards State measures, pursuant to Law 4728/2020 (Government Gazette, Series I, No 186/29.9.2020) an extraordinary one-off aid was granted in the form of an allowance to those affected by the disaster. This aid amounts to € 5,000 per affected natural person per dwelling and to € 8,000 per business for the legal persons or legal entities whose business was affected. The financial aid paid to the affected natural or legal persons who are placed or have been temporarily or permanently placed in a state of unforeseen emergency due to the floods, has been set to be tax-free, non-transferrable and non-seizable by the State or third parties. Furthermore, with respect to the subsidies granted to undertakings affected by the disaster, the preparation of the relevant Ministerial Decision of the Ministers of Finance, Development and Investment, Infrastructure and Transport, regarding the delimitation of areas and the granting of Housing Assistance for the restoration of damages in buildings in the area from floods, was completed. At the same time, the services of the Region of Thessaly contributed to the restoration works by processing the relevant requests received from companies affected by the disaster.
- On the part of the Bank, a series of arrangements were drawn up to serve the loans of households and businesses in the areas affected by the recent disaster, assessing the relevant requests and granting suspensions of their loans for 3 months, with an equal extension of the duration of the loans to borrowers who, on the day of the event, were not in default by more than 90 days. The interested parties contacted the Bank, which assessed the requests and dealt with them in a manner consistent with the needs and extent of the damage incurred by each borrower, as well as the available arrangements and facilities provided.

Capital adequacy and liquidity

The Bank maintained in the fiscal year 2020 a high capital adequacy ratio and a satisfactory liquidity ratio (notes 4.2.3 and 4.3). It is noted that deposits increased in 2020 compared to 2019 by 38.8 million (37.4%), as a result of the increase in deposits in sight and savings accounts, mainly due to the increase of the customer base, the provision of State financial facilities in the context of tackling the COVID-19 pandemic (reimbursable advances, interest subsidy, etc.), and the reduction of consumption due to the restrictions imposed by the Greek Government to prevent the spread of the pandemic. It should also be noted that the above key indicators are taking place at satisfactory levels and taking into account the impact of the application of IFRS 9 as at 1.1.2018 (Note 4.3).

Going concern

The general course of the Bank is characterized by its satisfactory operating profitability, as a product of continuous effort to improve the quality of the loan portfolio, with loans to new and healthy businesses, while maintaining a satisfactory operating cost. Furthermore, it is also noted that the financing of small enterprises continued successfully in the year 2020, with the guarantee of the European Investment Fund (EaSI), the financing under the co-financed programs (TEPIX I and II, Save-Autonomy), while loans were granted with the guarantee of the Hellenic Development Bank, actions that contributed to the increase of the mobility index of the Bank’s financing.

Furthermore, based on the current financial data of the Bank, during the period from the beginning of 2021 until today, in comparison with the corresponding period of the previous fiscal year, the Bank’s main figures present a rising trend, as there is an increase of 22% of loans to healthy enterprises, an increase in deposits, while interest income also appears proportionally increased. In particular, there is a satisfactory increase in customer deposits and cash availability, while at the same time, in the context of the established conditions, the rate of loans to customers continues at a smooth rate with satisfactory level of safeguards (TEPIX II, European Investment Fund Guarantee, Loans guaranteed by the Hellenic Development Bank, etc.) while at the same time the applications of borrowers for their inclusion in the GEFIRA II Program, which provided for natural persons and small loan subsidy undertakings (debt securities) were completed until 31.5.2021.

The management of the Bank estimates that on an annual basis, despite the effects of the pandemic to date, based on the course of the financial figures so far and expecting the positive performance of the measures taken by both the Greek Government and the European institutions and supervisory authorities, it will be possible to limit the impact of the pandemic, to the extent that the activities of the Bank in general are not significantly affected. It is also important to mention that in the near future the Bank will sign an interest-free loan agreement of 2 million with the Council of Europe Development Bank (CEB), with the aim of promoting economic growth in the region by granting subsidies to very small and small and medium-sized enterprises. In addition, the European Investment Fund (EIF) approved in early June 2021 the Bank's proposal of 04/11/2020 for financing of 2.5 million Euros to support its development under the EaSI Capacity Building Investments Window. Through this funding, which is supervised and regulated as Category 2 capital in line with the CRR, the EIF will assist in the implementation of investments of the Cooperative Bank of Karditsa that will be used to support its operating development, including the expansion of the network of branches, investments in human resources, as well as the digital transformation program of the Bank.

The Board of Directors of the Bank, taking into account all the above and in particular the operational profitability presented by the Bank in 2020 (profit before taxes and provisions), its satisfactory indices in terms of its capital adequacy and liquidity, the evolution of its financial figures from the beginning of 2021 until today, the implementation of plans for the smooth continuation of the Bank's activity as mentioned above, as well as the measures taken so far by the European institutions, the supervisory authorities and the Greek Government, does not establish any conditions, which could be related to uncertainty that would be essential for the continuation of the Bank's activity in the reasonable future and therefore considers that the Bank's financial statements can be drawn up on the basis of the going concern assumption.

2.2 New Standards and Interpretations

2.2.1 New Standards and Amendments Adopted by the Bank

The Bank applied for the first time certain standards and amendments that are mandatory for the current financial year 2020. The Bank has not adopted any other standard, interpretation or amendment that has been issued but is not mandatory for the current financial year 2020.

The nature and impact of any new standard or amendment related to the Bank's operations is described below.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Principles, Changes in Accounting Estimates and Errors: Definition of “Material”

The amendments clarify the definition of ‘material’ and how it should be used, supplementing the definition with instructions that have been provided so far in other parts of the IFRS. In addition, the clarifications accompanying the definition have been improved. Lastly, the amendments ensure that the definition of ‘material’ is consistently applied to all IFRSs. The amendments had no effect on the Bank’s financial statements.

Modifications of the References to the Conceptual Framework within IFRS

On 29 March 2018, the International Accounting Standards Board adopted amendments to references to the conceptual framework within the International Financial Reporting Standards. The aim of the amendments is to update the existing references, within different standards and interpretations, in previous contexts with references to the revised conceptual framework. The amendments had no effect on the Bank’s financial statements.

Amendments to IFRS 16 Leases: Reductions in rents due to COVID-19

The amendment gives tenants (but not owners) the option of optional exemption from the assessment of whether the rental facility related to COVID-19 is a modification of the lease. Tenants may choose to account for rental facilities in the same way as they would for changes that are not lease modifications. The amendment had no effect on the Bank's financial statements.

Other amendments

The following amendments, which are mandatory for the current financial year 2020, are not related to the Bank's operations and have no impact on the financial statements:

- IFRS 3 Business Combinations (amendment): Definition of Business
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

2.2.2 Standards and Interpretations mandatory for subsequent periods, which were not applied by the Bank earlier.

The following new standards, standard amendments and interpretations have been issued, are related to the Bank's activity but are mandatory for subsequent periods. The Bank has not applied the following standards earlier, and is estimating their effect on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as short-term or long-term

The amendments are intended to help companies determine whether in the statement of financial position, loans and other liabilities with an uncertain settlement date should be classified as short-term or long-term. As amendments simply specify, but do not change, the existing requirements, they are not expected to have a significant impact. The amendments are effective for annual periods beginning on 1 January 2023, have not been adopted yet by the European Union, and will have no impact on the Bank's financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure of accounting policies

Amendments to IAS 1 require companies to disclose their material accounting policies rather than their significant accounting policies. The amendments are effective for annual periods beginning on 1 January 2023, have not been adopted yet by the European Union, and will have no impact on the Bank's financial statements.

Amendments to IAS 8 Accounting Authorities, Changes in Accounting Estimates and Errors: Definition of accounting estimates

The amendments specify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on 1 January 2023, have not been adopted yet by the European Union, and will have no impact on the Bank's financial statements.

IAS Amendments 12 Income Taxes: Deferred tax relating to assets and liabilities arising from a single transaction

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (exclusion of recognition), so that it is no longer applicable to transactions which, in the initial recognition, create equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on 1 January 2023, have not been adopted yet by the European Union, and are not expected to have a material impact on the Bank's financial statements.

Amendments to IAS 16 Fixed assets: Income before the intended use

The amendments prohibit a company from deducting from the cost of the Tangible fixed assets amounts obtained from the sale of data produced while the company prepares the asset for its intended use. Instead, a company will recognize these sales revenue and related costs in profit and loss. The amendments are effective for annual periods beginning on 1 January 2022, have not been adopted yet by the European Union, and will have no impact on the Bank's financial statements.

Amendments to IAS 37 Provisions: Cost of fulfilling a contract

The amendments specify that in order to assess whether a contract is burdensome, the cost of fulfilling a contract includes both the incremental cost of fulfilling that contract and the allocation of other costs directly related to its execution. The amendments are effective for annual periods beginning on 1 January 2022, have not been adopted yet by the European Union, and will have no impact on the Bank's financial statements.

Annual Improvements to IFRSs, 2018-2020 Cycle

The amendments to the 2018-2020 Cycle, adopted by the Council on 28 May 2020, are applicable in periods beginning on or after 1 January 2022 and have not yet been adopted by the European Union. None of these changes are expected to have a significant impact on the Bank.

- IFRS 9 Financial Instruments

The amendment looks at what costs should be included in the 10% assessment for the recognition of financial liabilities. Relevant costs or fees could be paid either to third parties or to the lender. Under the amendment, the costs or fees paid to third parties will not be included in the 10% assessment.

- IFRS 16 Leases

Amendment to Explanatory Example 13 accompanying IFRS 16 to eliminate any possible confusion regarding the handling of lease incentives.

Other amendments

The following amendments and new standards that are mandatory for later years are not relevant to the Bank's operations and will not have an impact on the financial statements:

- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (applicable to annual accounting periods beginning on or after 1 January 2021)
- Amendments to IFRS 4 Insurance policies: Extension of the temporary exemption from the application of IFRS 9 (applicable to annual accounting periods beginning on or after 1 January 2021)

3. Summary of significant accounting policies

3.1 Foreign exchange conversions

(a) Functional and presentation currency

Items included in the financial statements of each of the Groups entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are reported in euro, which is the functional currency and the reporting currency of the Bank.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. Foreign exchange differences from non-monetary items that are valued at their fair value are considered to be part of the fair value and are thus treated similarly to fair value differences.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash at the fund, deposits with the Bank of Greece that are not subject to restrictions, receivables from financial institutions, high liquidation and low risk with original maturities of three months or less.

3.3 Financial Instruments

3.3.1 Financial assets

i. Initial recognition and derecognition

The Bank recognizes a financial asset when it becomes one of the parties to the financial instrument.

A financial asset is derecognized when the contractual rights over the cash flows of the financial asset expire or when the financial asset is transferred and the transfer meets the conditions for write-off.

ii. Classification and measurement

Financial assets at initial recognition are measured at their fair value (usually the transaction price, ie the fair value of the consideration paid or received) plus transaction costs directly attributable to their acquisition or issue, unless it is for financial assets measured at fair value through the profit and loss account, where transaction, issue costs, etc. are entered in the profit and loss account.

For the purposes of subsequent measurement, financial assets are classified in accordance with the entity's business model for the management of financial assets and their contractual cash flows.

Financial assets are classified into one of the following three categories, which determines their subsequent measurement:

- At the Amortized cost,
- Fair value through OCI,
- Fair value through profit or loss.

A financial asset is measured at amortized cost when the following two conditions apply:

- the asset is held for the purpose of holding and collecting the contractual cash flows that incorporates; and

- the contractual terms of the asset lead, at specific dates, to cash flows that are solely payments of principle and interest (SPPIs).

A financial asset is measured at fair value through other comprehensive income when the following two conditions apply:

- the asset is held for the purpose of collecting the contractual cash flows that incorporates and its sale; and
- the contractual terms of the asset lead, at specific dates, to cash flows that are solely payments of principle and interest (SPPIs).

A financial asset is measured at fair value through profit or loss when it is not classified in the two previous categories. However, at initial recognition an entity may irrevocably choose for certain investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value through other comprehensive income.

It is also possible, at initial recognition, that an entity determines irrevocably a financial asset measured at fair value through profit or loss if it thereby substantially eliminates or reduces a measurement or recognition inconsistency (which is sometimes referred to as "accounting mismatch") that would otherwise arise from the measurement of assets or liabilities or the recognition of the profit and loss on them on different bases.

An entity reclassifies financial assets when it modifies the business model it applies for their handling.

An entity's business model refers to the way in which an entity treats its financial assets to generate cash flows (cash flows may arise from the collection of contractual cash flows, the sale of financial assets, or both) and is determined by the entity's key management personnel.

In order to evaluate its business model and determine whether the cash flows arise either from the exclusive collection of contractual cash flows or from the sale of financial assets or from both, the Bank takes into account:

- its operational model,
- its policies and objectives,
- the risks involved and how they are addressed.

Based on the Bank's business model and the contractual terms and conditions of its debt securities portfolio:

- loans and receivables from customers and financial institutions are measured at amortized cost;
- bonds are measured at amortized cost and
- equity instruments are measured at fair value through other comprehensive income.

iii. Impairment of financial assets

The Bank recognizes expected credit losses (ECL) that reflect changes in credit quality from the initial recognition of financial assets measured at amortized cost and at fair value through other comprehensive income. No expected credit loss is recognized for equity instruments. Expected credit losses are a weighted, on a probability basis, average estimate of credit losses that reflects the time value of money. Upon the initial recognition of the financial instruments that fall under the impairment policy, the Bank creates an impairment provision equal to the expected 12 month credit losses, which are the expected credit losses resulting from events of default that are likely to occur within the next twelve months. Subsequently, for financial instruments with significantly increased credit risk (SICR), an impairment provision is recognized since their initial recognition that is equal to the expected credit losses over their entire life resulting from default events that are probable during the expected duration of the instrument. If at initial recognition the financial asset meets the definition of purchased or impaired financial asset (POCI), the provision for impairment is based on changes in expected credit losses over the life of the asset.

Impairment provisions for trade receivables from non-performing activities are always measured at the amount of the expected credit losses over their lifetime. For all other financial assets for which provision is made for impairment, the three-step general approach is applied.

Consequently, the expected credit losses are recognized using a three-step approach based on the extent of the credit degradation from the initial recognition of the financial instrument:

Step 1 - When there has been no significant increase in credit risk since the initial recognition of a financial instrument, an amount equal to the expected 12-month credit losses is recognized. Expected credit losses for a twelve month period of a financial instrument or group of financial instruments represent a portion of the losses that would be recognized over their lifetime arising from default events that are probable within the next 12 months after the reporting date and are equal to the expected cash flow delays throughout their life due to possible loss-making events within the next 12 months. Non-credit impaired financial assets purchased or upon initial recognition, as well as recognized financial assets after a materially significant change that has been accounted for as a derecognition, are initially classified in Step 1.

Step 2 - When a financial instrument significantly increases credit risk after its initial recognition but is not considered to be in default, it is included in Step 2. Expected credit losses over the life of the financial instrument represent the expected credit losses that arise from all possible default events over its expected maturity.

Step 3 - This step includes financial instruments that are deemed to have been subject to default. As in Step 2, the provision for credit losses reflects expected credit losses over the life of the financial instrument.

POCI - Assets that are purchased or impaired when initially recognized are asset items that are initially recognized as credit impaired. They are not ranked in a specific step and are always measured based on expected credit losses throughout the life of the financial instrument. Therefore, the expected credit losses are recognized only to the extent that there is a subsequent change in expected credit losses over the life of the financial instrument. Any positive change in the expected cash flows is recognized as a reversal of the impairment (profit) in the income statement even if the amount of new expected cash flows exceeds the estimated cash flows of the initial recognition. In addition to the purchased financial assets, financial instruments that are considered as new assets after a materially significant change that is accounted for as a derecognition may be included.

Credit Loss Measurement

The measurement of expected credit losses requires the use of models, estimates and assumptions, the assessment of credit behavior as well as the incorporation of proactive information. IFRS 9, for the purpose of provisioning, adopts a "three-step" approach that reflects the change in credit risk from initial recognition.

Initial recognition recognizes a provision for credit risk losses equal to the expected 12 months' loss, which is defined as the expected credit losses resulting from default events that are probable within the next twelve months (step 1). Subsequently, if there has been a significant increase in credit risk since initial recognition, an impairment provision is recognized, which is equal to the estimated total lifetime credit loss, defined as the expected credit loss resulting from default events that are probable throughout the expected life of the financial instrument (step 2). The impaired financial instruments will be moved to step 3.

The Bank assesses credit risk and measures the expected credit losses on loans and receivables against customers on an individual basis.

Credit loss measurement for loans and receivables against customers

Default

A borrower is considered to be in default if one or both of the following events has occurred:

- he or she is late in paying any significant credit obligation to the Bank for more than 90 days ;
- the Bank estimates that the borrower is unlikely to fully meet its credit obligation

Expected Credit Losses

Expected Credit Losses (ECL) are defined as losses resulting from credit default events weighted based on credit default probabilities. ECLs are calculated according to the following formula:

$$ECL = \sum_{t=1}^{T} PD_t * SP_{t-1} * LGD_t * EAD_t * DF_t$$

where:

- ECL = Expected Credit Losses in the Credit Timeframe
- T = Credit Exposure Timeframe
- PD_t = The probability of default at time t
- SP_{t-1} = The probability of non-default until the previous year of year t
- LGD_t = Percentage of loss in case of default at time t
- EAD_t = The total amount of the credit report at time t
- DF_t = Discount factor

Annual Probability of Default

An annual probability of default is the probability of credit losses arising from default events that are probable within twelve (12) months. For the calculation of the annual probability of default, the Bank uses historical data. In particular, the annual probability of default by portfolio category and borrower category is equal to the ratio of borrowers of that class who have defaulted in one year to the total of customers at the beginning of the year of that class.

Borrowers are categorized according to the loan portfolio they belong to, namely:

- Business
- Consumer
- Mortgage

Specifically for the borrowers belonging to the business portfolio, further categorization is made on the basis of their rating.

Incorporating proactive information

The bank examines the effect of two macroeconomic factors on the calculation of annual default probabilities:

- Expected GDP Change
- Expected Unemployment Rate

A prerequisite for taking these factors into account is the statistical verification of their correlation with the probability of default. The Bank is based on official estimates of entities such as the ECB, the International Monetary Fund, the Bank of Greece, the Organization for Economic Co-operation and Development.

Classification of Exposures in Stages

<u>Stage 1</u>

In Stage 1, all borrowers are classified at the initial recognition of the credit exposure. At each reporting date, they remain in Stage 1 as credit risk has not increased significantly, or there is a significant increase in credit risk but the credit risk remains low.

<u>Stage 2</u>

Stage 2 includes all borrowers who, at the reporting date, were ranked in Stage 1 and have experienced a significant increase in credit risk but have not entered in Credit Default status.

In order for a borrower in Stage 2 to revert to Stage 1, there should be a significant reduction in credit risk.

A significant increase in credit risk is considered to have occurred in three cases:

- according to the rebuttable presumption of delay of more than 30 (thirty) days
- there is a significant downgrade to the credit rating scale
- there is a significant deterioration in the borrower's financial position

Stage 3

Step 3 lists all borrowers deemed to be in default according to the definition of credit default mentioned above.

In order for a borrower in Stage 3 to revert to Stage 2 or Stage 1, he should have returned to non-default, according to the Guiding Principles of EBA (European Banking Authority).

Credit loss measurement for Letters of Guarantee

According to IFRS 9:

- financial guarantee contracts may take various legal forms such as a guarantee, certain types of letter of credit, a contract covering the risk of non-payment of a debt or an insurance policy. Their accounting treatment does not depend on their legal form
- although a financial guarantee contract meets the definition of an insurance policy in IFRS 4 when the risk transferred is significant, the issuer applies IFRS 9. However, if an issuer has previously stated explicitly that it considers the contracts in question as insurance policies and has used the accounting treatment applicable to insurance policies, then it may apply either IFRS 9 or IFRS 4.

The Bank does not consider letters of guarantee as insurance contracts and therefore applies IFRS 9 for initial recognition and provisioning.

The Credit Conversion Factor (CCF) is used to calculate the credit exposure in accordance with Regulation (EU) 575/2013.

Credit loss measurement for investment portfolio debt securities

The Bank recognizes impairment provisions for expected credit losses for unlisted bonds held in its portfolio.

To calculated the probability of default (PD), a Moody's rating for these bonds is taken into account, whereas the loss rate in case of default (LGD) is considered to be 75% of the acquisition value (subordinated exposures with no eligible collateral) REGULATION (EU) No 575/2013).

3.3.2 Financial liabilities

i. Initial recognition and derecognition

An entity recognizes a financial liability in its statement of financial position when and only when the entity becomes a party to the financial instrument.

All financial liabilities are initially recognized at their fair value and, in the case of loans, net of the direct costs of the transaction.

A financial liability is written off from the statement of financial position when it is settled.

A material amendment to the terms of an existing financial liability (difference of at least 10% at present value with the original interest rate) is accounted for as settlement of the original liability and recognition of a new financial liability. Any difference is recorded in profit and loss.

ii. Classification and measurement

Financial liabilities are classified at the initial recognition as financial liabilities measured at amortized cost or financial liabilities that are measured at fair value through profit or loss.

The Bank's financial liabilities include liabilities to customers and other liabilities to suppliers and other creditors.

Bank's liabilities are subsequently measured based on the amortized cost method using the effective interest rate. The Bank has not undertaken liabilities that are measured at fair value through profit and loss.

3.3.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount appears on the balance sheet, when there is a legally enforceable right for set-off of the amounts recognized, and at the same time, there is the intention that a settlement be made on a net basis, or that the acquisition of the asset and the settlement of the obligation be made at the same time.

3.4 Fair value measurement

Fair value is the price that would be obtained upon the sale of an asset or upon the transfer of a liability in a normal transaction between the participants in the principal or, failing that, in the most advantageous market where the Bank has access, at the measurement date. The fair value of a liability reflects the risk of non-fulfillment of obligations.

The Bank measures the fair value of a financial instrument using the official stock price on an active market for that financial instrument, when available. A market is considered active if transactions for the asset or liability take place at a sufficient frequency and volume to provide ongoing pricing information. When no quoted market price is available in an active market, the Bank uses valuation techniques that maximize the use of relevant observable data and minimize the use of non-observable data. The selected valuation technique includes all the factors that market participants would take into account for one transaction pricing.

The Bank uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: Official stock prices (without adjustment) in active markets for identical assets or liabilities that the Bank has access to at the measurement date.

Level 2: Inflows other than official stock prices included in the first level that are observable for the asset or liability either directly or indirectly.

Level 3: No observable inflows for the asset or liability.

The following table shows the financial assets measured at fair value at 31 December 2020 and 2019:

Amounts in EUR	Level 1	Level 2	Level 3
Financial assets measured at fair value through other comprehensive income	-	-	165,213
Total	**-**	**-**	**165,213**

3.5 Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation and impairment. Acquisition cost includes all costs directly related to the acquisition of the assets.

Subsequent costs are added to the carrying amount of tangible assets or are recognized as a separate asset only if they are expected to result in future economic benefits to the Bank and their cost can be measured reliably. Repairs and maintenance costs are recognized in the income statement.

Depreciation of tangible assets is calculated using the straight-line method over their useful lives as follows:

- Buildings 50 years
- Improvements in third party real estate During the lease
- Furniture and other equipment 5 - 10 years

The residual values and useful lives of tangible assets are reviewed and revalued, if appropriate, at the end of each financial year.

When the carrying values of tangible assets exceed their recoverable amount, the difference (impairment) is recognized immediately as an expense in the income statement.

When selling tangible assets, the difference between the consideration received and their book value is recognized as a gain or loss in the income statement. Financial expenses relating to the construction of property, plant and equipment are capitalized for the period of time required to complete the construction. All other financial expenses are recognized in the income statement when incurred.

3.6 Leases

The Bank as a lessee

Right to use assets

The Bank recognizes the right to use assets at the beginning of the lease (the date the asset is available for use). The usage rights are measured at their cost, reduced during accumulated depreciation and impairment, adjusted against any re-measurements of the lease obligation. The rights to use assets are subject to an impairment check.

The rights to use assets appear in the tangible assets in the balance sheet.

Lease liabilities

At the beginning of the lease, the Bank recognizes lease liabilities equal to the present value of the leases during the total term of the lease agreement.

In order to calculate the present value of the payments, the Bank uses its lending rate (incremental borrowing rate of interest) at the date of commencement of the lease, if the interest rate implicit in the lease cannot be determined. Subsequent to the commencement of the lease, the amount of the lease liabilities is increased by interest expenses and reduced by the lease payments made. In addition, the book value of lease liabilities is recalculated if there is a modification to the contract, any change in the term of the lease, fixed leasing payments or asset purchase assessment.

- For short-term leases and leases in which the underlying asset is of low value, the payments under those leases were recognized as costs using the straight-line method in accordance with the exceptions provided by IFRS 16.

The Bank does not separate the non-lease components from the lease components and accounts for each leased and associated non-leased component as a single lease component.

3.7 Intangible assets

Software

Software programs are valued at acquisition cost less accumulated depreciation and impairment. Depreciation is accounted for with the straight line method during the useful lives of these assets which vary from 5 to 16 years.

Expenses related to software maintenance are recognized as incurred.

3.8 Assets from auctions

Assets from auctions include real estate acquired by the Bank in auction proceedings, in full or partial recovery of receivables. The Bank assesses these properties at each balance sheet date, at the lower value between accounting and fair value, assigning their valuation to independent appraisers.

3.9 Impairment of non-financial assets

With the exception of auctioned assets that are audited for impairment at least on an annual basis, the book values of other long-term assets are audited for impairment when there are certain events or changes of circumstances indicating that their book value may not be recoverable.

When the book value of an asset exceeds its recoverable amount, the corresponding impairment loss is recorded in the income statement. The recoverable value is the higher amount of the net selling price and value-in-use. Fair value less selling expenses is the amount which can be obtained from the sale of an asset in an arms length transaction in which both parties are willing and knowledgeable after the deduction of any incremental disposal costs, while value in use is the net present value of expected future cash flows which will result from continuing use of the asset and from the proceeds expected from its disposal at the end of its estimated useful life. For the purposes of assessing impairment, assets are grouped at the lowest level for which there exist separately identifiable cash flows.

3.10 Current and deferred income tax

Taxation for the financial year includes current and deferred tax. Deferred tax is recognized through profit and loss unless it pertains to assets recognized in other comprehensive income or directly recognized in equity. In this case, deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax result according to the tax laws in force in Greece. The cost of current income taxes includes the income tax which arises based on the earnings of the Bank, as restated in its tax statements and provisions for additional taxes and charges for unaudited years, and is calculated pursuant to established or essentially established tax rates.

Deferred income tax results from the temporary differences between the tax base and the carrying amount of assets and liabilities. The deferred income tax is not accounted for if it arises from 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 the accounting or the taxable profit or loss. Deferred tax receivables are recognized to the extent that there will be future taxable gains making use of the temporary difference that gives rise to deferred tax receivables. Deferred tax is determined by taking into account the tax rates (and tax laws) that are in force at the balance sheet date and is expected to apply when the deferred tax asset is deferred or the deferred tax liability is settled.

Deferred tax assets are offset against deferred tax liabilities when settled at the same tax authority.

3.11 Provisions and contingent liabilities

Provisions are recognized when:

- There is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the required amount.

When the effect of the value of money over time is material, the amount of the provision is the present value of the expense that is expected to be required to settle the obligation. The discount rate will be a pre-tax interest rate that reflects current market assessments of the time value of money and liability-related risks.

Contingent liabilities are not recorded in the financial statements but are disclosed, unless the probability of an outflow of resources that incorporate financial benefits is minimal. Contingent receivables are not recorded in the financial statements, but are disclosed where an inflow of financial benefits is probable.

3.12 Employee benefits

(a) Short-term benefits

Short-term employee benefits in cash or in kind are recorded as an expense when they are accrued.

(b) Post-employment benefits

Post-employment benefits include defined contribution plans (State plans), as well as defined benefits plans.

The accrued cost of defined contribution programs is recognized as expenses during the relevant period.

The liabilities arising from defined employee benefit plans are calculated at the prepaid value of future personnel benefits accrued on the balance sheet date. The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method.

The actuarial gains and losses arising from empirical adjustments or from changes in the actuarial assumptions are recognized in other comprehensive income in the period they were realized.

Past service cost is directly recognized in profit and loss.

(c) Employment termination benefits

Employment termination benefits are payable when the company terminates employment prior to the employees' retirement or following a decision by the employees to accept benefits from the Bank in consideration of their employment termination. The company recognizes employment termination benefits as a liability and as an expense on the earliest of the following dates: a) when the entity may no longer withdraw the offer of these benefits; and b) when the entity recognizes a restructuring cost falling within the scope of IAS 37 and entailing payment of employment termination benefits. Benefits falling due more than 12 months after balance sheet date are discounted.

3.13 Equity - Cooperative Capital

The rights and obligations of the shareholders of the Cooperative Bank are defined by Law No 1667/2986 as amended and in force (last amended by Law No 4340/2015), as well as the Articles of Association of the Bank and the decisions of the management bodies.

Each partner is registered for a mandatory cooperative share. It may, in addition to the mandatory one, also obtain optional portions up to the maximum number specified by the Law and the Articles of Association. The value of the optional is equal to the value of the mandatory share. Particularly, Public Legal Entities can acquire an unlimited number of optional shares.

The cooperative share is transferred only to partners. The transfer of the cooperative share to third parties is allowed only upon decision of the Board of Directors. The Board of Directors refuses the transfer if the third party does not meet the conditions required for entering as a partner (Article 2 Law 1667/86).

Each partner is required to pay the value of the cooperative share from the date of filing the application to join the cooperative. The cooperative share is indivisible and equal for all partners.

The Bank's disposal price is determined by acceptable valuation methods, in accordance with the provisions of the law and the Articles of Association.

All liquidation of shares is attributed the amount of the share value attributable to the net assets of the cooperative, as it results from the balance sheet of the last fiscal year, taking into account a) the amount by which the provisions formed are less than those required by the report of the certified auditors-accounts and (b) the restrictions provided for in Article 149 of Law 4261/2014.

Each partner is liable to the cooperative and its creditors jointly and severally for an amount equal to the value of their shares. (Limited partnership, Article 4 par. 4 of Law 1667/86).

The Bank has recognized the entire Cooperative Capital as Equity as part of the interpretation of *IFRS*

2: "*Shares of members in cooperative financial entities and similar instruments*", since there is no relevant authorization to repay the cooperative shares to the shareholders, according to the provisions of Article 149 of Law 4261/5.5.2014.

Expenses for cooperative capital increase: Direct expenses for the issue of shares are shown following subtraction of the relevant income tax, reducing retained earnings.

Share premium: This account records the difference between the nominal value of the shares issued and their selling price.

3.14 Income statement

i. Interest income and expenses

Interest income and expense are recognized in the income statement on an accrual basis for all interest bearing financial instruments using the effective interest rate method. Effective is the interest rate that exactly discounts the estimated future cash outflows or inflows over the expected life of the financial instrument or, to a lesser extent, as appropriate, to the carrying amount before impairment or to the carrying amount of the financial asset or liability, respectively. For the calculation of the effective interest rate, the Bank calculates the cash flows taking into account all the contractual terms of the financial instrument excluding the expected credit risk.

The depreciable cost of a financial asset or liability is the amount at which it is measured at initial recognition, by deducting capital repayments by adding or subtracting cumulative depreciation calculated using the effective interest method (as described above) and for financial assets, by deducting provisions of expected credit losses. The carrying amount before impairment of a financial asset is equal to the depreciable cost of the impairment loss for expected credit losses.

The Bank calculates interest income by applying the effective interest method to the impairment loss of unattended financial assets (exposures in Stage 1 and 2) and respectively to the amortized cost of financial liabilities.

Interest income and expense are presented separately in the income statement for all interest-bearing financial instruments in net interest income.

ii. Revenues from fees and commissions

Revenues from fees and commissions, handling of accounts, insurance operations, letters of guarantee are recognized over time when the relevant services are provided to the client to the extent that it is highly probable that no significant reversal of the amount of revenue recognized will arise.

Remuneration arising from transactions such as transfers, bank charges and brokerage activities are recognized at the time that those transactions are carried out.

Other fees and commissions relate mainly to fees from transactions and services, which are recognized as expenses at the time when the relevant services are received.

iii. Dividend income

Dividend income is recognized when the right of recovery is finalized by the shareholders, that is after their approval by the General Meeting.

iv. Grants

State grants are recognized at their fair value when it is expected with certainty that the grant will be collected and the Bank will comply with all the conditions provided for.

State grants related to expenses are recorded in transitional accounts and recognized in profit and loss, so that they match the expenses they are intended to compensate. State grants related to the purchase of fixed assets are included in the long-term liabilities as income for subsequent years and are transferred as income to profit and loss using the fixed method in accordance with the expected useful life of the assets concerned.

v. Expenses

Expenses are recognized in profit and loss on an accrual basis.

3.15 Dividend distribution

Dividend distribution is recognized as a liability when distribution is approved by the General Meeting of the partners.

3.16 Roundings

Differences between the amounts in the financial statements and the corresponding amounts in the notes are due to rounding.

4. Financial risk management

4.1 Risk Management Framework

The Board of Directors is responsible for developing and supervising the risk management framework, establishing the risk assumption and capital management strategies, in line with the Bank’s business objectives, while assessing the effectiveness of its risk management policy and the adequacy of own funds, in relation to the extent and form of the risks assumed. The risk management framework is continually evaluated and evolving, taking into account the Bank's historical data base, market dynamics, supervisory compliance and international best practices. To this end, the bank has set up a Risk Management Unit, according to the provisions of the Banking and Credit Insurance Law 2577/2006.

4.2 Financial Risks

Financial risk management is inherent in the Bank's business. With a view to maintaining the stability and continuity of operations, Management places a high priority on the implementation and continuous improvement of an effective risk management framework to minimize potential adverse effects on the Bank's financial performance.

Due to the nature of its operations, the Bank is exposed to various financial risks, such as credit risk, market risk (including foreign exchange and interest rate risk), and liquidity risk. The Bank's risk management strategy aims at minimizing the adverse effects that these risks may have on the Bank's financial performance, financial position and cash flows.

The Bank submits annually to the relevant departments of the Bank of Greece the Internal Capital Adequacy Assessment Process (ICAAP), analyzing quantitatively and qualitatively the instruments it uses to manage the individual risks and the future impact on its solvency (Capital Adequacy Indicator).

4.2.1 Credit risk

The Bank is exposed to credit risk, which is the risk of loss due to the inability of the counterparty to meet its payment obligations at the maturity date.

The Bank's credit risk arises mainly from lending to individuals and businesses, including the protection measures provided, such as financial guarantees, as well as other activities such as investments in debt securities (bonds) and claims against credit institutions.

The Bank manages the individual exposures in credit risk as well as the credit risk concentrations.

i. Credit risk management

The Bank’s customers, who are mostly members of the Bank, come from the local community and they operate mainly in the trade, agriculture, stock-breeding, energy, manufacturing and construction sectors.

The Board of Directors, for the smooth operation and quick response to matters other than the Audit Committee and the Asset and Treasury Committees and those provided by the institutional and regulatory framework, may establish informal committees whose coordinator must be a member of the BoD. The committees may be attended by officials and, as an adviser, the head of the Risk Management Unit. At the end of their work the committees are required to table minutes in the plenary session of the BoD signed by all their members.

ii. Audit Committee

The members of the Committee are appointed by the Board of Directors and approved by the General Meeting. The Committee is made up of three non-executive and independent members of the Board of Directors, of which at least one is a specialist in financial matters with sufficient knowledge and experience in audit matters, too.

The term of office of the members of the Commission shall be four years. Each member is provided with appropriate information and training at the time of his/her appointment but also on a continuous basis. Committee Members must not hold parallel positions or properties or engage in transactions that might be considered incompatible with the Committee’s mission. Being a member of the Audit Committee does not exclude the possibility to being a member of other committees of the Board of Directors.

The Audit Committee has, among others the following duties:

- examines the effectiveness of the Bank's internal control, risk management, regulatory compliance and financial disclosures and informs the Board of Directors,

- examines the annual report of MEE on the adequacy of the Internal Audit System and informs the Board of Directors,
- examines at least twice a year the reports of the Compliance Division, including the Bank's compliance program,
- monitors the application and examines the effectiveness of the Code of Conduct for senior executives of the Bank,
- submits proposals to the Board of Directors to address the identified weaknesses and monitor the implementation of the follow up measures.
- submit an annual report to the Ordinary General Meeting

iii. Loan Committee

The Loan Committee consists of 5 full members and three alternates and decides on the loan structure and advises the Board of Directors on the granting of credits.

The Committee decides unanimously on the credit limits of each member up to the amount authorized by the Board of Directors as well as on the granting of financing, taking into account whether the proposed credits meet the criteria of the decisions of the Bank of Greece and the credit criteria that the Bank has or will adopt, and also determines the caps or collaterals that the Bank will receive in order to provide the requested funding (prenotations, pledges, checks or bills of exchange, etc.). In this context, the Board of Directors decides to set up credit units to which the Committee’s powers are delegated. The Bank has set up four credit units namely (a) up to 50 thousand (b) from 50 to 200 thousand, (c) from 200 to 400 thousand and (d) over 400 thousand.

If the application for funding has been submitted by a member of the Board of Directors, this application shall be examined in the first and last degree by the Board of Directors. In case of either a negative decision made by majority or a positive decision made by majority, the application for funding together with the Committee’s decision shall be sent to the Board of Directors for a final decision.

It decides upon the proposal of the relevant Branch and the recommendation of the Network Manager, according to the terms and conditions that are required, to transfer any uncollectible receivables to bad debts, up to the amount authorized by the Board of Directors.

The Main Credit Rules, the procedures for reviewing, assessing, approving and classifying borrowers, the cessation of interest payments and the classification of borrowers as precarious, as well as compliance with the decisions of regulatory authorities, are set out in the Credit Regulation, which is constantly updated depending of the existing circumstances. The last adjustment of the Credit Regulation was made in 2020.

iv. Overdue Directorate

The management of overdue claims is assigned, by BoD decision, to the Overdue Department (Overdue Administrative Board) and decisions are made by the Overdue Committee. The Overdue Directorate follows, among other things, the Code of Conduct and classifies the borrowers into either cooperating or not. The Bank, pursuant to the Bank of Greece Executive Committee's Act No 175/29.7.2020, has adopted the European Banking Authority's guidelines on the management of non-performing exposures and regulated exposures (EBA/GL/42/30.5.2014) and the repeal of Executive Committee's Act No 1582 on the "Framework of supervisory obligations for the management of exposures in default and non-performing exposures" (Government Gazette, Series II, No 2018/06). In this new context, the Bank's Management has initiated the necessary actions for the adoption and implementation of this act.

v. Rating and creditworthiness

a. Business portfolio

The Systemic Risk Value software is used to categorize the business portfolio. Based on the credit risk characteristics, customers are initially classified into a rating scale and based on it into a credit scare. Four levels of credit risk are used:

- Low risk management
- Medium risk management
- Higher than the Medium Credit Risk
- High Credit Risk

Until 2012, a scale of 16 (sixteen) grades was used, and after 2012 the scale includes nine grades. In order to be able to create time series that will include data before 2012, the level of credit risk is also used. The matching of steps of the credit risk scale and the level of credit risk is summarized in the following tables:

Risk Level and Rating Scale (current)

Low Risk				Medium Risk	Higher than Medium		High Risk	
A	B	C	D	E	F	G	H	I

Risk Level and Rating Scale (until 2012)

Low Risk							Medium Risk			Higher than Medium			High Risk		
aa+	aa	aa-	a+	a	a-	bbb+	bbb	bbb-	bb+	bb	bb-	b+	b	b-	ccc

It should be noted that, until the first financial statements are compiled, the newly-established enterprises are ranked by default at a high risk level and at a rating scale of I.

b. Retail Banking - Mortgage and Consumer Portfolio

For mortgage and consumer portfolios, the probability of default is calculated on an annual basis, taking into account historical default data, across the portfolio.

Borrowers (apart from being divided up in mortgage and consumer portfolios) in terms of calculating the probability of default are not distinguished by any other feature (risk level, type of credit, profession, etc.). Given the small proportion of these portfolios in the Bank's total lending portfolio, this approach is considered adequate. The probability of default is calculated on an annual basis, taking into account historical default data.

vi. Credit risk mitigation techniques

In order to reduce the credit risk and to ensure the repayment of the loans granted, the Bank receives caps and collaterals. The main types of collateral received are:

- Prenotations/Mortgages of real estate
- Pledges on deposits
- Pledges on checks
- Assignment of electricity (power corporations)
- Greek Government Guarantees
- Guarantees of Greek, European Funds and Organizations (ETEAN, ETEP, Hellenic Development Bank, etc.)

The bank assesses tangible collateral at regular intervals, adjusting the needs for impairment provision accordingly. Values are reduced according to their age (time impairment), and depending on the type of collateral (commercial property, urban real estate).

vii. Maximum exposure to credit risk before collateral

The maximum exposure to credit risk as at 31.12.2020 and 31.12.2019 is as follows:

Amounts in EUR	31/12/2020	31/12/2019
Credit risk exposure of balance sheet items		
Claims against credit institutions	50,503,897	47,906,414
Loans and receivables against customers	77,279,266	58,690,143
Investment securities portfolio	1,533,210	91,900
Other assets	401.165	28,116
Credit risk exposure of off-balance sheet items		
Letters of Guarantee	7,272,607	6,240,239
Total	**136,990,145**	**112,956,812**

LOANS AND RECEIVABLES FROM CUSTOMERS

Below is a detailed overview of the Bank's exposure to credit risk arising from loans and receivables from customers.

a. Quality of loan portfolio and receivables from customers

Loans and receivables from customers are categorized as “non-impaired loans” and “impaired loans”.

The category of “non-impaired loans” includes (a) loans that are classified in step 1, in which all borrowers are classified at the initial recognition of the credit exposure. At each reporting date, they remain in Stage 1 unless the credit risk is significantly increased or there is a significant increase in credit risk but the credit risk remains low and b) the loans classified in Stage 2 where all borrowers are classified which at the reporting date had been ranked in step 1 and have experienced a significant increase in credit risk but have not entered into credit default status. In order for a borrower in Stage 2 to revert to Stage 1, there should be a significant reduction in credit risk.

The “impaired loans” category includes loans that are classified in Stage 3, including borrowers deemed to be in default. In order for a borrower in Stage 3 to revert to Stage 2 or Stage 1, he should have returned to non-default. The procedure followed is to revert the borrower to Stage 2. Direct transfer from

Stage 3 to Stage 1 is an exception and avoided. A borrower is considered to be in default if one or both of the following events has occurred:

- he or she is late in paying any significant credit obligation to the Bank for more than 90 days ;
- the Bank estimates that the borrower is unlikely to fully meet its credit obligation

If the borrower complies with the delay criterion, it is considered that all exposures against that borrower are in default.

The table below summarizes the figures before impairment, loans and receivables from customers measured at amortized cost, provision for impairment, total value after impairment and collateral value.

31/12/2020 Amounts in EUR	Non-impaired		Impaired	Total value before impairment	Provision for impairment Expected credit losses			Total provisions	Total value after impairment	Collateral value
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3			
Retail Banking	6,821,606	291,537	5,740,494	12,853,637	451,559	99,759	1,966,916	2,518,235	10,335,403	8,563,110
Mortgage	5,629,872	128,846	3,313,704	9,072,422	253,926	19,200	879,254	1,152,381	7,920,041	
Collateral value	4,326,223	103,519	2,429,807	6,859,549						6,859,549
Consumer	1,191,734	162,692	2,426,790	3,781,215	197,633	80,559	1,087,662	1,365,854	2,415,361	
Collateral value	336,257	64,917	1,302,388	1,703,561						1,703,561
Business	60,403,147	3,032,447	19,744,362	83,179,956	2,998,253	1,517,874	11,719,966	16,236,092	66,943,864	47,452,894
SMEs	60,403,147	3,032,447	19,744,362	83,179,956	2,998,253	1,517,874	11,719,966	16,236,092	66,943,864	
Collateral value	37,500,686	1,647,488	8,304,720	47,452,894						47,452,894
Book value as at 31.12.2020	67,224,753	3,323,984	25,484,856	96,033,593	3,449,812	1,617,633	13,686,882	18,754,327	77,279,267	56,016,004
Total collateral value	42,163,165	1,815,924	12,036,915	56,016,004						56,016,004

31/12/2019 Amounts in EUR	Non-impaired		Impaired	Total value before impairment	Provision for impairment Expected credit losses			Total provisions	Total value after impairment	Collateral value
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3			
Retail Banking	4,976,297	832,394	6,228,229	12,036,920	224,370	43,369	2,165,119	2,432,858	9,604,062	8,029,342
Mortgage	3,862,544	676,402	3,563,587	8,102,533	79,792	5,236	923,631	1,008,659	7,093,874	
Collateral value	2,946,848	646,937	2,627,588	6,221,373						6,221,373
Consumer	1,113,753	155,992	2,664,642	3,934,387	144,578	38,133	1,241,488	1,424,199	2,510,188	
Collateral value	376,214	68,626	1,363,129	1,807,969						1,807,969
Business	38,279,526	3,911,607	23,197,348	65,388,481	2,020,304	992,377	13,289,718	16,302,399	49,086,082	32,108,891
SMEs	38,279,526	3,911,607	23,197,348	65,388,481	2,020,304	992,377	13,289,718	16,302,399	49,086,082	
Collateral value	20,292,027	1,998,155	9,818,709	32,108,891						32,108,891
Book value 31.12.2019	43,255,823	4,744,001	29,425,576	77,425,401	2,244,675	1,035,746	15,454,837	18,735,258	58,690,143	40,138,234
Total collateral value	23,615,089	2,713,718	13,809,426	40,138,233						40,138,234

The total of the provisions also includes an amount of EUR 766 thousand (2019: (618 thousand), which relates to losses from the modification of the contractual terms of loans and receivables against customers, for which the expected credit losses are calculated over the life of the loans and for which the change in contractual cash flows is not material and does not cause recognition interruption.

The following tables show the maturity (days of delay) of loans and receivables per customer by category and by stage and the corresponding value of collateral.

31/12/2020 Amounts in EUR	Business			Total	Mortgage			Total	Consumer			Total	Grant total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		
Performing	59,439,283	2,552,098	1,888,096	**63,879,477**	5,300,541	86,838	88,411	**5,475,790**	1,125,505	118,338	77,263	**1,321,107**	**70,676,373**
1 to 30 days	837,854	297,556	144,855	**1,280,266**	314,424	-	269,493	**583,917**	44,963	2,031	26,513	**73,507**	**1,937,690**
31 to 60 days	126,010	42,329	605,720	**774,058**	14,907	-	77,449	**92,356**	21,266	33,017	76,073	**130,356**	**996,771**
61 to 90 days	-	140,464	488,224	**628,688**	-	42,008	65,305	**107,312**	-	9,305	124,919	**134,224**	**870,224**
91 to 180 days	-	-	226,835	**226,835**	-	-	-	**-**	-	-	6,137	**6,137**	**232,972**
181 to 360 days	-	-	219,036	**219,036**	-	-	63,033	**63,033**	-	-	53,375	**53,375**	**335,444**
More than 360 days	-	-	16,171,596	**16,171,596**	-	-	2,750,013	**2,750,013**	-	-	2,062,510	**2,062,510**	**20,984,119**
Value before impairment	60,403,147	3,032,447	19,744,362	83,179,956	5,629,872	128,846	3,313,704	9,072,422	1,191,734	162,692	2,426,790	3,781,215	96,033,593
Collateral value	37,500,686	1,647,488	8,304,720	47,452,894	4,326,223	103,519	2,429,807	6,859,549	336,257	64,917	1,302,388	1,703,561	56,016,004

31/12/2019 Amounts in EUR	Business			Total	Mortgage			Total	Consumer			Total	Grant total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		
Performing	36,621,720	2,117,434	3,282,038	**42,021,193**	3,656,904	422,110	272,115	**4,351,129**	1,038,933	101,964	154,242	**1,295,139**	**47,667,461**
1 to 30 days	1,645,128	388,983	627,292	**2,661,403**	205,640	39,309	134,578	**379,527**	74,820	23,665	95,760	**194,245**	**3,235,174**
31 to 60 days		1,017,444	660,913	**1,678,357**		126,549	178,096	**304,645**		28,156	40,051	**68,207**	**2,051,210**
61 to 90 days		387,788	633,639	**1,021,427**		88,434	100,717	**189,151**		2,207	136,435	**138,641**	**1,349,219**
91 to 180 days		-	444,715	**444,715**		-	50,026	**50,026**		-	37,710	**37,710**	**532,451**
181 to 360 days		-	463,384	**463,384**		-	-	**-**		-	8,180	**8,180**	**471,564**
More than 360 days		-	17,098,043	**17,098,043**		-	2,828,055	**2,828,055**		-	2,192,224	**2,192,224**	**22,118,322**
Value before impairment	38,266,848	3,911,649	23,210,024	65,388,521	3,862,544	676,402	3,563,587	8,102,533	1,113,753	155,992	2,664,602	3,934,347	77,425,401
Collateral value	20,292,027	1,998,155	9,818,710	32,108,893	2,946,847	646,937	2,627,588	6,221,372	376,214	68,627	1,363,127	1,807,969	40,138,233

The table below shows the timing of credit impairment loans (Stage 3) and receivables from customers by loan category before impairment, provision for impairment and the value of collateral held to reduce credit risk.

31/12/2020 *Amounts in EUR*	Business	Mortgage	Consumer	Total
Up to 90 days	3,126,895	500,658	304,768	3,932,321
From 91 to 180 days	226,835	0	6,137	232,972
From 181 to 360 days	219,036	63,033	53,375	335,444
More than 360 days	16,171,596	2,750,013	2,062,510	20,984,119
Value before impairment	**19,744,362**	**3,313,704**	**2,426,790**	**25,484,856**
Cumulative impairment	11,719,966	879,254	1,087,662	13,686,882
Book value after impairment	**8,024,397**	**2,434,450**	**1,339,128**	**11,797,974**
Collateral value	8,304,720	2,429,807	1,302,388	12,036,915

31/12/2019 *Amounts in EUR*	Business	Mortgage	Consumer	Total
Up to 90 days	5,203,883	685,506	426,488	6,315,876
From 91 to 180 days	444,715	50,026	37,710	532,451
From 181 to 360 days	463,384	0	8,180	471,564
More than 360 days	17,085,366	2,828,055	2,192,264	22,105,685
Value before impairment	**23,197,348**	**3,563,587**	**2,664,642**	**29,425,576**
Cumulative impairment	13,289,718	923,631	1,241,488	15,454,837
Book value after impairment	**9,907,630**	**2,639,956**	**1,423,154**	**13,970,740**
Collateral value	9,818,710	2,627,588	1,363,129	13,809,427

The tables below present the evolution of loans and receivables from customers before impairment by category (business, mortgage, consumer), and per stage over the periods from 1.1.2020 to 31.12.2020 and from 1.1.2019 to 31.12.2019 respectively.

1/1-31/12/2020 *Amounts in EUR*	Business			Mortgage			Consumer			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Book value before impairment 1.1.2020	**38,587,847**	**3,801,766**	**22,998,869**	**3,676,427**	**642,259**	**3,783,847**	**1,105,522**	**131,021**	**2,697,844**	**77,425,401**
New loans recognized	20,799,310			1,267,333			309,577	6,880		22,383,099
Transfer from other stages	2,383,173	2,280,357	1,009,197	491,337	67,951	46,912	96,295	138,594	18,053	6,531,870
Transfer to Stage 1		(2,105,040)	(278,133)		(491,337)			(92,145)	(4,150)	(2,970,805)
Transfer to Stage 2	(105,521)		(2,174,836)	(10,953)		(56,998)	(10,770)		(127,824)	(2,486,903)
Transfer to Stage 3	(127,441)	(881,756)			(46,912)		(5,723)	(12,330)		(1,074,162)
Write-offs			(763,086)			(119,870)			(161,538)	(1,044,495)
Repayment and other operations	(1,134,221)	(62,880)	(1,047,648)	205,728	(43,115)	(340,186)	(303,166)	(9,328)	4,405	(2,730,412)
Book value before impairment 31.12.2020	**60,403,147**	**3,032,447**	**19,744,362**	**5,629,872**	**128,846**	**3,313,704**	**1,191,734**	**162,692**	**2,426,790**	**96,033,593**
Provision for impairment 31.12.2020	2,998,253	1,517,874	11,719,966	253,926	19,200	879,254	197,633	80,559	1,087,662	18,754,327
Book value as at 31.12.2020	**57,404,894**	**1,514,573**	**8,024,397**	**5,375,946**	**109,646**	**2,434,450**	**994,101**	**82,132**	**1,339,128**	**77,279,267**
Provision for impairment for off-balance sheet items	374,062									374,062

1/1-31/12/2019 *Amounts in EUR*	Business			Mortgage			Consumer			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Book value before impairment 1.1.2019	**32,683,723**	**1,182,761**	**25,623,328**	**3,062,543**	**299,646**	**4,382,406**	**1,014,306**	**30,051**	**2,837,295**	**71,116,059**
New loans recognized	7,454,874	108,138	62,692	839,811			449,705	1,098		8,916,317
Transfer from other stages	1,377,610	3,534,550	1.205.870	293,492	506,779	22,063	7,223	140,331	21,737	7,109,656
Transfer to Stage 1		(267,364)	(1,110,246)		(71,917)	(221,574)			(7,223)	(1,678,325)
Transfer to Stage 2	(1,609,203)		(1,925,348)	(239,733)		(267,046)	(59,949)		(80,382)	(4,181,660)
Transfer to Stage 3	(729,029)	(476,841)		(3,568)	(18,495)		(20,958)	(779)		(1,249,670)
Repayment and other operations	(590,128)	(279,479)	(857,427)	(276,118)	(73,754)	(132,001)	(284,805)	(39,680)	(73,583)	(2,606,975)
Book value before impairment 31.12.2019	**38,587,847**	**3,801,766**	**22,998,869**	**3,676,427**	**642,259**	**3,783,847**	**1,105,522**	**131,021**	**2,697,844**	**77,425,401**
Provision for impairment 31.12.2019	2,020,304	992,377	13,289,718	79,792	5,236	923,631	144,578	38,133	1,241,488	18,735,258
Book value 31.12.2019	**36,567,543**	**2,809,389**	**9,709,150**	**3,596,635**	**637,023**	**2,860,216**	**960,943**	**92,888**	**1,456,356**	**58,690,143**
Provision for impairment for off-balance sheet items	305,829									305,829

According to the above tables, the percentage of provisions for expected credit losses on total loans amounts to 19.53% as at 31.12.2020 (2019: 24.20%). Considering the impairment provision for off-balance sheet items, the above percentage is 19.92% (2019: 24.59%).

(b) Breakdown by segment of activity of loans and receivables from customers

The tables below present the Bank's exposure to loans and receivables from customers before impairment, by stage of expected credit loss, loan category and segment of activity and provision for impairment by category of loans and segment of activity.

31.12.2020 *Amounts in EUR*	Book value before impairment			Provision for impairment
	Stage 1	Stage 2	Stage 3	
Retail Banking	**6,821,606**	**291,536**	**5,740,495**	**2,518,235**
Mortgage loans	5,629,872	128,846	3,313,705	1,152,381
Consumer loans	1,191,734	162,691	2,426,790	1,365,854
Business	**60,403,147**	**3,032,447**	**19,744,362**	**16,236,093**
Agriculture-Livestock	10,065,340	54,209	1,032,534	1,124,293
Mining-Processing	3,547,401	52,515	2,245,100	1,527,623
Industry	6,044,863	-	581,010	596,154
Building-Construction	2,672,253	118,652	3,297,560	2,329,296
Trade	12,209,455	1,079,315	7,992,052	6,235,757
Tourism	2,794,446	1,039,156	501,904	1,132,398
Energy	15,015,256	-	-	66,470
Transport	2,224,368	20,731	675,481	485,167
Other	5,829,765	667,869	3,418,722	2,738,934
Total	**67,224,753**	**3,323,983**	**25,484,857**	**18,754,328**

31.12.2019 *Amounts in EUR*	Book value before impairment			Provision for impairment
	Stage 1	Stage 2	Stage 3	
Retail Banking	**4,976,297**	**832,394**	**6,228,229**	**2,432,858**
Mortgage loans	3,862,544	676,402	3,563,587	1,008,660
Consumer loans	1,113,753	155,992	2,664,642	1,424,199
Business	**38,279,527**	**3,911,607**	**23,197,348**	**16,302,399**
Agriculture-Livestock	8,076,175	285,246	651,587	661,954
Mining-Processing	3,193,256	263,062	2,361,979	1,624,450
Industry	6,124,087	16,408	746,535	712,791
Building-Construction	1,189,134	25,113	3,574,028	1,900,222
Trade	9,595,088	1,624,588	8,894,544	6,235,710
Tourism	2,024,994	174,012	1,695,387	866,177
Energy	3,176,798	55,887	-	4,375
Transport	1,299,899	619,680	648,071	551,401
Other	3,600,097	847,610	4,625,217	3,745,319
Total	**43,255,823**	**4,744,001**	**29,425,577**	**18,735,258**

(c) Arrangement measures for Loans and Receivables from Customers

The contractual terms of the loans may be modified due to various factors, such as changes in market conditions and possible deterioration in the borrower's financial position.

As part of the arrangements, the provisions of the European Banking Authority's Implementing Technical Standards (EBA) and the Bank of Greece Executive Committee's Act 175/29.7.2020 and the Bank of Greece Executive Committee's Act 47/9.12.2015 and 102/30.8.2016 apply. The Bank's practice on arrangements concerns the cases of modification of the contractual terms of repayment of loans due to the financial impossibility of the borrower to consistently respond to the resulting obligations under the terms of its contracts. In such cases, the Bank proceeds with the provision of facilities by favorably modifying the terms and conditions provided for in the original loan agreement, which it would not have provided if the borrower was not in financial difficulty. Other cases in which changes are made by the Bank and are not due to financial difficulty of the debtor but are determined by business factors are not arrangement measures.

All arranged loans are carefully monitored at their initial stage and, depending on the borrower's behavior, the Bank classifies and determines their probability of default by rating their creditworthiness. In this context, beyond the creditworthiness, the client's intention to repay the debt (co-operating client) is also considered. The purpose of arrangements is to enable borrowers who are proven to face financial difficulties by redefining the terms of their original contracts to repay their obligations, which is a protection of the Bank against possible losses.

Types of arrangements

The main arrangements measures are:

- Schedule of reduced payments
- Extended loan duration
- Combination of settlement measures
- Providing a grace period
- Interest rate cut
- Capitalization of overdue instalments

Exposures for which restructuring measures have been taken (arrangements)

The measurement of the expected credit loss and the formation of a corresponding provision for the credit exposures classified in stage 3 and restructuring measures taken are carried out in accordance with the following formula:

$$Provision = Expected\ Credit\ Loss = \Sigma^{T}_{t=1} PD_t * SP_{t-1} * \left(1 - \frac{(1-Haircut)\% * Collateral\ Value}{EADt}\right) * EAD_t * DF_t$$

where:

- T = Credit Exposure Horizon
- PD_t = The probability of default at time t
- SP_{t-1} = The probability of non-default until the previous year
- EAD_t = The total amount of credit exposure at time t
- DF_t = The discount factor (effective interest rate)
- Haircut = percentage of impairment of pledge value which incorporates:
    - the cost of liquidation of the pledges
    - the effect of the forced liquidation of the pledges
    - the present value of pledges and cash flows in accordance with the effective interest method

Criteria for revert to non-default status

The Bank considers that urgent restructuring measures have been taken when facilities have been granted to a borrower experiencing or having to deal with difficulties in fulfilling its financial obligations. Regardless of whether the restructuring measures were taken before or after the default has been determined, a default period of at least one year has elapsed since the most recent of the following facts:

- at the time of the granting of the restructuring measures
- at the time when the exposure was classified as an exposure in default
- at the end of the grace period included in the Restructuring Agreement

In addition, the following conditions must be met:

- during that period, the borrower must has made a significant payment. It can be considered that the borrower has made a significant payment when, through his regular payments as provided for in the Restructuring Agreement, he has paid a total amount equal to the amount that was previously in default (if there were late payments) or which was deleted if there were no late payments) under the restructuring measures
- during this period, payments were made regularly and without any significant deviations from the current plan following the Restructuring Agreement
- following the restructuring agreement and according to the current plan, there are no overdue credit obligations
- there are no indications of possible default
- the Bank is convinced that the borrower will fully repay its credit obligations under the restructuring plan without requiring collateralization, especially if significantly higher payments or a one-off payment are foreseen at the end of the plan.

The above conditions should be fulfilled also for any new credit exposures of the borrower.

Detailed data for 2020 and 2019 on settled loans

Details of settled loans and their categorization are given in the tables below.

The table below presents loans and receivables from customers subject to loan settlement measures by type of loan.

Amounts in EUR	31/12/2020	31/12/2019
Retail Banking		
Mortgage loans	1,427,467	1,446,503
Consumer loans	710,675	778,279
Total	**2,138,142**	**2,224,782**
Business		
SMEs	**9,983,361**	**8,147,033**
Book value before impairment provisions	**12,121,502**	**10,371,815**
Less: Accumulated provision for impairment	**(5,163,093)**	**(4,098,199)**
Net book value of settled loans	**6,958,410**	**6,273,616**

The following table summarizes the settled loans and receivables from customers by quality rating as at 31.12.2020 and 31.12.2019:

31.12.2020 ***Amounts in EUR***	Total loans and receivables	Settled loans	% settlements on total loans
Value before impairment Stage 1	67,224,753	2,618,841	4%
Stage 2	3,323,984	3,193,049	96%
Stage 3	25,484,856	6,309,612	25%
Total	**96,033,593**	**12,121,502**	**13%**
Accumulated provisions for expected credit loss			
Stage 1	(3,449,812)	(327,643)	9%
Stage 2	(1,617,633)	(1,588,132)	98%
Stage 3	(13,686,882)	(3,247,318)	24%
Total	**(18,754,327)**	**(5,163,093)**	**28%**
Net book value	**77,279,267**	**6,958,410**	**9%**
Collaterals received	**56,016,004**	**6,690,292**	**12%**

31.12.2019 ***Amounts in EUR***	Total loans and receivables	Settled loans	% settlements on total loans
Value before impairment Stage 1	43,255,823	427,205	1%
Stage 2	4,744,001	2,444,309	52%
Stage 3	29,425,576	7,500,301	25%
Total	**77,425,400**	**10,371,815**	**13%**
Accumulated provisions for expected credit loss			
Stage 1	(2,244,674)	(44,062)	2%
Stage 2	(1,035,746)	(545,127)	53%
Stage 3	(15,454,837)	(3,509,010)	23%
Total	**(18,735,257)**	**(4,098,199)**	**22%**
Net book value	**58,690,143**	**6,273,616**	**11%**
Collaterals received	**40,138,234**	**7,654,045**	**19%**

The different types of regulation are analyzed as follows:

Types of arrangements ***Amounts in EUR***	**2020**	**2019**
Schedule of reduced payments	89,074	65,267
Providing a grace period	-	27,538
Extended loan duration	5,645,620	9,326,789
Capitalization of overdue instalments	-	64,352
Combination of settlement measures	4,995,603	149,728
Interest rate cut	1,391,206	738,140
Total	**12,121,502**	**10,371,815**
Less: Accumulated provision for impairment	(5,163,093)	(4,098,199)
Total net value	**6,958,410**	**6,273,616**

d. Customer support measures to tackle the pandemic (COVID 19) and flood victims due to the catastrophe caused by the Mediterranean cyclone "Ianos"

Regarding the payment suspension programs due to the COVID-19 pandemic, on 25.3.2020 a communication was published by the European Banking Authority (EBA) on the implementation of a prudential framework for default, the Arrangements and the provisions of IFRS 9, in the framework of measures to address COVID-19. According to the EBA Communication, payments suspensions due to the pandemic need not be automatically classified as arrangements if the suspension has not been granted on the basis of the individual characteristics of the creditor, but has been agreed and widely applied by the relevant financial institutions under the applicable national legislation or private initiative in a specific area.

The Bank, regarding the installment payments programs, has granted a suspension of payments to borrowers who were affected by the pandemic and were informed on 31.12.2019 with an extension of their duration.

In the payment suspension programs, loans and receivables were included, most of which relate to serviced loans, the carrying amount of which, prior to provisions for expected credit losses, amounted to € 7,220 thousand, of which 95.6% concerns grants to small and medium-sized enterprises , 3.07% housing loans and 1.27% consumer loans.

The table below shows by category, the collateral value and the projections for expected credit losses, for the loans included in the COVID-19 installment on 31.12.2020.

Amounts in EUR	**Business**	**Mortgage**	**Consumer**	**Total**
Opening 31.12.2020	7,025,635	222,849	103,727	7,352,211
Collateral	4,043,370	214,102	38,194	4,295,666
Impairment provisions	1,363,737	2,754	41,052	1,407,543

The table below illustrates, by sector of activity and by stage, the exposure, the value of collateral and the expected credit losses of the loans included in the COVID-19 installment program.

Amounts in EUR	Stage 1	Stage 2	Stage 3	TOTAL	Collateral value	Provisions for expected credit loss
Accommodation	1,515,932	939,344	90,336	2,545,612	1,973,429	483,925
Food	565,421	43,034	118,181	726,637	298,533	96,326
Trade	867,663	574,820	31,986	1,474,469	731,128	327,383
Other sectors	1,931,903	577,620	95,971	2,605,493	1,292,576	499,910
Total	**4,880,919**	**2,134,818**	**336,474**	**7,352,211**	**4,295,666**	**1,407,543**

The following table shows the business loans that were included in the installment plan due to COVID-19 per stage, collateral value and provisions for expected credit losses.

Amounts in EUR	Stage 1	Stage 2	Stage 3	TOTAL	Collateral value	Provisions for expected credit loss
Accommodation	1,515,932	939,344	90,336	2,545,612	1,973,429	483,925
Food	560,575	43,034	118,181	721,791	298,533	95,306
Trade	863,116	574,820	31,986	1,469,922	726,581	327,383
Other sectors	1,703,414	496,606	88,290	2,288,310	1,044,827	457,123
Total	**4,643,038**	**2,053,805**	**328,793**	**7,025,635**	**4,043,370**	**1,363,737**

As regards the flood victims due to the Mediterranean cyclone "Ianos", which hit the region of Thessaly and especially the city of Karditsa and the whole of the Prefecture of Karditsa, the Management, in support of the borrowers affected by the cyclone, after a relevant examination of requests on a case-by-case basis, decided to grant a suspension of installments to creditors who were not in default until the day of the disaster for more than 90 days.

At the same time, on the part of the State, pursuant to Law 4728/2020 (Government Gazette, Series I, No 186/29.9.2020) an extraordinary one-off aid was granted in the form of an allowance to those affected by the disaster. This aid amounts to € 5,000 per affected natural person per dwelling and to € 8,000 per business for the legal persons or legal entities whose business was affected. The financial aid paid to the affected natural or legal persons who are placed or have been temporarily or permanently placed in a state of unforeseen emergency due to the floods, has been set to be tax-free, non-transferrable and non-seizable by the State or third parties.

Furthermore, with respect to the subsidies granted to undertakings affected by the disaster, the preparation of the relevant Ministerial Decision of the Ministers of Finance, Development and Investment, Infrastructure and Transport, regarding the delimitation of areas and the granting of Housing Assistance for the restoration of damages in buildings in the area from floods, was completed. At the same time, the services of the Region of Thessaly contributed to the restoration works by processing the relevant requests received from companies affected by the disaster.

The table below shows the loans for which a suspension of installments was granted due to the flood “Ianos” by loan category and by stage, with the corresponding value of collateral and impairment provisions.

Amounts in EUR	Stage 1	Stage 2	Stage 3	TOTAL	Collateral value	Provisions for expected credit loss
Business	1,011,722	743,454	413,639	2,168,816	1,114,533	619,606
Mortgage	18,071	-	-	18,071	18,071	-
Consumer	17,351	-	-	17,351	3,121	3,300
Total	**1,047,144**	**743,454**	**413,639**	**2,204,238**	**1,135,725**	**622,906**

During the process of estimating the forecasts for expected credit losses and making the appropriate adjustments, the Bank's Management also took into account the above, which did not have a significant impact on the amount of the provisions, due to the size of the loans that have been subject to suspension of payment in relation to the total portfolio and the satisfactory degree of adequacy of the value of the existing collateral.

CREDIT RISK FROM DEBT SECURITIES

Credit risk from debt securities for the Bank is low due to the low value of debt securities it holds.

On 31.12.2020 the bank held mainly listed fixed rate bonds of EUR 1,533,210 (31.12.2019: 91,900).

CREDIT RISK FROM CLAIMS AGAINST CREDIT INSTITUTIONS

Credit risk may arise from the failure of credit institutions to meet their obligations to the Bank in respect of placements in bank deposits.

The Bank's deposits are held with Systemic Banks based in Greece for which a low credit rating is maintained, but after the latest recapitalization of the banking system the risk is considered to be limited.

4.2.2 Market risk

Market risk is the present or potential risk to profit and loss and capital due to unfavorable changes in interest rates, stock and commodity prices, exchange rates, and volatility.

a. Interest rate risk

Interest rate risk is the risk of potential loss to the Bank's portfolio due to unfavorable changes in interest rates. The Bank is not significantly exposed to market risk, since despite the increase in the total value of the investment portfolio (listed fixed interest rate bonds) in 2020, their value is not considered significant as it represents a percentage of 1% in relation to the total assets. Furthermore, these bonds have been classified as measured at the non-depreciable cost and the Bank's purpose is to retain them until maturity.

b. Equity risk

The bank is not exposed to equity risk as it does not hold shares, derivatives or other relevant financial instruments that are listed on a market.

c. Foreign exchange risk

The Bank does not carry out foreign exchange operations or transactions, or does it maintain foreign currency assets or liabilities, therefore it is not exposed to foreign exchange risk.

4.2.3 Liquidity risk

Liquidity risk is defined as the Bank's inability to meet its financial obligations when they become receivable due to lack of the necessary liquidity. The Bank has established a Liquidity Crisis Policy and Plan and the key liquidity ratios are monitored on a systematic basis. In monitoring the liquidity risk, the Bank classifies Assets and Liabilities into periods, depending on their remaining life until maturity, thus providing an overview of future cash flows. The following tables analyze the assets and liabilities in terms of time, depending on their remaining maturity, as at 31.12.2020 and 31.12.2019 according to the Bank of Greece Governor's Act 2614/2009 as in force.

31.12.2020 (amounts in thousand EUR)	Total	Overnight maturity items	2-7 days	8-30 days	1-3 months	3-6 months	6-12 months	More than a year
Assets								
Cash and cash equivalents in the Central Bank	23,039	21,824		1,215				
Claims against credit institutions	50,504			50,504				
Loans and receivables against customers	77,279		242	722	3,015	5,201	12,614	55,485
Investment securities portfolio	1,698							1,698
Tangible assets	1,591							1,591
Investments in real estate	215							215
Intangible assets	306							306
Deferred tax receivables	2,491							2,491
Other assets	2,702							2,702
Total assets	**159,826**	**21,824**	**242**	**52,441**	**3,015**	**5,201**	**12,614**	**64,488**
Liabilities								
Liabilities to customers	142,350	18,704	2,835	15,580	24,547	3,829	1,554	75,301
Provisions for other liabilities and expenses	165							165
Employee benefits obligations post-employment	144							144
Current tax liabilities	309						309	
Other liabilities	1,725	330						1,395
Total liabilities	**144,693**	**19,034**	**2,835**	**15,580**	**24,547**	**3,829**	**1,863**	**77,005**

31.12.2019 (amounts in thousand EUR)	Total	Overnight maturity items	2-7 days	8-30 days	1-3 months	3-6 months	6-12 months	More than a year
Assets								
Cash and cash equivalents in the Central Bank	6,982	6,115		867				
Claims against credit institutions	47,906			47,906				
Loans and receivables against customers	58,690		127	1,153	1,584	3,733	10,914	41,179
Investment securities portfolio	257							257
Tangible assets	662							662
Intangible assets	204							204
Deferred tax receivables	2,296							2,296
Current tax assets	162						162	
Other assets	2,011							2,011
Total assets	**119,172**	**6,115**	**127**	**49,926**	**1,584**	**3,733**	**11,076**	**46,610**
Liabilities								
Liabilities to customers	103,558	12,555	4,038	12,868	20,496	2,757	511	50,211
Provisions for other liabilities and expenses	165							165
Employee benefits obligations post-employment	172							172
Other liabilities	1,654	1,011						766
Total liabilities	**105,550**	**13,566**	**4,038**	**12,868**	**20,496**	**2,757**	**511**	**51,314**

The Bank’s liquidity ratios are as follows:

Ratio	31/12/2020	31/12/2019
a. Liquidity (0-30 days) / Short Term Liabilities	**50.83%**	**53.21%**
b. Claims Less Liabilities (0-30 days) / Short Term Liabilities	**13.83%**	**12.43%**

Note: For the calculation of the indicators on short-term liabilities, the amount of EUR 17,040 relates to unused authorized loan limits (2019: EUR 12,570)

Pursuant to Article 412(1) of Council Regulation (EU) No 575/2013 of the European Parliament and of the Council and paragraph 2 of Council Regulation (EU) 2015/61, the Bank must hold "liquid assets, the sum of the values of which is adequate to face any possible imbalance between liquidity inflows and outflows under gravely stressed conditions". Council Regulation (EU) No 575/2013 introduces the following indicators for the monitoring of liquidity risk:

Liquidity Coverage Ratio (LCR): It refers to the amount of high-quality liquid assets held by the credit institution to offset estimated cash outflows during a 30-day stress scenario. According to Regulations (EU) No 61/2015 and 575/2013, the Liquidity Coverage Ratio (LCR) limit for 2017 should not be less than 80%, and by 2018 it should not be less than 100%. For the Bank, the LCR was calculated at 474.26% on 31/12/2020 (31/12/2019: 187.25%). Net Stable Funding Ratio (NSFR): It is the amount of long-term fixed funding that the Bank has to hold (fraction: liabilities that constitute fixed funding to assets that require fixed funding). The minimum level of the ratio is set at 100% from 2018. For the Bank, the NSFR was calculated at 150.55% on 31/12/2020 (31/12/2019: 146.5%).

To address liquidity risk, the Bank monitors the liquidity exposures resulting from the mismatch of assets and liabilities and strives to balance them so that the Bank can meet its cash requirements.

Funding of the Bank;s Assets is mainly derived from customer deposits. These are savings, sight and time deposits. Although these deposits can be withdrawn without notice if requested, the dispersion in number and type of depositors ensures the absence of significant unexpected fluctuations.

Asset - Liabilities Management Committee

After the appointment of the new Board of Directors at the beginning of November 2019, a new five-member Asset-Liabilities Management Committee was set up by the Bank, replacing the Cash Management Committee, which was appointed by a decision of the Board of Directors and consists of two members of the Board of Directors, the Head of the Risk Management Unit, the Director of Credit and a member coming from the service.

The committee deals with the following issues:

- Proposes the Bank's strategy for the development of Assets - Liabilities
- Suggests the management of assets and liabilities accompanied by pricing policy on products and services
- Monitors the liquidity and adequacy of equity in relation to risks
- Considers stress scenarios
- Monitors and submits proposals to the Executive Committee to maintain the available liquidity of the Bank at acceptable levels

4.3 Capital adequacy

In order to safeguard the capital adequacy of the banks, the competent supervisory authorities have established quantitative criteria and require the maintenance of minimum amounts and capital ratios that are determined on a risk-weighted basis. For the purpose of determining these indices, account is taken of the relationship between the amount of equity and the weighted aggregate of Assets.

The European Parliament and the Council of the European Union adopted in June 2013 Regulation (EU) No 575/2013 and Directive 2013/36/EU (CRD IV) on the access to credit institutions' activity and on the prudential supervision of credit institutions and investment firms which have brought about the incorporation and adaptation at European Union level of the changes proposed by the Basel III Committee. The above Regulation and Directive were incorporated into the Greek Legislation with Law 4261/2014 with effect from 1.1.2014 and are implemented as modified following the amendments made to a) Directive 2013/36/EU with Law 4335/2015 and Law 4340/2015 and b) Regulation 575/2013 by the Delegated Regulation 62/2015 and the Implementing Regulation 680/2014 as subsequently amended by the Implementing Regulations 79/2015, 227/2015 and 1278/2015. The Basel II supervisory framework was implemented until 31.12.2013, which was incorporated into the Greek Legislation with Law 3601/2007 and its subsequent amendments. It is further noted that the Council of the European Union and the European Parliament on 24.6.2020 adopted Regulation 2020/873 (CRR quick fix), on the basis of which the transitional arrangements for IFRS 9 were extended by two years, while at the same time it was allowed for Banks to add to their supervisory funds the potential new expected credit losses that will be recognized in 2020 and 2021 for those assets that have not been impaired and are categorized in stages 1 and 2.

Pursuant to Regulation (EU) No 575/2013 and Directive 2013/36/EU, credit institutions domiciled in Greece must meet a minimum rate of 4.5% for the CET 1 common stock, 6% for the Tier 1 capital ratio and a capital adequacy ratio of 8% (CAR Ratio). The capital adequacy ratio of 8% according to article 92 of Regulation (EU) 575/2013, taking into account the Gross Capital Market Index and the provisions of Article 122 of Law 4261/2014 on the holding of a capital buffer amounted to 12.65%.

The Bank maintains a high capital adequacy ratio. In particular, the CET 1 Capital Ratio stood at 19.66% on 31.12.2020 (2019: 21.96%). Both Tier I capital ratio and the total capital ratio have been set at the same levels.

Within the fiscal year 2019, EDEA was completed by the Supervisory Authority and the additional capital requirements were set for 2020 and 2021 at 2.15%.

As far as their composition is concerned, these additional capital requirements should consist of a share capital of tier 1 (CET1) of at least 56% and of tier 1 (T1) own funds at least 75%. In addition to the total capital requirements under EDEA, the credit institution shall be subject to the capital requirements of a stock holding fund of 2.5% in accordance with Article 122 of Law 4261/2014 and any additional requirements for capital buffers in accordance with the provisions of Law 4261/2014.

Supervision of impact from the implementation of IFRS 9

The Bank has decided to apply the phase-in approach in accordance with European legislation (Regulation (EU) 2017/2395) to mitigate the impact of the introduction of IFRS 9, in regulatory capital. According to the above Regulation, the transition period is five years while the rate of impact to be added is 5% for 2018 and 15%, 30%, 50% and 75% for the next four years. The full impact on regulatory capital due to the initial application of IFRS 9 is expected to be reflected on 1 January 2023.

The impact on the Bank's regulatory capital due to the initial application of IFRS 9 on 31.12.2020 and 31.12.2019 respectively, is presented in the table below:

Amounts in thousand EUR	31.12.2020 IFRS 9 Full implementation	31.12.2020 IFRS 9 Transitional provisions	31.12.2019 IFRS 9 Full implementation	31.12.2019 IFRS 9 Transitional provisions
Common Equity Tier I	13,968	17,830	12,463	15,172
Equity Tier I	13,968	17,830	12,463	15,172
Total Regulatory Capital	13,968	17,830	12,463	15,172
Total Weighted Assets	90,701	90,701	69,099	69,099
Common Equity Tier I Ratio	15.40%	19.66%	18.03%	21.96%
T1 Capital ratio	15.40%	19.66%	18.03%	21.96%
Total Capital Ratio	15.40%	19.66%	18.03%	21.96%

5. Significant accounting estimates and assumptions

Estimates and judgments are continuously evaluated and are based on historic data and expectations for future events, as considered reasonable under the circumstances. Actual results will differ from those estimates.

The Bank makes estimates and assumptions concerning future events. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next 12 months are discussed below.

5.1 Provision for expected credit losses on loans and receivables against customers

The Bank uses estimates to determine the expected credit losses on loans and receivables against customers that are based on the use of new models in the context of the application of IFRS 9, including the classification of loans, the assessment of customers' creditworthiness, the credit risk increase/decrease criteria, taking into account the conditions of the economic environment.

The amount of expected credit losses depends to a large extent on changes in the circumstances and the future financial situation. Furthermore, past experience and estimates may not lead to conclusions indicative of the actual amount of customer default in the future.

5.2 Deferred taxation

The Bank recognizes deferred tax assets to the extent that it is probable that there will be sufficient tax profits against which unused tax losses and deductible temporary differences can be used. This requires significant estimates from management regarding the amount of future taxable profits. In making this estimate, the Bank examines all available information, including the historical profitability level, the Management's forecast for future taxable income and tax law.

5.3 Classification of cooperative capital

The Bank considers that all conditions for the recognition of cooperative capital in equity, in accordance with IFRIC 2, are met. Any change in those or other conditions (see note 3.1 3) in the future may result in the reclassification of all or part of equity in the financial liabilities.

6. Net income from interest

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Interest and assimilated revenue		
From loans and receivables against customers	4,451,169	3,886,635
Claims against credit institutions	317,383	559,451
Interest on investment portfolio bonds	13,160	8,000
Others	981	535
Total	**4,782,692**	**4,454,621**
Interest and assimilated expenses		
Liabilities to customers	(440,705)	(601,850)
Contribution under Law 128/1975	(288,474)	(250,470)
Contribution to Deposit Guarantee Fund	(47,844)	(44,373)
Lease liabilities	(7,713)	(8,512)
Others	(4,812)	(8,426)
Total	**(789,548)**	**(913,631)**
Net income from interest	**3,993,145**	**3,540,991**

The increase in interest on loans and receivables against customers is mainly due to the increase in loans compared to 2019 by EUR 21 million (note 16).

7. Net revenue from commissions

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Revenue from commissions		
Letters of Guarantee	122,573	134,806
Collected on behalf of third parties	36,559	59,963
ATM	10,955	6,153
Other loan operations	389,152	312,638
Handling of checks	4,241	4,991
Insurance operations	47,739	42,157
Bank transfers	61,515	67,917
POS commissions	324,071	269,864
Other operations	42,186	35,982
Total proceeds from operations	**1,038,991**	**934,470**
Expenses from commissions		
DIAS	(12,791)	(12,280)
ATM	(73,193)	(70,420)
Tiresias SA	(68,663)	(68,369)
Rent and commissions from POS	(450,104)	(269,146)
Other operations	(27,293)	(92,119)
Total commission expenses	**(632,044)**	**(512,335)**
Net revenue from commissions	**406,947**	**422,135**

8. Other revenue

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Insurance indemnities	158,000	-
Grants	53,470	23,418
Profit from the sale of other assets	4,955	-
Rents	4,970	-
Others	304	13,294
Dividends	-	473
Total	**221,700**	**37,184**

The Insurance indemnities item refers to compensations received by the Bank due to the disasters caused by the “Ianos” disaster (note 10).

Grants include State Expenditure Grants.

9. Staff remuneration and costs

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Wages	(957,569)	(855,250)
Social security costs	(216,963)	(221,056)
Other costs and benefits	(98,515)	(150,085)
Retirement costs of defined benefit plans (note 25)	(18,261)	(15,887)
Total	**(1,291,308)**	**(1,242,278)**

The number of staff employed as at 31/12/2020 amounted to 41 persons (2019: 38 persons).

10. Other operating expenses

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Remuneration and third party costs	(125,148)	(177,424)
Phone-post	(83,109)	(89,406)
Leases	(1,886)	0
Insurance premiums	(26,898)	(9,957)
Repairs and maintenance	(170,489)	(143,172)
Lighting-Water supply-co-ownership costs	(26,291)	(27,453)
Taxes-duties	(79,214)	(60,287)
Travel costs	(13,524)	(30,418)
Promotion and advertising costs	(29,070)	(23,982)
Subscriptions and contributions	(49,881)	(42,487)
Donations	(18,367)	(11,136)
Printing and stationary	(29,600)	(34,365)
Publication costs	(2,850)	(10,044)
Judicial and extrajudicial fees	(37,434)	(9,088)
Damages from natural disasters (IANOS)	(92,440)	-
Other costs	(75,036)	(64,325)
Total	**(861,239)**	**(733,545)**

The fees and expenses of third parties mainly concern the fees of lawyers, auditors and consultants. The auditors' fees for the compulsory audit amounted to EUR 25,600, while the allowances of authorized non-audit services provided by the network amounted to EUR 20,000.

The Losses from natural disasters item in the amount of EUR 92,440 concerns mainly damage to fixed equipment caused by the storm "Ianos" which hit the Prefecture of Karditsa in September 2020. For these losses, the Bank has received the corresponding insurance indemnities (note 8).

11. Provisions for impairment for credit risk

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Provisions for impairment of loans and receivables against customers (note 15)	(1,063,564)	(857,734)
Provision for Expected Credit Losses for Credit Risk Related Liabilities (Note 30)	(68,233)	125,763
Total	**(1,131,797)**	**(731,972)**

12. Other impairment losses

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Impairment losses for credit risk of investments (note 17)	(28,787)	(1,418)
Total	**(28,787)**	**(1,418)**

13. Income tax

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Tax for the year	(387,611)	(154,794)
Deferred tax (note 21)	205,660	(590,834)
Total	**(181,951)**	**(745,628)**

Income tax on profits before tax differs from the theoretical amount that would arise if we were using the basic tax rate of Greece as follows:

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Profit before tax	**1,043,020**	**1,047,935**
Tax calculated with nominal tax rate 24%	(250,325)	(251,504)
Expenses not deductible for tax purposes	(3,498)	(4,795)
Tax-free income	71,872	-
Impact from change of rates	-	(489,329)
Total tax	**(181,951)**	**(745,628)**

The change of the tax rate from 29% to 24% by Law 4646/2019, resulted in charging a profit/loss tax for the previous year amounting to EUR 489,329.

Greek tax legislation and the relevant provisions are subject to interpretations by the tax authorities. Income tax statements are filed annually but profit or loss statements remain provisional until the company's tax statements and books are audited by tax authorities at which time they are cleared and the relevant tax assessments are issued. Tax losses, to the extent they are accepted by the tax authorities, may be offset against future profits for a five-year period following the year the refer to.

To date, tax declarations for fiscal years 2015 to 2020 have not been audited by the tax authorities, and consequently the fiscal results of these years have not been finalized. The Bank's management considers that it has formed sufficient provisions to cover any differences from those unaudited fiscal years, the cumulative amount of which as at 31.12.2020 amounts to 165.000 (note 24).

14. Cash and cash equivalents in the Central Bank

Amounts in EUR	31/12/2020	31/12/2019
Cash in hand	1,847,404	2,101,462
Cash in the Central Bank	21,107,269	4,680,337
Total	**23,038,953**	**6,981,799**

The Bank is required to maintain a current account with the Bank of Greece in order to facilitate interbank transactions with the Bank and other Banks.

These deposits are interest-bearing, with a refinancing rate of the European Central Bank, which was negative at 31.12.2020 and amounted to -0.50% (31.12.2019: -0.50%).

For the purposes of the preparation of the cash flow statement, the cash and cash equivalents are the balances of the "Cash and cash equivalents in the Central Bank" and "Receivables from credit institutions" accounts.

The significant increase in Cash is due to the increase of deposits in the Central Bank, in the context of better safeguarding and management of its cash availability.

15. Claims against credit institutions

Amounts in EUR	31/12/2020	31/12/2019
Sight deposits	50,503,897	41,511,599
Term deposits	-	6,394,815
Total	**50,503,897**	**47,906,414**

The Bank's total deposits are in euro.

16. Loans and receivables against customers

Amounts in EUR	31/12/2020	31/12/2019
Individuals		
Mortgage	9,072,422	8,102,533
Consumer	3,781,215	3,934,386
Business		
SMEs	83,179,956	65,388,481
Book value before provision	**96,033,593**	**77,425,401**
less: accumulated provisions for impairment	(18,754,328)	(18,735,258)
Book value	**77,279,266**	**58,690,143**

The increase in the value of loans and receivables per customer is mainly due to the fact that in 2020 the Bank granted new loans amounting to approximately EUR 21 million, most of which (58%) concern loans to renewable energy companies, while loans guaranteed by the Hellenic Investment Bank and the European Investment Fund were also granted, representing 22% of the total grant increase compared to 2019.

In addition, the Management of the Bank decided to write off the receipt of receivables from loans totaling EUR 1,044 thousand, while acquiring properties worth EUR 613 thousand through the auction procedure (note 22).

The transactions in the loan impairment provisions account are as follows:

Amounts in EUR	31/12/2020	31/12/2019
Balance as at 1 January	(18,735,258)	(17,877,524)
Amounts used for deletions	1,044,495	-
Net provision for the year (Note 11)	(1,063,564)	(857,734)
Balance as at 31 December	**(18,754,328)**	**(18,735,258)**

17. Investment securities portfolio

Amounts in EUR	31/12/2020	31/12/2019
Financial assets measured at amortized cost		
Bonds	1,570,097	100,000
less: Provision for impairment of expected credit losses	(36,887)	(8,100)
Total	**1,533,210**	**91,900**
Financial assets measured at fair value through other comprehensive income		
Unlisted equity securities	315,203	315,203
less: impairment losses at fair value	(149,990)	(149,990)
Total	**165,213**	**165,213**
Total investment securities portfolio	**1,698,423**	**257,113**

The transactions in the investment securities portfolio is as follows:

Amounts in EUR	At amortized cost	At fair value through OCI	Total
Balance 1 January 2019	**93,317**	**165,213**	**258,530**
Provision for impairment of expected credit losses (note 12)	(1,418)		(1,418)
Balance as at 31 December 2019	**91,900**	**165,213**	**257,113**
Purchases	1,464,959		1,464,959
Change in accrued interest	4,891		4,891
Depreciation	247		247
Provision for impairment of expected credit losses (note 12)	(28,787)		(28,787)
Balance as at 31 December 2020	**1,533,210**	**165,213**	**1,698,423**

The Bank's investment portfolio is analyzed as follows:

Amounts in EUR	31/12/2020	31/12/2019
Imported securities - Bonds	1,441,310	
Total	**1,441,310**	**-**
Non-listed securities - Bonds	91,900	91,900
- Equity instruments	165,213	165,213
Total b	**257,113**	**257,113**
Total a + b	**1,698,423**	**257,113**

18. Tangible assets

Amounts in EUR	Plots-Buildings	Right of use of real estate	Right to use means of transport	Furniture and other equipment	Improvements in third party real estate	Total
Acquisition value						
Balance as at 1/1/2019	97,000	381,367	-	1,121,167	407,478	1,625,645
Additions				62,642	10,565	73,207
Balance as at 31/12/2019	97,000	381,367	-	1,183,809	418,043	2,080,219
Accumulated depreciation & impairment						
Balance as at 1/1/2019	(19,248)		-	(872,005)	(353,317)	(1,244,569)
Depreciation for the period	(1,399)	(81,327)		(75,686)	(14,805)	(173,218)
Balance as at 31/12/2019	(20,647)	(81,327)	-	(947,691)	(368,122)	(1,417,787)
Unamortized value 31/12/2019	**76,353**	**300,040**	**-**	**236,118**	**49,921**	**662,431**
Acquisition value						
Balance as at 1/1/2020	97,000	381,367	-	1,183,809	418,043	2,080,219
Additions		93,572	27,749	1,067,694	18,327	1,207,342
Sales and Write-offs		(15,090)				(15,090)
Impairment				(166,011)		(166,011)
Balance as at 31/12/2020	97,000	459,849	27,749	2,085,492	436,370	3,106,460
Accumulated depreciation & impairment						
Balance as at 1/1/2020	(20,647)	(81,327)		(947,691)	(368,122)	(1,417,787)
Sales and Write-offs		15,090				15,090
Impairment				82,684		82,684
Depreciation for the period	(1,399)	(85,646)	(2,312)	(96,339)	(10,171)	(195,867)
Balance as at 31/12/2020	(22,047)	(151,884)	(2,312)	(961,346)	(378,292)	(1,515,881)
Unamortized value 31/12/2020	**74,953**	**307,966**	**25,437**	**1,124,146**	**58,078**	**1,590,579**

There are no encumbrances for the above assets.

As at 31.12.2020 the Bank had no contractual obligations to purchase tangible fixed assets.

The right to use assets concerns the leasing of branches and counters of the Bank, including cars.

Lease liabilities are analyzed as follows:

Amounts in EUR	31/12/2020	31/12/2019
Balance at the start of the year	306,618	381,367
New leases	121,321	-
Financial cost (note 6)	7,713	8,512
Payments	(101,410)	(83,261)
Balance at the end of the year	**334,242**	**306,618**

Amounts in EUR	31/12/2020	31/12/2019
Short-term part	86,226	77,564
Long-term part	248,016	229,054
Total	**334,242**	**306,618**

The minimum future rental costs are as follows:

Amounts in EUR	31/12/2020	31/12/2019
No more than 1 month	8,050	7,004
Over 1 month and not later than 3 months	16,113	14,007
Over 3 months and not later than 1 year	69,223	63,155
Over 1 year and not later than 5 years	230,384	234,293
Over 5 years	29,457	4,758
Total contractual cash flows	**353,227**	**323,217**

19. Investments in real estate

Amounts in EUR	31/12/2020	31/12/2019
Balance at the start of the year	215,446	-
Balance at the end of the year	**215,446**	**-**

The Investments in real estate refer to properties acquired by the Bank during the year through auctions and subsequently leased.

The rental income for 2020 amounted to EUR 4,970 (note 8).

The book value of the Investments in real estate is close to their fair value at 31.12.2020.

20. Intangible assets

Intangible assets include Software and their movement is analyzed as follows:

Amounts in EUR	31/12/2020	31/12/2019
Acquisition value		
Balance at the start of the year	701,274	684,484
Additions	171,235	108,953
Write-offs	-	(92,164)
Balance at the end of the year	872,508	701,274
Accumulated depreciation & impairment		
Balance at the start of the year	(496,828)	(519,048)
Depreciation	(69,772)	(69,944)
Write-offs	-	92,164
Balance at the end of the year	(566,600)	(496,828)
Unamortized value	**305,908**	**204,446**

21. Deferred taxation

Amounts in EUR	1/1-31/12/2019	1/1-31/12/2019
Balance at the start of the year	2,295,980	2,889,709
Tax in the income statement (note 13)	205,660	(590,834)
Tax in other comprehensive income	(11,131)	(3,614)
Tax in equity	981	719
Balance at the end of the year	**2,491,490**	**2,295,980**

The greatest part of deferred receivables (liabilities) is recoverable (payable) after 12 months.

Changes in deferred tax receivables and liabilities during the year, without taking into account offsetting of balances, are the following:

Deferred tax receivables:

Amounts in EUR	Impairment of loans and other receivables	Others	Total
Balance 1 January 2019	2,614,666	339,599	2,954,265
(Debit)/ credit in the income statement	(570,196)	(40,370)	(610,566)
(Debit)/ Credit in other comprehensive income		(3,614)	(3,614)
(Debit)/ credit in equity		719	719
Balance as at 31 December 2019	**2,044,470**	**296,335**	**2,340,805**
(Debit)/ credit in the income statement	221,695	7,152	228,848
(Debit)/ Credit in other comprehensive income		(11,131)	(11,131)
(Debit)/ credit in equity		981	981
Balance as at 31 December 2020	**2,266,166**	**293,336**	**2,559,502**

The deferred tax recognized in Other comprehensive income relates to actuarial losses from the revaluation of defined benefit plans and losses from the valuation of financial assets at fair value through other comprehensive income.

Deferred tax liabilities:

Amounts in EUR	Accrued interest	Total
Balance 1 January 2019	(64,556)	(64,556)
(Debit)/ credit in the income statement	19,731	19,731
Balance as at 31 December 2019	**(44,825)**	**(44,825)**
(Debit)/ credit in the income statement	(23,188)	(23,188)
Balance as at 31 December 2020	**(68,012)**	**(68,012)**

22. Other assets

Amounts in EUR	31/12/2020	31/12/2019
Deposit Guarantee Fund	1,381,964	1,381,606
Assets from auctions	912,344	585,088
Accrued expenses	6,919	16,276
Other receivables and advances	401.165	28,116
Total	**2,702,392**	**2,011,087**

With the commencement of the application of Law 4370/2016 (Government Gazette 37/7.3.2016) the provisions of articles 1 to 27 of Law 3746/2009 on the "Deposit Guarantee and Investments Fund (TEKE)" and the provisions of the above Law 4370/2016, were repealed. In this context, the amount of deposits covered by the Deposit Guarantee Scheme was set at € 100,000, per depositor (Article 9 of Law 4370/16). Accordingly, a new method of calculating contributions to the Deposit Cover Scheme (SKK), the Investments Coverage Scheme (SKE), regular ex-post contributions to the Reorganization Scheme (SE), and a fee for participation in the TEKE were introduced. The provisions of the Reorganization Scheme as a reorganization fund for credit institutions come from regular ex-post contributions and extraordinary ex-post contributions as set out in Law 4335/2015 and the relevant amendments made with Law 4370/2016, were repealed. Credit institutions participating at the time of granting loans to SE pay contributions by which SE repays its obligations from loans for reorganization purposes.

The Assets from auctions item includes properties that have been auctioned by the bank. In the current fiscal year, properties were acquired at auctions, with a total value of EUR 613 thousand, which is close to their fair value. Of these, properties with a total value of EUR 215 thousand were transferred to Investments in properties (note 19) because they were leased. Also, properties worth EUR 70 thousand were sold. On 31.12.2020, the properties sold at auctions were not evaluated as it is estimated that their fair value is not significantly different from the accounting one.

The change in the item Other receivables and advances is due to advances given to participate in auctions and to collect the proceeds from auctions.

23. Liabilities to customers

Amounts in EUR	31/12/2020	31/12/2019
Sight deposits	55,301,669	34,549,302
Savings deposits	38,188,948	27,957,421
Term deposits	48,384,148	40,859,453
Checks and payment orders	475,012	192,131
Total	**142,349,778**	**103,558,307**

The significant increase in customer deposits is a consequence of the increase of the Bank's customer base, the provision of State financial facilities in the context of addressing the pandemic (repayable advances, interest subsidy, etc.) and the support measures taken by the government and the reduction of consumption due to the restrictions imposed by the Greek Government on preventing the spread of the pandemic.

24. Provisions for other liabilities and expenses

The Provisions for other liabilities and expenses of EUR 165,000 (2019: 165,000) relate to provisions for additional taxes and charges for the unaudited fiscal years of the Bank.

25. Employee benefit obligations after retirement

Amounts in EUR	31/12/2020	31/12/2019
Balance sheet liabilities		
Retirement benefits	144,178	172,297
Income statement charge for		
Retirement benefits (note 9)	18,261	15,887
Actuarial (Profit) / Loss (Other Total Income)		
Retirement benefits	(46,380)	22,012

The amounts reported in profit and loss are as follows:

Amounts in EUR	1/1-31/12/2020	1/1-31/12/2019
Current service cost	15,437	13,230
Financial cost	2,824	2,657
Total	**18,261**	**15,887**

The change of the liability in the balance sheet is as follows:

Amounts in EUR	31/12/2020	31/12/2019
Balance at the start of the year	172,297	134,397
Total expense charged in the income statement	18,261	15,887
Actuarial (Profit) / Loss from changes in the financial assumptions	6,843	(7,474)
Actuarial (Profit) / Loss from experience	(53,224)	29,486
Balance at the end of the year	**144,178**	**172,297**

The main actuarial assumptions used for accounting purposes are as follows:

Assumption	2020	2019
Discount rate	1.0%	1.5%
Inflation	2.0%	2.0%
Future salary raises	2.3%	2.5%

The sensitivity analysis of the present value of the obligation in the changes of the principal actuarial assumptions is as follows:

Change in actuarial assumptions	Actuarial Obligation	Percentage Change
Increase of discount rate by 0.5%	133,106	-8%
Reduction of discount rate by 0.5%	156,660	9%
Increase of expected salary increase by 0.5%	156,428	8%
Reduction of expected salary increase by 0.5%	133,188	-8%

Average expected termination of the employee benefit obligation is 23.62 years.

26. Other liabilities

Amounts in EUR	31/12/2020	31/12/2019
Collections on behalf of third parties	285,333	536,950
Provision for Expected Credit Losses for Credit Risk Related Liabilities	374,062	305,829
Liabilities from other taxes-duties	63,392	54,151
Insurance organizations and other taxes	56,435	54,459
Dividends payable	58,470	68,744
Suppliers	291,500	121,600
Accrued expenses	13,321	12,789
Lease liabilities (note 18)	334,242	306,618
Grants	52,731	-
Other liabilities	195,686	192,929
Total	**1,725,174**	**1,654,069**

27. Cooperative capital and share premium

Amounts in EUR	Cooperative capital	Share premium	Number of Shares
Balance 1 January 2019	8,965,248	2,232,117	242,304
Increase of cooperative capital	301,698	145,025	8,154
Decrease of cooperative capital	(24,642)	(12,140)	(666)
Balance as at 31 December 2019	**9,242,304**	**2,365,003**	**249,792**
Increase of cooperative capital	642,986	250,585	17,378
Decrease of cooperative capital	(234,432)	(63,013)	(6,336)
Balance as at 31 December 2020	**9,650,858**	**2,552,574**	**260,834**

The nominal value of the share is EUR 37.

The Management of the Bank considers that all the conditions for the recognition of cooperative capital as Equity according to IFRIC 2 are fulfilled, as there is a relevant prohibition by the Bank of Greece according to the provisions of article 149 of Law 4261/5.5.2014 for capital repayments.

28. Reserves

Amounts in EUR	Statutory reserve	Extraordinary reserves	Articles of Association reserve (registration right)	Income reserves from tax preference items	Actuarial profit/(loss) reserves	Fair value reserves	Other reserves	Total
Balance 1 January 2019	1,308,489	33,148	469,380	14,667	(19,844)	(106,493)	16,385	1,715,732
Reserves formed	77,516							77,516
Increase of cooperative capital			19,675					19,675
Actuarial loss for the year					(18,127)			(18,127)
Valuation of investment securities						(7,500)		(7,500)
Balance as at 31 December 2019	**1,386,006**	**33,148**	**489,055**	**14,667**	**(37,971)**	**(113,992)**	**16,385**	**1,787,297**
Reserves formed	47,240							47,240
Increase of cooperative capital			21,950					21,950
Actuarial profit for the year					35,249			35,249
Balance as at 31 December 2020	**1,433,245**	**33,148**	**511,005**	**14,667**	**(2,722)**	**(113,992)**	**16,385**	**1,891,736**

(a) Statutory reserve

Statutory reserves are formed in accordance with the provisions of Greek law (Codified Law 1667/1986) which stipulates that at least 10% of the annual net profit (after taxes) must be allocated to statutory reserves so that they equal one third of the paid-up share capital. The statutory reserve is used for the Bank's operations and to cover its possible losses and is only distributed after the dissolution of the Bank.

(b) Extraordinary reserves

Extraordinary reserves include amounts of reserves that have been created by decisions of Ordinary General Meetings, have no special purpose and can be used for any purpose following a relevant decision of the Ordinary General Meeting. The above extraordinary reserves are formed from taxable profits and therefore are not subject to further taxation in the event of their distribution or capitalization.

(c) Articles of Association reserve (registration right)

The Articles of Association Special Reserve is formed by subscribers' subscription fees and by the contributions of new partners. This reserve may be used for the development of the Bank's operations or for any purpose decided by the Board of Directors.

(d) Income reserves from tax preference items

Reserves that are formed from net profits, which are not taxed under special tax provisions, are monitored. That is, they are formed from net profits for which no tax is calculated or paid. Reserves under special law provisions are reserves for which tax will accrue if their distribution is decided.

(e) Taxed reserves under special provisions of Law

Taxed reserves under special provisions of Law include reserve amounts that have been formed from tax-exempt income and from the sale of debt securities for which the tax liability has ended and may be distributed to partners by decision of the General Meeting without being subjected to further taxation.

(f) Actuarial profit/(loss) reserves

Actuarial gains and losses arising from empirical adjustments and from changes in actuarial assumptions when measuring the post-employment benefit obligation are recorded.

(g) Fair value reserves

Realized or unrealized gains and losses from financial instruments at fair value through other comprehensive income (Note 17).

29. Transactions with affiliated parties

The affiliated parties of the Bank include the key members of the Bank's Management, their close relatives, and the entities controlled or jointly controlled by the above persons.

All transactions with affiliated parties are substantially carried out on the same terms as those applicable to similar transactions with non-affiliated parties and do not involve a higher than normal risk.

The balances and transactions of the Bank with its affiliated parties are as follows:

31/12/2020 Amounts in EUR	Key management executives	Companies under the control of key management executives	Total
Assets			
Loans and receivables against customers	480,945	2,038,790	2,519,735
Less: accumulated provisions for impairment	(102,045)	(153,555)	(255,601)
Total	**378,900**	**1,885,235**	**2,264,135**
Liabilities			
Liabilities to customers	**363,297**	**269,408**	**632,705**
Letters of guarantee and undrawn credit limits	**119,242**	**150,301**	**269,543**
Revenue			
Interest and assimilated revenue	17,882	128,524	146,406
Revenue from commissions	2,263	17,619	19,882
Total	**20,145**	**146,143**	**166,288**
Expenses			
Interest and assimilated expenses	(2,035)	(380)	(2,415)
Short-term compensation and benefits	(138,175)	-	(138,175)
Total	**(140,210)**	**(380)**	**140,590**

31/12/2019 Amounts in EUR	Key management executives	Companies under the control of key management executives	Total
Assets			
Loans and receivables against customers	431,340	1,511,272	1,942,612
Less: accumulated provisions for impairment	(99,268)	(153,792)	(253,060)
Total	**332,072**	**1,357,480**	**1,689,552**
Liabilities			
Liabilities to customers	**352,660**	**385,855**	**738,515**
Letters of guarantee and undrawn credit limits	**115,042**	**509,647**	**624,689**
Revenue			
Interest and assimilated revenue	11,253	116,457	127,710
Revenue from commissions	2,148	21,583	23,731
Total	**13,401**	**138,040**	**151,441**
Expenses			
Interest and assimilated expenses	(2,783)	(176)	(2,959)
Short-term compensation and benefits	(150,420)	-	(150,420)
Total	**(153,204)**	**(176)**	**(153,379)**

30. Contingent liabilities and commitments

i) Off-balance sheet liabilities

As part of its normal business activities, the Bank undertakes commitments that may result in future changes in its asset structure. These commitments are monitored in off-balance sheet accounts and relate to letters of guarantee issued.

Amounts in EUR	31/12/2020	31/12/2019
Letters of Guarantee	7,272,607	6,240,239
Total	**7,272,607**	**6,240,239**

During the year, the Bank recorded a provision for expected credit losses for commitments related to the credit risk by letters of guarantee amounting to Euro 68,233 (Note 11). During the previous year, the Bank reversed a provision for expected credit losses for commitments related to the credit risk by letters of guarantee amounting to EUR 125,763 (note 11).

ii) Litigation cases

No significant lawsuits were pending against the Bank, nor are there any other contingent liabilities as at 31 December 2020 for which no provision has been recognized that may have a material effect on the Bank's financial position.

iii) Information according to the provisions of Law 4151/2013

As provided by the provisions of Law 4151/2013, any credit institution operating in Greece must pay to the Greek State the balances of its inactive deposits, in addition to the interest accrued, which remain inactive for more than twenty years. This must be made until the end of April of each year.

The Bank did not have to pay to the Greek State, amounts of dormant deposits and interest as mentioned above.

31. Dividends

No dividends were distributed during the current and previous fiscal years. The Board of Directors will propose to the General Meeting of the Bank's associates the non-distribution of a dividend from the profits of the current fiscal year.

32. Events after the balance sheet date

In the near future the Bank will sign an interest-free loan agreement of 2 million with the Council of Europe Development Bank (CEB), with the aim of promoting economic growth in the region by granting subsidies to very small and small and medium-sized enterprises.

The European Investment Fund (EIF) approved in early June 2021 the Bank's proposal of 04/11/2020 for financing of 2.5 million Euros to support its development under the EaSI Capacity Building Investments Window. Through this funding, which is supervised and regulated as Category 2 capital in line with the CRR, the EIF will assist in the implementation of investments of the Cooperative Bank of Karditsa that will be used to support its operating development, including the expansion of the network of branches, investments in human resources, as well as the digital transformation program of the Bank.

In addition to the events already mentioned, there are no significant events after 31 December 2020 that should either be disclosed or changed in the published financial statements.

Karditsa, 7 June 2021

THE CHAIRMAN OF THE BOARD	THE CHIEF EXECUTIVE OFFICER	THE TREASURER	THE HEAD OF FINANCIAL SERVICES
GEORGIOS BOUKIS ID Card No AI 318877	PANAGIOTIS TOURNAVITIS ID Card No AE 997941	GEORGIOS PAPAKOSTAS ID Card No AO 348690	THEMISTOKLIS GIANNAKOPOULOS ID Card No AM 844309 CLASS A LICENCE NO. 86778