COOPERATIVE
BANK OF KARDITSA

COOPERATIVE BANK OF KARDITSA SYN.PE.

Annual Financial Report
for the year ended on 31 December 2018

In accordance with the International Financial Reporting Standards (IFRS)

June 2019

Contents **Page**

A) Report of the Board of Directors	3
B) Audit Report of an Independent Certified Auditor-Accountant	20
C) Annual Financial statements in line with IFRS	25

A) Report of the Board of Directors for the financial year 2018

This Board of Directors Annual Report is for the financial year 2018 (1.1.2018 - 31.12.2018). The Report was drafted and is harmonized with the relevant provisions of Article 43 of Codified Law 2190/1920.

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 2018.

A. THE WORLD AND EUROPEAN ECONOMY 4
B. THE GREEK ECONOMY 4
C. THE GREEK BANKING SYSTEM 5
D. THE COOPERATIVE BANKS 6
E. THE COOPERATIVE BANK OF KARDITSA 6
F. MOST SIGNIFICANT ACTIONS IN FINANCIAL YEAR 2018 8
G. OBJECTIVES FOR 2019 9
H. RISK MANAGEMENT 9
I. NON-FINANCIAL INFORMATION 12
J. DEVELOPMENT OF FINANCIAL FIGURES AND RESULTS FOR THE YEAR 2018 12
K. DISCLOSURE OF INFORMATION UNDER ARTICLE 6 L. 4374/2016 18
L. TRANSACTIONS WITH AFFILIATED PARTIES 18

A. THE WORLD AND EUROPEAN ECONOMY

2018 was marked by a stable growth globally. World GDP growth fell to 3.7% compared with 3.7% in 2017. However, the economic climate indicator and economic data in both advanced and emerging economies have worsened since the fall of 2018, suggesting a weakening of global growth.

The global economy continues to lose its momentum and has entered a "synchronized slowdown" phase that may be difficult to reverse in 2019.

Its growth rate is projected to fall further to 3.5% in 2019 and to 3.6% in 2020, as stated by OECD in its interim report on the economic outlook.

This is the result of the restrictions on international trade imposed by the United States and the decline in China's growth from 7% to 6% at the end of 2018. In addition, the global growth index has fallen because real economic activity figures have been weaker in countries such as Italy, which is in recession, industrially weak Germany and the USA. Globally, only India stands out as an exception to the deceleration trend, reinforced by fiscal and monetary incentives.

The worsening of prospects led to warnings from the IMF, that intends to downgrade growth forecasts. Also, the World Trade Organization (WTO), noted that continuing trade tensions have weakened forecasts.

Growth projections have been revised downwards in almost all the G20 economies, while the revision for the Eurozone is particularly strong for both 2019 and 2020.

The OECD now predicts growth rates of just 1% and 1.2% for the Eurozone in 2019 and 2020, while its forecasts in November were 1.8% and 1.6%, respectively.

Slow growth is projected to last longer than originally thought, and new policy measures are needed to boost short-term demand in the Eurozone and to stimulate growth prospects in the medium term.

The OECD states that significant uncertainty for the economy remains in Europe and that a nasty Brexit would substantially increase the cost to European economies.

B. THE GREEK ECONOMY

In 2018 the recovery of the Greek economy continued. Drivers were the rise in exports of goods and services by 8.7% despite the increase of 4.2% in imports. This reflects the improvement of the outward-looking economy.

Also, the growth in private consumption, supported by employment growth and households' disposable income, helped to achieve positive growth rates.

Overall, GDP in terms of volume in 2018 rose to 190.8 billion compared to 187.2 billion in 2017, which translates into an increase of 1.9%, a figure lower than the government forecasts, but also of lenders. This development was the result of the low quarterly performance, with a growth rate of 1.6% compared to the fourth quarter of 2017. During the current period, in the fourth quarter of 2018 compared to the third quarter of 2018, total final consumption expenditure in Greece decreased by 0.2%.

Institutions are concerned that a rate of 1.5% - 2% is being consolidated, and this is why concerns are being raised on whether it is possible to achieve higher rates for this year and for the coming years, while the projections for Europe have been significantly revised downwards, from 1.9% to 1.3%, according to the recent Commission winter forecast, for Greece being a growth rate close to 2.2% for 2019.

Despite the failure to achieve the goal, maintaining positive growth rates coupled with structural reforms that have been implemented in recent years help to restructure the economy. This contributes

to financial stability and has led to further upgrading the country's creditworthiness by international rating agencies. The primary effect is again expected to be exceeded against the fiscal target.

However, exceeding the fiscal target deprives resources of the real economy, which would help it recover and increase liquidity. So there is a need for a change in the fiscal mix to make it more development-friendly.

In spite of the slowdown in economic growth both internationally and in the eurozone, the growth dynamics of the Greek economy is projected to be maintained, provided structural reforms continue, the privatization program is implemented without delays and productive investments are strengthened.

C. THE GREEK BANKING SYSTEM

The stabilization of the financial system continued in 2018, which is inextricably linked to the improvement in economic conditions.

Gradually, although depositors' confidence recovers slowly, there has been an increase in the rate of return of deposits, despite capital controls being kept until October. Liquidity conditions of credit institutions improved with further strengthening of their deposit base.

This helped significantly reduce the dependency of the Greek banking system on ELA (the mechanism of providing emergency liquidity to banks), which shows that the Greek banking system is again regularized.

With respect to the levels that the dependency of the Greek banks have receded in May, they account for 2% of their total assets or 4% of the country's GDP. It is noted that at the beginning of the year, dependency was 9.8 billion euros, down from 11 billion euros at the end of 2018, and at the end of 2017 it reached 33.7 billion euros.

Pre-tax results of the four systemic banks were negative as a result of the reduced revenues recorded in 2018. The cost reduction from ELA's repayment could not reverse the negative result.

However, the greatest challenge for the domestic banking system is the handling of the high non-performing exposure (NPE) pool. Non-performing loans, which reached their peak in September 2016 (€ 106 billion), have fallen by € 26 billion (to € 89 billion), i.e. from more than 50% to 44.8% of the total loan portfolio, while on the basis of the design submitted by the Greek banks in the Single Supervisory Mechanism (SSM), the target is to be further reduced by 50 billion by the end of 2021. However, given the current negative credit expansion and deleveraging of credit institutions' balance sheets, there is no room for complacency. Solving the problem of effective NPE management requires much faster rates of reduction.

However, in recent years several steps have been taken in terms of both legislative initiatives and regulatory frameworks in order to remove institutional and administrative obstacles which have made it more difficult to manage NPEs effectively. Discussions on a global and comprehensive framework for managing non-performing loans are also ongoing. In any case, however, it is certain that the further course of the Greek banking system will also determine the rate of growth of the Greek economy.

The Greek credit institutions applied International Financial Reporting Standard 9 - Financial Instruments (IFRS 9) for the first time on 1 January 2018. IFRS 9 has replaced International Accounting Standard 39. The application of IFRS 9 resulted in significant changes in the accounting principles relating to financial assets and liabilities and the resistance indicators of Greek banks on a consolidated basis in 2018 were adversely affected.

The most important effect from the application of the new standard is the adoption of stricter accounting principles on impairment of financial instruments. In particular, on 1 January 2018 banks increased their provisions under IFRS 9, resulting in a reduction in loans and receivables from customers (after provisions) of € 5.2 billion, while for the entire IFRS 9 the overall impact is a reduction of € 5.7 billion, also taking into account deferred taxation.

There was also a direct impact on equity capital which resulted in a decline of the capital adequacy of the Greek banking groups.

Greek banks have chosen to use the transitional provisions for the application of IFRS 9. Based on Regulation (EU) 2395/2017, credit institutions are allowed to gradually apply the impact of the adoption of IFRS 9 on regulatory capital during a five-year transition period beginning on 1 January 2018. They should therefore maintain a significant capital buffer to absorb the future effects of the gradual impact on regulatory capital from the completion of the application of IFRS 9.

D. THE COOPERATIVE BANKS

Major reassignments occurred in 2018 in the Cooperative Bank area, which in June must have completed the recapitalization process, mergers were completed and a third-level national license for a cooperative bank after the merger of the Pancretan Bank of Chania, is underway.

Specifically, the Cooperative Bank of Epirus is expected to get the green light from the Bank of Greece, as it managed to raise the amount of 19 million through an increase in capital, which enabled it to obtain a pan-Hellenic license.

As far as mergers are concerned, the Cooperative Banks of Serres and Pieria have covered 1.2m euros and their merger has already been completed with the absorption of the Cooperative Bank of Pieria from the Bank of Serres.

Respectively, the Cooperative Bank of Drama has already absorbed the Cooperative Bank of Evros as they have covered the required funds of 1.5 million euros. Thus, the number of cooperative banks, after mergers, fell to seven.

The process of raising capital, with a private placement, of the largest cooperative bank, the Pancretan Bank, is also under way.

After mergers, the landscape of cooperative banks is changing and their goal is to play a leading role in the development of the Greek economy, continuing to fund tens of thousands of micro and small businesses facing difficulties in accessing bank lending.

However, they have a long way to go, as in contrast to the rest of Europe where cooperative banks hold a significant market share in loans and deposits, in Greece the 7 cooperative banks have only 1% of the credit market and 113 branches.

E. THE COOPERATIVE BANK OF KARDITSA

The Cooperative Bank of Karditsa was faced to all these circumstances, too. 2018 was a year of significant growth in the size and results of the bank.

Assets exceeded 100 million for the first time, recording an increase of 9.88% compared to 2017, reaching 105.1 million.

Deposits - after a significant decline in 2015 - continued their upward trend. At the end of 2018, they exceeded 90 million from 81 million in 2017, marking an increase of 9.35 million or 11.5 percent. The market share in the Prefecture of Karditsa reached 11%.

Loans totaled 71.11 million, up by 6,0 million. The continued positive credit growth rate (9.2% in 2018) confirms the intention of the bank's BoD to continue to finance the local economy. It should be noted that all this happened in a year when the repayment of loans granted in previous years through ETEAN (National Competitiveness Program) and energy loans was continued.

The percentage of non-performing loans (> 90 days + final delays) declined further to 32.52% compared to 36.97% in 2017, well below the average banking system, with a clear downward trend as shown by the first figures of 2019. This was the result of the successful management of large exposures and of the significant increase in total lending.

The provision for anticipated impairment losses is € 18,309,116. Cumulative provisions represent 25.74% of total receivables from customers, with the average of Greek Banks standing at 23.91%.

Subsequently, the loan-to-deposit ratio declined further to 78.54%, compared to 80.51% in 2017 and 85.48% in 2016.

Subscriptions of new members continue to grow at high rates. In 2018, 1,066 (compared with 851 in 2017) new members joined the bank and the year closed with a total of 9,450 members holding 242,307 (compared with 230,709 in 2017) cooperative shares. Already in the first months of 2019 the members exceeded the landmark number of 10,000.

Total operating revenues reached 3,57 million significantly increased by 22.09% compared to 2017 (2,92 million).

Total expenses (operating, depreciation, management etc) increased by 8.47% (2,04 million in 2018 compared to 1,87 million in 2017) due to the increase in labor costs, following the mandatory application of the sectoral labor contract of the federation representing bank employees in Greece (OTOE) from September 2018. In the current year, labor costs are expected to increase further because of the implementation of the contract on a twelve-month basis.

As a result, operating profits reached € 1.53 million, up by 46.6% from 2018 (€ 1.05 million), confirming for one more year the dynamic operating profitability of our bank.

Net profit after taxes and impairment losses (provisions) amounted to € 934,752 compared to € 602,172 of 2017, marking a significant increase of 52.11%. This was despite the higher income tax recorded in the financial statements. The above excellent result also contributed to the effective management of the deferral portfolio.

The bank's equity amounted to € 12,918,450. (DTA 2.89 million or 22.39%) decreased by € 88,980 compared to the previous year as a result of the implementation of IFRS 9. The book value of the share stood at € 53.31

As of 01/01/2018 our bank applies IFRS 9, which replaced the corresponding IAS 39. The new framework recognizes expected losses as an provision for impairment, as opposed to the previous framework where the provision for impairment involved existing losses. The mandatory application of the new standard burdened the bank's capital on 1/1/2018, with the amount of € 1,537,203.79 (new allowances € 2,165,075.76 with DT € 627,871.97). The greatest challenge for 2018 was therefore to amortize this impact. After the great increase in profitability and the inflow of new capital, our bank managed to fully depreciate this impact at the end of the year.

The capital adequacy ratio following the application of IFRS 9 stood at 20.18% at the end of 2018. It is the highest capital adequacy ration in the Greek banking system. The Liquidity Coverage Ratio (LCR) was 188.27% well above the minimum requirement.

The results of the Supervisory Review and Evaluation Process (SREP) were announced in November 2018 in the relevant supervisory dialogue.

The supervisory review and evaluation process shows the status of a bank in relation to the capital requirements and the way the bank addresses risks.

The result of this assessment confirmed the excellent state of our bank, having the best rating among all banking institutions in the country.

For the Cooperative Bank of Karditsa, the minimum capital adequacy ratio was set at 12.17% (8% base indicator + 1.67% additional capital requirement + 2.5% reserve). As mentioned above, our bank exceeds this indicator by far.

The results of 2018 and the continuous profitable years confirm the stability, dynamics and the upward course of the Cooperative Bank of Karditsa. The Board of Directors of the Bank, seeking to take advantage of the bank's dynamics and favorable business moment, submitted to the Bank of Greece a request for authorization to operate in a wider geographical area that includes the region of Thessaly and adjacent regions. The Bank of Greece responded positively, intending to address the issue of cooperative banks as a whole, introducing a regulation in line with the new administrative division of the country.

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.

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.

F. MOST SIGNIFICANT ACTIONS IN FINANCIAL YEAR 2018

Throughout 2018, 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:

- The effort to maintain profitability continued, with particular emphasis on lower operating costs, increase in size and reduction of overdue loans, and there was also an increase in the Bank's jobs.
- The European Program H2020 - Profit, in which our Bank was a partner, was successfully completed.
- The European Program SEE-GR, in which our Bank was a partner, was successfully completed.
- A proposal was submitted to the "Digital Leap" program of € 400,000 for the digital transformation of the Bank.
- The development of E-Mail alert services and electronic updates through alternative networks has been completed.
- We continued to improve the services offered by Web Banking.
- The procedures for the provision of POS terminals to Bank customers were optimized.
- Further information systems (MIS) for Management and its services and the Intranet of the Bank, providing information and education services, have been further developed.

G. OBJECTIVES FOR 2019

The main objectives of the Bank for 2019 are:

- 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 increase of the activities by activation in a wider geographic area;
- to further reduce non-performing exposures (NPEs);
- to improve the Bank's IT applications;
- to further upgrade and expand e-banking services and the use of POS by customers;
- to use the expected credit loss assessment model in the management of NPEs;
- to develop foreign currency products;
- to provide adequate financing to the local economy and services to the partners;
- to expand partnerships with the European Bank and the European Investment Fund to finance the local economy;
- to maintain a balanced growth rate between deposits and advances;
- to achieve satisfactory liquidity levels through deposits and collaboration with other financial organisations;
- to further centralize business, while maintaining flexibility and constantly improving the quality of customer service;
- to expand the Bank's cooperation with Payment Institutions for the provision of additional services;
- to reduce operating costs.

H. 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).

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 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 (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 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 continued burden on businesses and households has an impact on the bank's figures. The increased need for forecasts and the handling of non-performing loans have an impact on the Bank’s results as the economic crisis in our country continues.

I. 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

Labour 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.

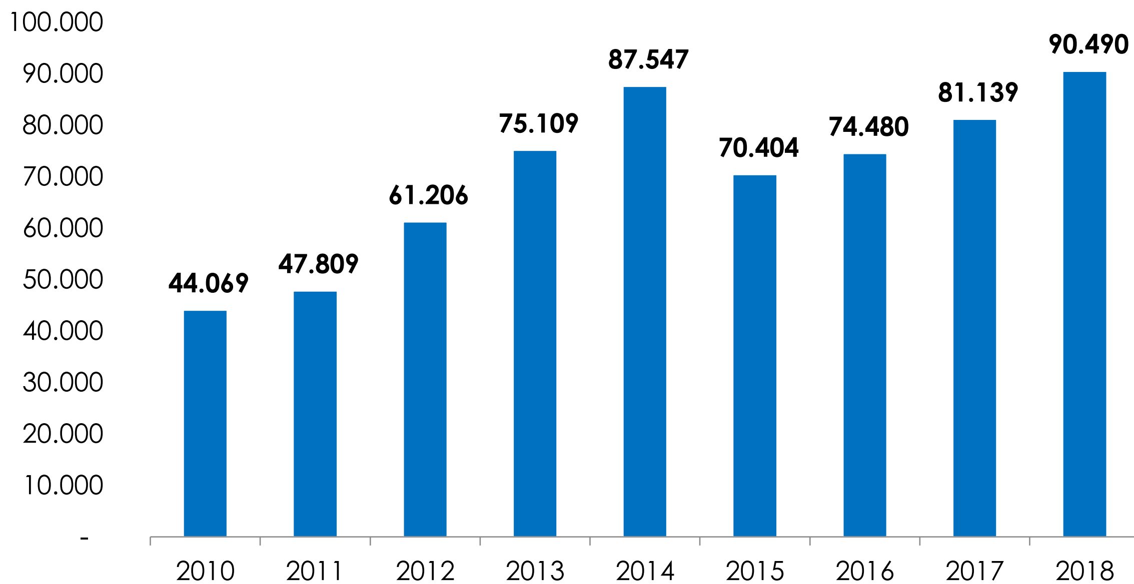
J. DEVELOPMENT OF FINANCIAL FIGURES AND RESULTS FOR THE YEAR 2018

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

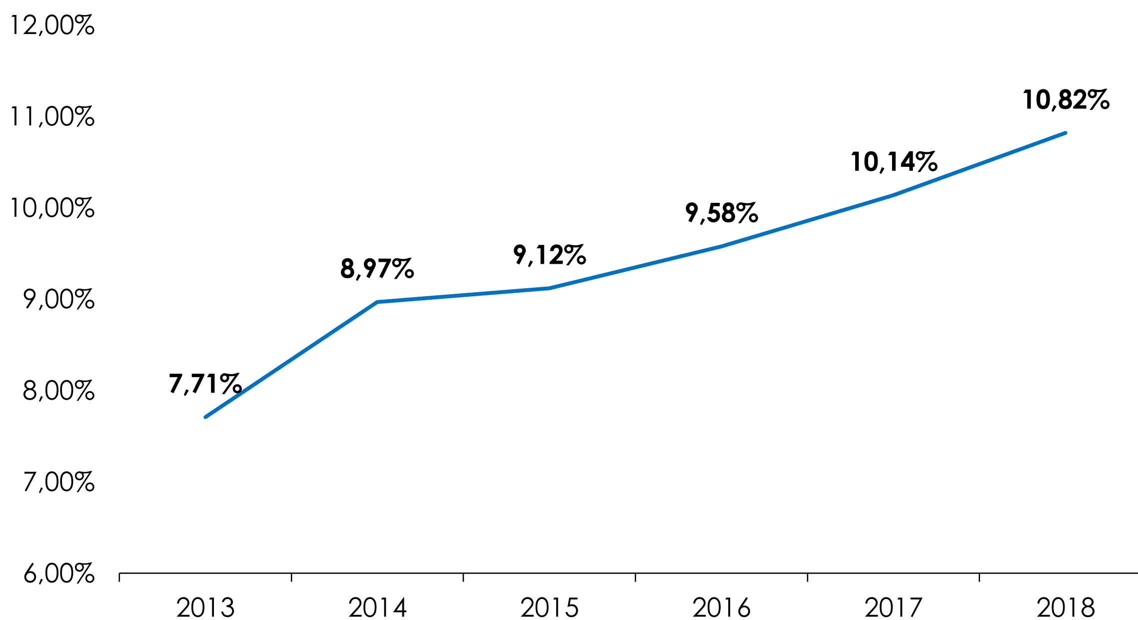
DEVELOPMENT OF FIGUES AND OTHER SIGNIFICANT INDICATORS (in thousand €)	2014	2015	2016	2017	2018
Net income from interest	2,858.00	2,387.00	2,524.00	2,462.00	2,993.00
Net operating income from bank and non-bank operations	3,171.00	2,770.00	2,984.00	2,921.00	3,566.00
Earnings before taxes and provisions	1,648.00	1,099.00	1,252.00	1,053.00	1,530.00
Profit before tax	1,133.00	480.00	456.00	942.00	1,509.00
Profit after tax	873.00	563.00	311.00	602.00	935.00
Accounting equity	10,782.00	11,661.00	12,261.00	13,007.00	12,918.00
Total assets	99,229.00	83,051.00	87,795.00	95,655.00	104,673.00
Weighted assets	57,989.60	56,892.56	61,429.19	63,271.00	63,813.00
Administrative expenses	1,522.00	1,672.00	1,599.00	1,734.00	1,886.00

DEVELOPMENT OF FIGUES AND OTHER SIGNIFICANT INDICATORS (in thousand €)	2014	2015	2016	2017	2018
Profit before tax / Weighted Assets	-1.95%	0.84%	0.74%	1.49%	2.36%
Profit after tax / Accounting Equ ity	-8.10%	4.83%	2.54%	4.63%	7.24%
Net income from interest / Total Assets	2.88%	2.87%	2.87%	2.57%	2.86%
Net Operating Income / Weighted Assets	5.47%	4.87%	4.86%	4.62%	5.58%
Administrative expenses / No of personnel	46.12 €	41.80 €	45.69 €	48.17 €	52.39 €
Administrative expenses / Operating income	48.00%	60.36%	53.59%	59.36%	52.89%

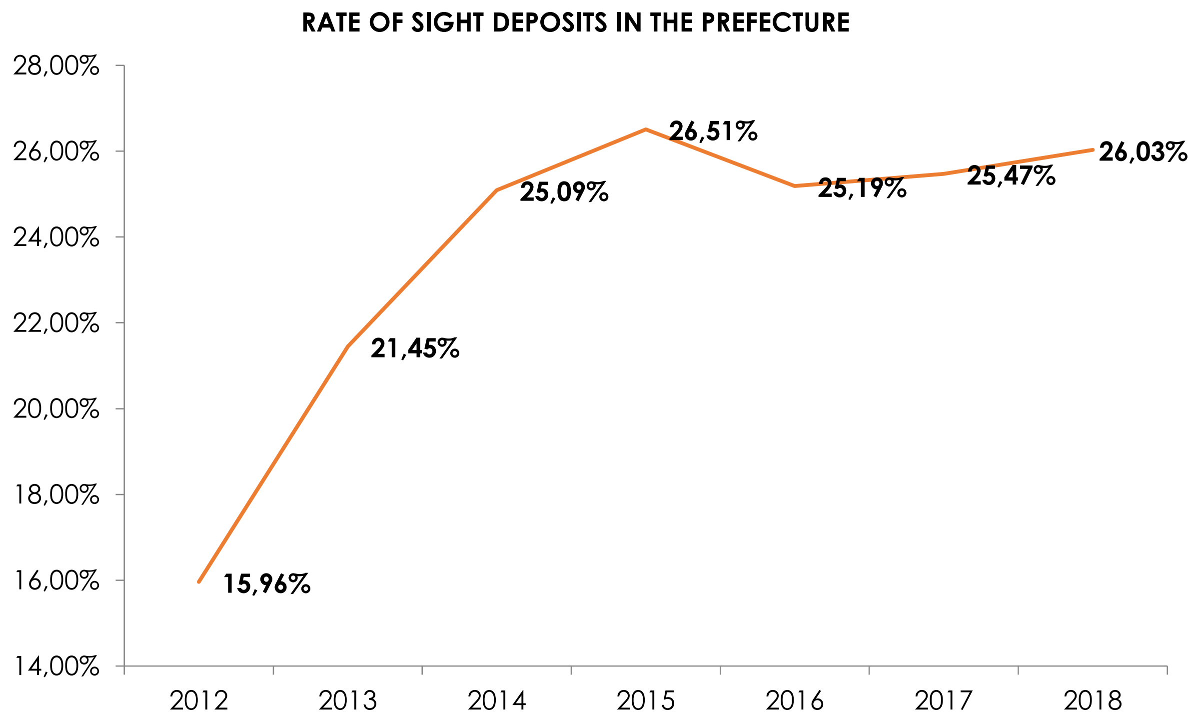
Deposits: The Bank's deposits at 31/12/2018 stood at € 90,5 million from € 81,1 million on 31/12/2017, marking an increase of 11,52%.



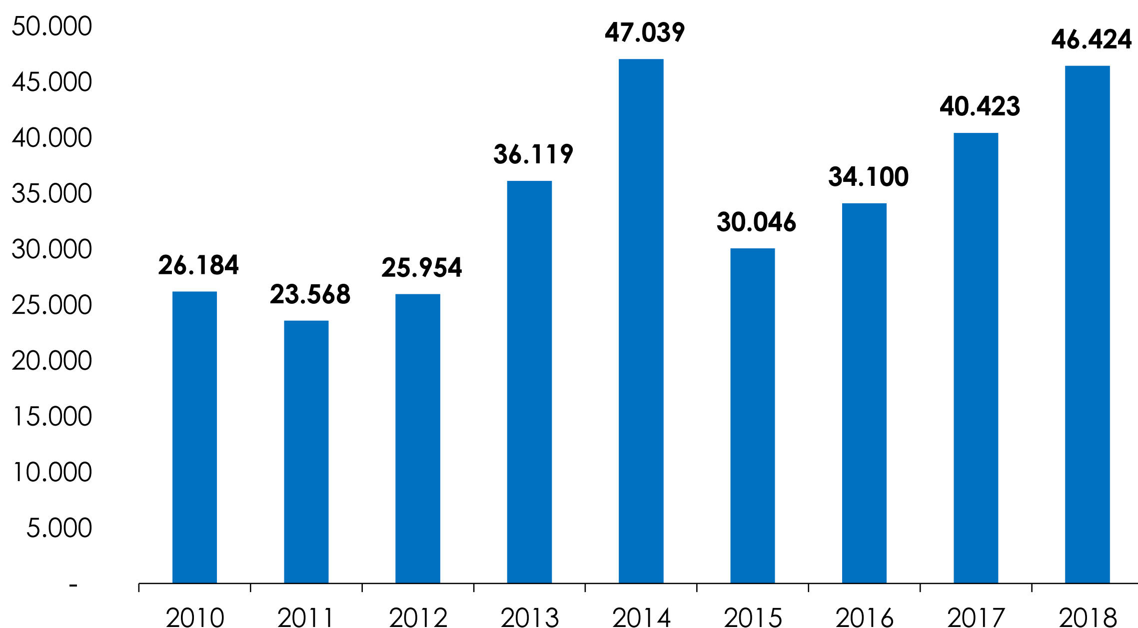
From the officially published data of the Bank of Greece regarding the deposits per county, the Bank's share has grown in the Prefecture of Karditsa and in 2018 stood at 10.82%, reflecting for one more year the confidence shown by members and customers to the bank.



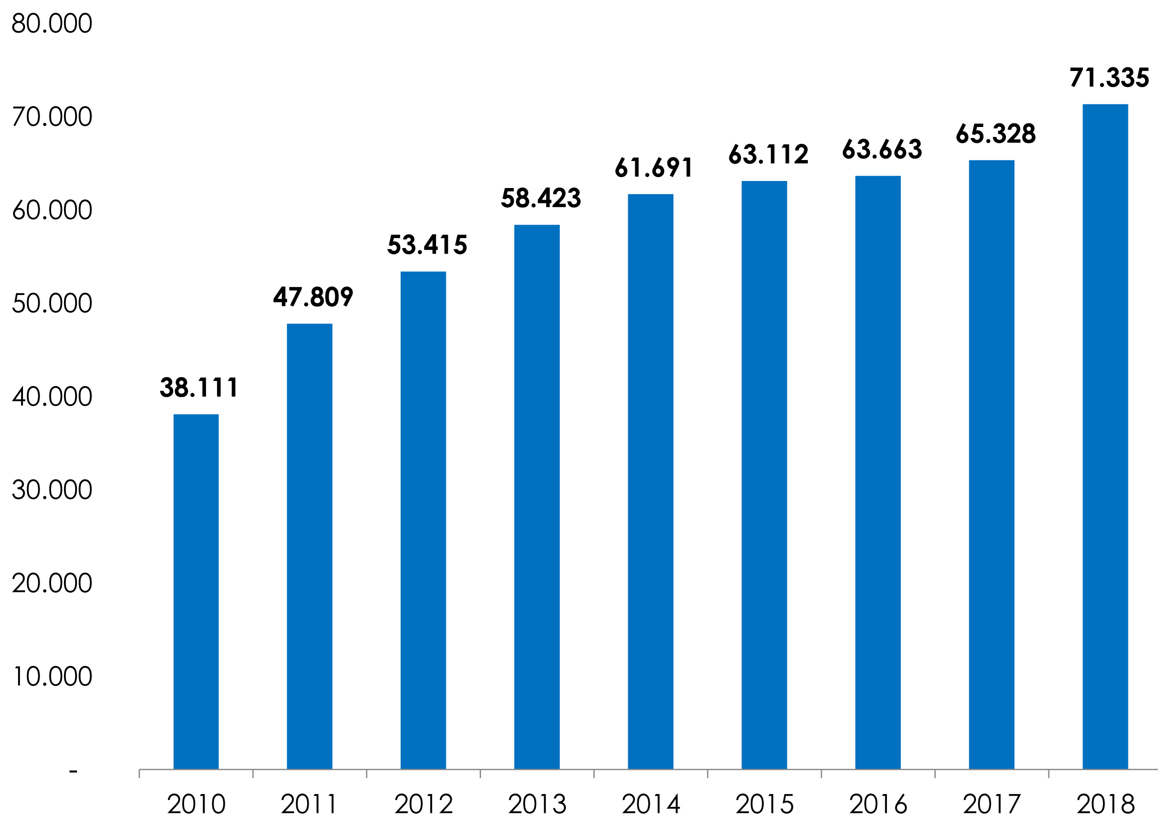
Characteristic of the confidence of the professionals active in our Prefecture is the percentage of sight deposits held at the Cooperative Bank of Karditsa on the total sight deposits of the Prefecture.



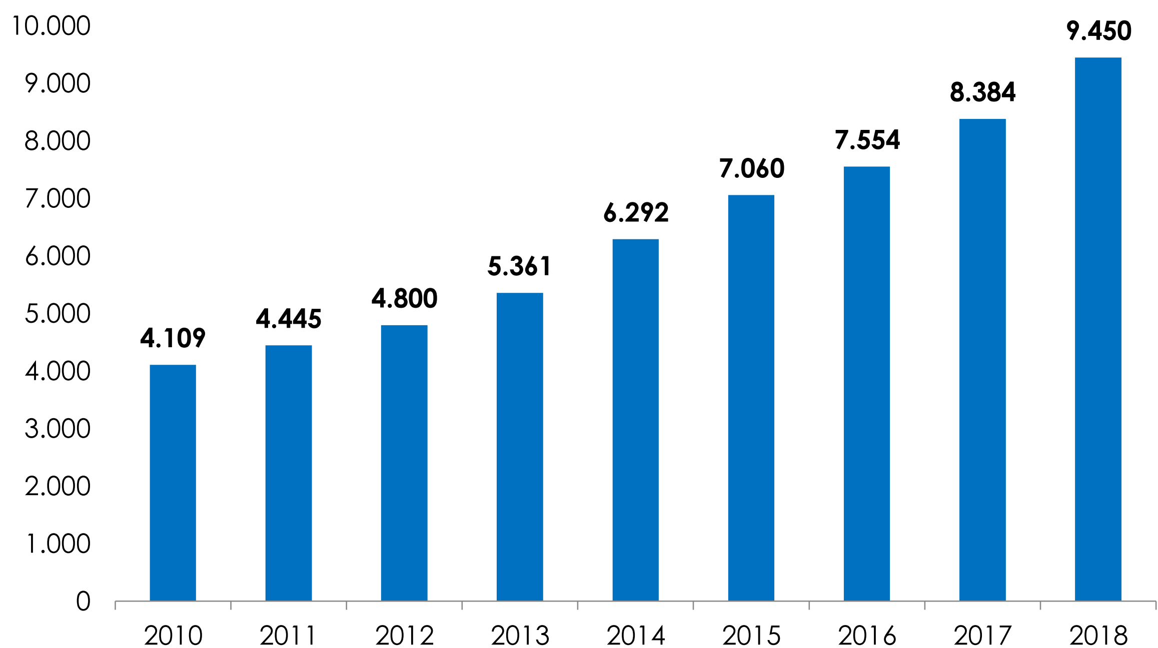
Cash Equivalents: They consist of cash, deposits with the Central Bank and deposits with credit institutions and amounted to € 46.4 million in 2018 compared to € 40,4 million in 2017, marking an increase of 14,85%.



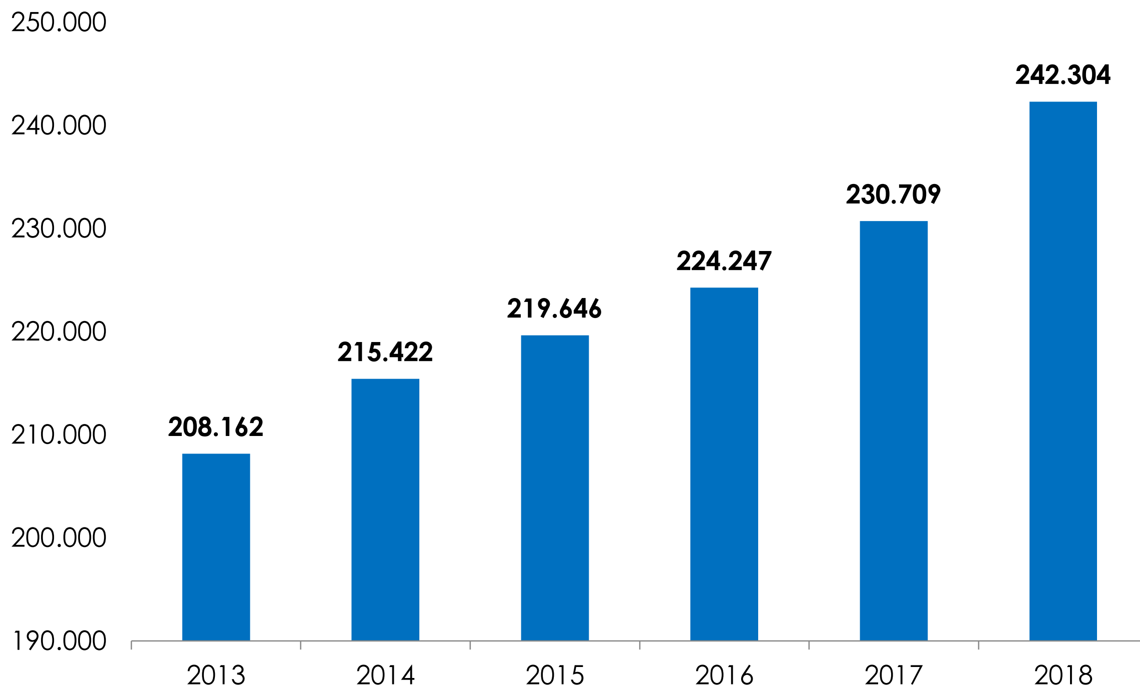
Loans: As at 31/12/2018 the Bank's total loans and advances amounted to € 71,34 million compared to € 65,3 million in 2017, marking an increase of 9,2%.



Members: The number of Bank members on 31/12/2018 reached 9,450, marking an increase of 1,066 new members or a percentage increase of 12.71% compared to 2017. Between 2010 and 2018 the number of members was steadily rising and the increase is 130%.



Cooperative shares: In 2018 the cooperative shares grew by 11,595, marking an increase of 5.03%.



Equity: The Bank's equity amounted to EUR 12.92 million on 31/12/2018 compared to EUR 13 million in the previous year. As a result, the capital adequacy ratio stood at 18.50%, compared with 18.74% in 2017.

	2016	2017	2018
Cooperative capital	€ 8,297,139	€ 8,536,233	€ 8,965,248
Share premium	€ 6,731,847	€ 1,999,195	€ 2,232,117
Reserves	€ 2,096,154	€ 1,932,615	€ 1,715,732
Results carried forward	-€ 4,864,449	€ 539,127	€ 5,047
Total equity	**€ 12,260,691**	**€ 13,007,170**	**€ 12,918,145**

Thus the book value of the cooperative share for 2018 is € 53.31 compared to € 56.38 in 2017, decreased by 5.44%

	2016	2017	2018
Nominal value		€ 37.00	
Book value of share	€ 54.68	€ 56.38	€ 53.31

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

information for the year 2018 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	€
1	AMVROSIOU GEORGIOS SINGLE-PERSON LTD	**1,070.01**
2	G. ALEXIOU AND CO SA	**1,224.96**
3	FILIPPOU PANAGIOTIS	**800.00**
4	LEMAS EVANGELOS	**947.20**
	Total Ads - Listings & Disclosures	**4,042.17**

Grants & Subsidies

S/N	Name	€
1	UNION OF CULTURAL ASSOCIATIONS OF KARDITSA	**4,500.00**
2	DONATION TO THE PARALYMPICS PLAYER STEFANOS DIAMANTIS	**1,500.00**
3	CULTURAL ASSOCIATION OF MAGOULITSA	**500.00**
4	MUNICIPALITY OF KARDITSA	**2,817.00**
5	GENERAL BENEVOLENT FUND - HOUSE OF LOVE - HOLY METROPOLIS	**500.00**
6	SWIMMING ACADEMY OF KARDITSA	**500.00**
7	OTHER DONATIONS	**695.00**
	Total donations & grants	**11,012.00**

	Grant total	**15,054.17**

	Payments to legal persons	**12,859.17**
	Payments to natural persons	**2,195.00**

L. 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. Further analysis is provided in Note 27 of the Financial Statements.

True copy of the Book of Minutes

of the Board of Directors

Karditsa, 3 June 2019

The Chairman of the Board of Directors

Georgios Boukis

ΣΟΛ Crowe

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 2018, 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 2018, 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 From 1.1.2018, the Bank applies the new IFRS 9 "Financial Instruments" replacing IAS 39 by 31 December 2017 and therefore recognizes credit losses when they are expected to be realized (expected credit losses) and not when they have been realized.	As part of our audit approach to the value of impairment provisions for loans and advances to customers at amortized cost, we have focused on examining the design and effectiveness of internal security controls, in the context of applying the applied methodologies, used models and of the assumptions adopted by management, including the accuracy and completeness of the data and the application of mathematical formulas and calculations taken into account to determine the

As at 31.12.2018 loans and advances to customers at amortized cost (before impairment) amounted to € 71.116 thousand, (2017: 65,327 thousand) while the accumulated provisions for impairment amounted to € 17,877 thousand (2017: 16,144 thousand). (2017: Furthermore, as at 31.12.2018 provisions for expected credit losses relating to off-balance sheet items amounted to € 432 thousand. The Bank recognized, at the date of first application of IFRS 9, an impairment provision for expected impairment losses of € 2,090 thousand, of which € 1,733 relates to loans and advances to customers and € 357 thousand to off-balance sheet items, charged to Equity on 1 January 2018. During the financial year 2018, the Bank recognized an impairment provision for expected impairment losses on loans and receivables from customers and off-balance sheet items of € 75 thousand at the expense of the income statement. (2017: 98 thousand). The amount of accumulated impairment provisions for loans and advances to customers represents approximately 25.14% of their total. We considered that 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. • Significant changes introduced by IFRS 9, on the measurement of expected credit losses, which required the use of new models, significant judgments, estimates and assumptions, the incorporation of macroeconomic variables and an assessment of the credit behavior of borrowers. • Significant judgments required on the correct classification of loans. • Significant judgments and estimates for establishing the appropriate criteria to determine the credit risk increase. • The complexity in designing and implementing the model of calculating the expected credit losses • due to the changes in the policies, internal procedures and regulations of the Bank in the context of its adaptation to the	estimated amount of expected credit losses. In this context, we examined the completeness and design adequacy of the Bank's policies and procedures in line with the requirements of IFRS 9 and we also conducted detailed and substantive audit procedures. In particular, our audit procedures included: • Examining the business model adopted by the Bank for the purpose of identifying possible changes in the classification and measurement of financial instruments, for which the Bank has taken into account its policies and objectives, its operational model and the way risk management. • Appropriately assessing the methodologies, policies and procedures used by the Management to calculate expected credit losses, including consideration of their adjustment in the context of IFRS requirements. 9. • Examine the correctness of credit exposure categorization according to the applied methodology. • Examining the reasonableness of the assumptions on which the management was based when creating the model applied for the calculation of expected credit losses, including the examination of the criteria for determining the credit risk increase. • Examining the process of calculating the expected credit losses and the reasonableness of the results of the calculations on a sample basis 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. With regard to determining the probability of default, we also evaluated the appropriateness of the macroeconomic variables (GDP, unemployment rate) incorporated in the relevant calculations. • 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 (residential and commercial properties and other collateral) taken into account when estimating the expected credit loss. • We have looked at the impact of the Bank's

requirements of the new standard. Management provides further information on the following accounting policies and methods used to determine the expected impairment loss for loans and advances to customers and the impact since the first IFRS 9 application in notes 2.3, 3.3. and 4.2.1 of the financial statements.	accession to the transitional provisions laid down in Regulation (EU) 2017/2395 of 12 December 2017, on the progressive recognition of the impairment of IFRS 9 in equity within a period of five years. • In addition, we have assessed the adequacy of the disclosures in the financial statements in relation to the above issue.

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 Bank'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 Bank 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 Bank.

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 Bank'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 Bank 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 Bank 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 Board of Directors Management Report has been drawn up according to the current legal requirements of Article 43a of Codified Law 2190/1920 and its contents correspond to the attached Financial Statements for the year ended on 31/12/2018;

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.

ΣΟΛ Crowe

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 or permitted non-audit services.

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 for a total period of 21 years by decisions of the Annual Ordinary General Meeting.

Athens, 15 June 2019

Vasileios S. 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 27

Balance Sheet 28

Statement of charges in equity 29

Cash flow statement 30

1. General information 31
   1.1 Board of directors 31
   1.2 Approval of financial statements 32
2. Basis of presentation 32
   2.1 Ongoing concern 32
   2.2 New Standards and Interpretations 34
   2.3 Impact from its first application of IFRS 9 37
   2.4 Reclassification of accounts 39
3. Summary of significant accounting policies 39
   3.1 Foreign exchange conversions 39
   3.2 Cash and cash equivalents 39
   3.3 Financial Instruments 39
   3.4 Fair value measurement 48
   3.5 Tangible fixed assets 48
   3.6 Leases 49
   3.7 Intangible assets 49
   3.8 Assets from auctions 49
   3.9 Impairment of non-financial assets 49
   3.10 Current and deferred income tax 50
   3.11 Provisions and contingent liabilities 50
   3.12 Employee benefits 50
   3.13 Equity - Cooperative Capital 51
   3.14 Income statement 52
   3.15 Dividend distribution 53
4. Financial risk management 53
   4.1 Risk Management Framework 53
   4.2 Financial Risks 53
   4.3 Capital adequacy 67
5. Significant accounting estimates and assumptions 68

5.1 Provision for expected credit losses on loans and advances to customers 68
5.2 Deferred taxation 68
5.3 Classification of cooperative capital 68
6. Net income from interest 69
7. Net revenue from commissions 69
8. Remuneration and staff costs 70
9. Other operating expenses 70
10. Provisions for impairment for credit risk 70
11. Other impairment losses 71
12. Income tax 71
13. Cash and cash equivalents in the Central Bank 71
14. Claims against credit institutions 72
15. Loans and receivables against customers 72
16. Investment securities portfolio 73
17. Tangible assets 74
18. Intangible assets 75
19. Deferred taxation 75
20. Other assets 76
21. Liabilities to customers 77
22. Provisions for other liabilities and expenses 77
23. Employee benefit obligations after retirement 77
24. Other liabilities 78
25. Cooperative capital and share premium 78
26. Reserves 79
27. Transactions with affiliated parties 80
28. Contingent liabilities and commitments 82
29. Dividends 82
30. Events after the balance sheet date 83

Statement of comprehensive income

	Notes	1/1-31/12/2018	1/1-31/12/2017
Interest and assimilated revenue		3,968,350	3,553,166
Interest and assimilated expenses		(975,232)	(1,091,482)
Net income from interest	**6**	**2,993,117**	**2,461,684**
Revenue from commissions		881,468	722,731
Expenses from commissions		(409,938)	(308,088)
Net revenue from commissions	**7**	**471,530**	**414,643**
Other revenue		101,847	44,975
Total revenue		**3,566,494**	**2,921,301**
Remuneration and staff costs	**8**	(1,157,662)	(1,026,211)
Depreciation	**17,18**	(150,150)	(133,595)
Other operating expenses	**9**	(728,389)	(717,644)
Total operating expenses before provisions and impairments		**(2.036.201)**	**(1,877,450)**
Profit before provisions, impairments and taxes		**1,530,293**	**1,043,852**
Provisions for impairment for credit risk	**10**	(74,692)	(97,773)
Other impairment losses and provisions	**11**	52,975	(3,600)
Profit before tax		**1,508,577**	**942,478**
Income tax	**12**	(455,786)	(340,306)
Profit for the year		**1,052,791**	**602,172**
Other total income net of taxes			
Items not reclassified later in the results			
Revaluation of defined benefit plans	**23**	(11,546)	12,336
Valuation of financial assets at fair value through other comprehensive income	**26**	(106,493)	-
Other comprehensive income for the year		**(118,039)**	**12,336**
Total comprehensive income for the year		**934,752**	**614,509**

The notes on pages 32 to 83 form an integral part of these financial statements

Balance Sheet

	Notes	31/12/2018	31/12/2017
Assets			
Cash and cash equivalents in the Central Bank	**13**	5,925,350	5,187,344
Claims against credit institutions	**14**	40,498,420	35,235,473
Loans and receivables against customers	**15**	53,238,536	49,182,494
Investment securities portfolio	**16**	258,530	1,405,340
Tangible assets	**17**	381,076	448,684
Intangible assets	**18**	165,437	117,667
Deferred tax receivables	**19**	2,889,709	2,334,044
Other assets	**20**	1,749,936	1,744,299
Total assets		**105,106,995**	**95,655,344**
Liabilities			
Liabilities to customers	**21**	90,490,341	81,138,607
Provisions for other liabilities and expenses	**22**	165,000	165,000
Employee benefit obligations after retirement	**23**	134,397	107,973
Current tax liabilities		69,096	151,936
Other liabilities	**24**	1,330,015	1,084,657
Total liabilities		**92,188,850**	**82,648,174**
Equity			
Cooperative capital	**25**	8,965,248	8,536,233
Share premium	**25**	2,232,117	1,999,195
Reserves	**26**	1,715,732	1,932,615
Results carried forward		5,047	539,127
Total equity		**12,918,145**	**13,007,170**
Total equity and liabilities		**105,106,995**	**95,655,344**

The notes on pages 32 to 83 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 2017		**8,297,139.00**	**6,731,847**	**2,096,154**	**(4,864,449)**	**12,260,691**
Other comprehensive income	23			12,336		12,336
Profit for the year					602,172	602,172
Total comprehensive income for the year		**-**	**-**	**12,336**	**602,172**	**614,509**
Changes in reserves				26,922	(26,922)	-
Dividend distribution						-
Capitalization above par	25	4,864,449	(4,864,449)		(34,538)	(34,538)
Capitalization of losses carried forward	25	(4,864,449)			4,864,449	-
Distribution to partners	29			(224,072)		(224,072)
Increase of cooperative capital		271,173	146,580	21,275	(1,586)	437,442
Decrease of cooperative capital		(32,079)	(14,783)			(46,862)
Balance as at 31 December 2017		**8,536,233**	**1,999,195**	**1,932,615**	**539,127**	**13,007,170**

	Notes	Cooperative capital	Share premium	Reserves	Results carried forward	Total equity
Balance of January 2018		**8,536,233**	**1,999,195**	**1,932,615**	**539,127**	**13,007,170**
Impact of the first implementation of IFRS ΔΠΧΑ 9					(1,532,849)	(1,532,849)
Balance on 1 January 2018		**8,536,233**	**1,999,195**	**1,932,615**	**(993,722)**	**11,474,321**
Other comprehensive income	23			(118,039)		(118,039)
Profit for the year					1,052,791	1,052,791
Total comprehensive income for the year		-	-	**(118,039)**	**1,052,791**	**934,752**
Changes in reserves				51,163	(51,163)	-
Distribution to partners	29			(176,982)		(176,982)
Increase of cooperative capital		452,029	244,340	26,975	(2,858)	720,486
Decrease of cooperative capital		(23,014)	(11,418)			(34,432)
Balance as at 31 December 2018		**8,965,248**	**2,232,117**	**1,715,732**	**5,047**	**12,918,145**

The notes on pages 32 to 83 form an integral part of these financial statements

Cash flow statement

	Notes	1/1-31/12/2018	1/1-31/12/2017
Cash Flows from Operating Activities			
Profit / (Loss) before tax		**1,508,577**	**942,478**
Adjustments for non-cash items:			
Depreciation	**17,18**	150,150	133,595
Provisions for impairment for credit risk	**10**	74,692	97,773
Other impairment losses	**11**	(52,975)	3,600
Provisions for staff compensation	**23**	10,162	11,107
		1,690,605	1,188,554
Net (increase) / decrease of assets related to continuing operating activities:			
Loans and claims against customers			
Loans and receivables against customers		(5,789,526)	(1,663,357)
Other assets		(14,537)	133,609
		(5,804,063)	(1,529,748)
Net (increase) / decrease of liabilities related to continuing operating activities:			
Loans and claims against customers			
Liabilities to customers		9,351,734	6,659,038
Other liabilities		(186,234)	354,388
		9,165,500	7,013,425
Net Cash Flows from Operating Activities before tax		**5,052,042**	**6,672,231**
Paid Income Tax		(419,985)	(184,283)
Net cash Flows from Operating Activities		**4,632,057**	**6,487,948**
Cash Flows from Investing Activities			
Sales of tangible fixed assets			
(Purchases) / Sales of investment securities	**16**	990,137	(15,643)
Purchases of tangible and intangible fixed assets	**17,18**	(130,312)	(258,443)
Net cash Flows from Investing Activities		**859,825**	**(274,086)**
Cash Flows from Financing Activities			
Dividend distribution	**29**	(176,982)	(224,072)
Increase of cooperative capital	**25**	686,054	356,043
Net cash Flows from Financing Activities		**509.072**	**131,971**
Net increase / (decrease) in cash and cash equivalents		**6,000,954**	**6,345,833**
Cash and cash equivalents		40,422,817	34,076,983
Cash and cash equivalents at the end of the year	**13,14**	**46,423,771**	**40,422,817**

The notes on pages 32 to 83 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 authorised to operate as a credit institution under the name “Cooperative Bank of Karditsa SYN. PE".

With 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 shops and ATMs:

-Central shops in Karditsa

-Palama ATM, Prefecture of Karditsa

-Mouzaki ATM, Prefecture of Karditsa

-Sofades ATM, 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	
Chairman	Georgios Boukis	Executive member
First Vice Chairman	Thomas Deligiannis	Executive member
Second Vice Chairman	Aristotelis Mylonas	Non-executive member
Treasurer	Apostolos Kandilas	Non-executive member
General Secretary	Orestis Psachoulas	Executive member
Deputy Treasurer	Georgios Papakostas	Executive member
Deputy General Secretary	Konstantinos Gaitanidis	Non-executive member
Member - Executive Director General	Panagiotis Tournavitis	Executive member
Member - Executive Director General	Charalampos Fyllos	Executive member

The term of office of the Board of Directors expires in November 2019.

1.2 Approval of financial statements

The annual financial statements were approved for publication by the Bank's Board of Directors on 3 June 2019 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 2018 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 Ongoing concern

The successful completion of the Third Stabilization and Adjustment Program in August 2018 had a positive impact on the economic climate of uncertainty prevailing in the country in previous years and created expectations for exit from the recessionary climate with growth prospects. GDP growth in 2018 stood at 1.9%, which is an important indication that the Greek economy has entered a period of recovery and development. No new economic stabilization and adjustment program has been concluded yet, but the Greek government has made commitments through the Medium-term Financial Implementation Framework 2019-2022. These commitments relate to the achievement of objectives and the implementation of fiscal measures that are directly related to the achievement of primary surpluses within the framework of the operation of the General Government. Following the completion of the economic adjustment program and the above-mentioned commitments, there are increased surveillance measures by the European Commission, and in this context it is imperative to take and implement all necessary measures to stabilize the Greek economy in a developmental path, which can improve the confidence of investors, households and other economic operators in it. This is already evident as, according to published official data, deposits in 2018 are rising as a result of a change in the climate of confidence over previous years.

In the context of the above, there are prospects for a positive impact on the increase of the rate of domestic investment through EU funding and for creating jobs, but also to attract new investment funds from the domestic and international market and for the general restoration of the climate of confidence in the Greek economy, which are all necessary for its return to a development path. Declining unemployment according to official statistics creates expectations for a more positive future path.

Negative factors in the above outlook could be the many electoral processes that took place in 2019 for the nomination of representatives of local governments and regions, as well as representatives in

the European Parliament. The announcement of national elections on 7/7/2019 for the appointment of representatives in the Greek Parliament is another factor, which can always create, at least in the short term, uncertainty about any changes that may occur in matters concerning operational frameworks, the tax and social security system and, more generally, economic policy and the wider socio-economic environment.

In spite of the measures taken, uncertainties still exist, mainly related to delays in the implementation of the reforms agreed with the institutions, to the uncertainty surrounding the country's relations with the institutions after the successful completion of the economic stabilization program, uncertainty about the possibility of attracting domestic and international capital as quickly as possible and of improving the working climate by increasing jobs and reducing the current high unemployment rate.

Despite the relaxation of the measures in 2018, there is still uncertainty as to when it will be possible to completely remove restrictions on capital controls, which is expected to have a positive effect on the general economic climate and economic activities with an increased likelihood that significant capital returns to the domestic economy, and despite the changes in the institutional framework, there is still considerable uncertainty as to the management of non-performing loans and whether they will be dealt with in a timely and effective manner.

It should be noted, however, that despite the prevailing adverse economic conditions, the Bank maintains a high capital adequacy ratio and a satisfactory liquidity ratio (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 (Note 2.3). An important factor is also the satisfactory profitability of the Bank despite the existence of the stated conditions, which is the product of efforts to improve the quality of the loan portfolio, with loans to new and healthy businesses, while maintaining the operating cost to a satisfactory degree.

It is further noted that in the first half of 2015, mainly as a result of the prolonged period of the country's negotiations with the institutions, the uncertainty grew to a great extent and the depositors withdrew a large part of their deposits with the credit institutions, resulting in a compulsory bank holiday and the imposition of capital controls. These outflows have resulted in conditions of dependence on the Emergency Liquidity Facility (ELA) in most credit institutions and mainly in the major banks of Greece and in the major banks in the Cooperative Bank sector. Despite these circumstances, the Bank has not yet had to be funded by ELA, as customer deposits grew in 2018 while the liquidity ratio remained at satisfactory levels.

The Bank closely monitors these risks and their impact on its operations in order to amend its business strategy or financial policy where appropriate. In this context, it is worth highlighting the positive results of the effort to improve the quality of the portfolio and the implementation of the agreement signed between the Bank and the European Investment Fund in 2016 as part of which guarantees are provided by this fund with the aim of creating a microfinance portfolio in designated small companies with an amount of funding per borrower of € 25 thousand and up to the total amount of € 5 million. Loans granted with Bank funds are guaranteed by 80% from the European Investment Fund. In the year 2018, the financing of small businesses continued successfully, within the framework of the above, which also contributed proportionally to the increase in the Bank's capital mobility ratio.

The Board of Directors, taking into account the above factors, considers that the Bank's financial statements can be prepared on a going concern basis.

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 2018. The Bank has not adopted any other standard, interpretation or amendment that has been issued but is not mandatory for the current financial year 2018.

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

Amendments to IFRS 2 Share-based Payment Transactions: Classification and measurement of share-based transactions

The amendments clarify the effects of vesting conditions on the measurement of share-based payment and cash-settled share-based payment transactions, the accounting treatment of the share-based payment of share-based payment obligations and the accounting treatment of changes in bonus arrangements that are contingent upon of the value of the shares. The amendments to IFRS 2 did not have an impact on the Bank's financial statements as the Bank does not intend to provide share-based benefit plans.

IFRS 9 Financial Instruments

The new standard establishes the principles for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial assets. The standard replaces IAS 39. Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on the entity's business model for the management of financial assets and the contractual cash flows of financial assets. Except in connection with the entity's credit risk, the classification and measurement of financial liabilities has not changed in relation to current receivables. IFRS 9 introduces a new impairment model for financial assets, that of the expected credit losses. The Standard also introduces significant changes to the hedge accounting model.

IFRS 9 is applied retrospectively, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, for annual reference periods beginning on or after 1 January 2018. However, it is possible to apply non-retrospectively and any impact from the first application of the standard to be recognized directly in equity on 1.1.2018. The Bank has fully applied IFRS 9 on 1.1.2018, and not retrospectively, ie without the revision of the corresponding comparative figures. Consequently, the comparative amounts at 31.12.2017 are presented in accordance with IAS 39.

The new accounting principles for financial instruments are described in Note 3.3 below.

The impact of the first application of the standard on 1 January 2018 on the Bank's financial statements is addressed in note 2.3.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes revenue recognition requirements that apply to all contracts with customers, other than contracts that are within the scope of the standards for financial instruments, leases and insurance policies. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers, for recognition of the revenue.

The standard provides a single five-step model, which should be applied to all customer contracts for revenue recognition. The entity will also recognize as an asset the incremental cost of securing a contract with a customer if it estimates that it will recover that cost. IFRS 15 requires extensive disclosures, both quantitative and qualitative, so that users of the financial statements are able to understand the nature, amount, timing and uncertainty of income and cash flows arising from contracts with customers.

IFRS 15 is mandatory for annual periods beginning on or after 1 January 2018.

Adoption of the standard had no impact on the Bank's financial statements. Interest and commission income that forms an integral part of the financial instruments will continue to be outside the scope of IFRS 15. Net income from interest, which is a key source of revenue for the Bank, is not affected by the adoption of IFRS 15. For the Bank's income from contracts with customers, including bank fees and commissions, there was no change in the accounting treatment of the services provided over time or the transactions performed at a given time as it was in line with the existing policy of the Bank.

The accounting principles for recognizing income from contracts with customers in accordance with IFRS 15 are dealt with in note 3.14.

Amendments to IAS 40 Investment Property: Real Estate Investment Transfers

The amendment clarifies that the transfer of a property, including properties under construction or development, to or from investment properties must be made only when there is a change in the property's use. This change in use is made when the property fulfils or no longer fulfils the definition of investment property and must be duly documented. The amendments had no effect on the Bank's financial statements.

Other amendments

The following amendments, which are mandatory for the current financial year 2018, are not related to the Company's operations and have no impact on the financial statements:

- IFRS 4 Insurance policies (amendment): Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

-Energy IFRS improvements 2014-2016 (IAS 28 Exemptions from the application of the equity method).

- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

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 IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

On 12 October 2017, the IASB issued the amendment to address concerns about how IFRS 9 *Financial Instruments* classifies certain prepaid financial assets. In addition, the IASB clarifies an aspect of accounting for financial liabilities after an amendment. The amendments are effective for annual periods beginning on 1 January 2019 and will have no impact on the Bank's financial statements.

IFRS 16 Leases

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for the lessee and the lessor. By applying the new standard, IAS 17 Leases and Interpretations, SIC 15 Operating leases - Incentives, SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and IFRIC 4 Determining whether an arrangement contains a lease, are repealed.

The model adopts a single model of accounting for leases by the lessee. Accordingly, the lessee in a lease is required to recognize in the statement of financial position assets and liabilities for all leases of more than twelve months unless the asset is of low value and depreciation with financial expense during the lease in the statement of comprehensive income. The lessor continues to classify lease contracts as operating or finance leases, and to apply different accounting treatment for each type of contract. The standard also requires extensive disclosures in the lessee's financial statements.

IFRS 16 is mandatory for annual periods beginning on or after 1 January 2019.

The lease agreements of the Bank include office and shop lease agreements.

The Bank will apply IFRS 16 from its mandatory implementation date on 1 January 2019. With respect to the options and exemptions permitted under IFRS 16, the Company will follow the approach below:

- To apply the new standard using the simplified transition approach, according to which the comparative figures for the previous year will not be reworked.

- To measure, on the transition date (1.1.2019), the right to use a leased asset in an amount equal to the lease obligation, adjusted by the amount of any prepaid or accrued lease payments relating to the lease.

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

- To opt for the exemption provided by the model to the lessees, not to separate the non-lease components from the lease components and to account for each leased and associated non-leased component as a single lease component.

- To apply a single discount rate to each category of leases with similar characteristics (such as leases of a similar duration, for similar fixed assets and in a similar economic environment).

The Bank is in the process of assessing the impact of IFRS 16 on its financial statements in 2019, although such impact is not expected to be significant due to the low value and duration of the lease agreements it has concluded.

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 are effective for annual periods beginning on 1 January 2020, have not been adopted yet by the European Union, and will have no impact on the Bank's financial statements.

Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

IAS 19 Employee Benefits determines how a Bank accounts for a defined benefit plan. When a change is made to a plan - amendment, curtailment or settlement - IAS 19 requires a Bank to reassess the net liability or defined benefit asset. The amendments require a Bank to use the updated assumptions from this reassessment to determine the current service cost and net interest for the remainder of the reporting period after the change in the plan. Until now, IAS 19 did not specify how these costs were determined for the period after the change in the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to the users of the financial statements. The amendments are effective for annual periods beginning on 1 January 2019 and will have no impact on the Bank's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

It may be unclear how tax law applies to a particular transaction or circumstance or whether the tax authority will accept a tax treatment of the Bank. IAS 12 *Income Taxes* sets out how to calculate current and deferred tax but not how to respond to the effects of an uncertainty. Interpretation 23 provides requirements that add to the requirements of IAS 12, by determining how to respond to the effects of an uncertainty in income tax accounting. The Interpretation is mandatory for annual periods beginning on 1 January 2019 and will have no impact on the Bank's financial statements.

Annual Improvements to IFRSs, 2015-2017 Cycle

The amendments of the 2015-2017 Cycle, were issued by the Board on 12 December 2017 and apply to periods starting on or after 1 January 2019. None of these changes have any impact on the Bank.

- IFRS 3 Business Combinations

The amendments clarify that an entity should remeasure the interest previously held in a jointly controlled operation when it acquires control of that operation.

- IFRS 11 Joint Arrangements

The amendments clarify that an entity is not required to remeasure the interest previously held in a jointly controlled operation when it acquires joint control of that operation.

- IAS 12 Income Taxes

The amendments clarify that an entity should equally account for all income tax consequences of dividends.

-IAS 23 Borrowing costs

The amendments clarify that an entity should account for any borrowing costs incurred to produce an asset when such asset is ready for its intended use or sale.

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 2021).

- IFRS 3 Business Combinations (amendment): Definition of a Business Combination Contracts” (effective for annual periods beginning on or after 1 January 2020).

- IAS 28 Investments in Associates and Joint Ventures (amendment): Long-term interests in associates and joint ventures” (effective for annual periods beginning on or after 1 January 2019):

2.3 Impact from its first application of IFRS 9

The effect of the transition to IFRS 9 is EUR 1,532,849, which was recognized as an adjustment to the opening balance of the Results carried forward line as at 1 January 2018. The above impact, as summarized in the table below, is mainly due to the Bank's loan portfolio.

Amounts in EUR	31/12/2017 According to IAS 39	Impact of IFRS 9	1/1/2018 According to IFRS 9
Loans and receivables against customers	49,182,494	(1,733,060)	47,449,434
Off-balance sheet items	-	(357,325)	(357,325)
Investment securities portfolio	1,405,340	(68,558)	1,336,782
Deferred tax receivables	2,334,044	626,093	2,960,137
Results carried forward	539,127	(1,532,849)	(993,722)

2.3.1 Loans and receivables against customers

The following table presents the analysis of the impact of IFRS 9 per stage on 1 January 2018 on loans and receivables against customers.

Amounts in thousand EUR	Total Value before impairment	Provision for impairment IAS 39	Cumulative Provision for Expected Credit Losses IFRS 9	Impact from the first application of IFRS 9
Stage 1	29,106,368	-	(1,813,128)	(1,813,128)
Stage 2	1,837,864	-	(308,683)	(308,683)
Stage 3	34,382,301	(16,144,039)	(15,755,288)	388,751
Total	**65,326,533**	**(16,144,039)**	**(17,877,099)**	**(1,733,060)**

2.3.2 Off-balance sheet items

The effect of the creation of provisions for expected credit losses from off balance sheet items (Letters of Guarantee) amounted to a loss of € 357,325.

2.3.3 Investment securities portfolio

The impact of the first application of IFRS 9 in the Investment Fund Portfolio is analyzed as follows:

Amounts in EUR	31/12/2017	Classification	Provision for impairment	1/1/2018
According to IAS 39				
Loans and receivables	1,100,137	(1,100,137)		-
Financial assets available for sale	305,203	(305,203)		-
According to IFRS 9				-
Financial assets measured at amortized cost		1,100,137	(68,558)	1,031,579
Financial assets measured at fair value through other comprehensive income		305,203	-	305,203

For the purposes of subsequent measurement, the Investment Fund Portfolio was classified in accordance with the Bank's business model for the management of the financial assets that it incorporates and their contractual cash flows.

Non-marketable debt securities that were measured under IAS 39 as "Loans and receivables at amortized cost using the effective interest method" were classified in accordance with IFRS 9 as measured at amortized cost using the effective interest method. On the date of transition to IFRS 9, 1.1.2018, an impairment provision for anticipated impairment losses of € 68,558 was recognized for these bonds in respect of retained earnings.

Equity instruments that, according to IAS 39 were classified as available-for-sale financial assets and were measured at fair value through other comprehensive income are still measured at fair value through other comprehensive income in accordance with IFRS 9 and were classified in this category.

2.3.4 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. Based on the above, Common Equity Tier 1 (CET 1) declined by about 57 basis points in the first year of adoption of IFRS 9 using the transitional provisions (a decrease of 353 basis points for full implementation respectively), which corresponds to a reduction in the regulatory capital of € 364 thousand by applying the transitional provisions.

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

Amounts in thousand EUR	31.12.2017 IAS 39	1.1.2018 IFRS 9 Full implementation	1.1.2018 IFRS 9 Transitional provisions	31.12.2018 IFRS 9 Full implementation	31.12.2018 IFRS 9 Transitional provisions
Common Equity Tier I	11,854	9,617	11,490	10,102	11,822
Equity Tier I	11,854	9,617	11,490	10,102	11,822
Total Regulatory Capital	11,854	9,617	11,490	10,102	11,822
Total Weighted Assets	63,271	63,246	63,246	63,813	63,813
Common Equity Tier I Ratio	18.74%	15.21%	18.17%	15.83%	18.52%
T1 Capital ratio	18.74%	15.21%	18.17%	15.83%	18.52%
Total Capital Ratio	18.74%	15.21%	18.17%	15.83%	18.52%

2.4 Reclassification of accounts

In the comparative period, limited reclassifications were made to make them similar and comparable to those of the current period.

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

Accounting policy from 1 January 2018 in accordance with IFRS 9

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 derecognised 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:

- Amortised 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 advances to 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 recognised, 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

Stage 1

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.

Stage 2

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 recognised, 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.

Accounting policy before 1 January 2018 in accordance with IAS 39

i. Initial recognition

The bank recognises financial instruments as assets or liabilities when a counterparty that acquires rights or undertakes obligations under the contractual terms of the financial instrument.

On initial recognition, the bank measures financial assets and liabilities at fair value. In the case of financial instruments not measured at fair value through profit and loss, the value at initial recognition is increased by transaction costs and is reduced by income and commissions directly related to their acquisition or creation.

ii. Classification and subsequent measurement of financial assets

The Bank's financial assets are classified into the following categories for the purposes of subsequent measurement. The classification depends on the purpose for which the financial assets were acquired. The Management makes the decisions on classification at initial recognition.

(a) Loans and receivables

This category may include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for which the Bank considers it unlikely to not recover substantially all of its initial investment, other than because of deterioration of the issuer. The Bank's loans and receivables include:

i. loans to customers;

ii. fixed-interest bonds that are not traded on an active market.

This category is measured at amortized cost using the effective interest method and is periodically reviewed for impairment losses.

The effective rate method calculates the amortised cost of a financial asset and apportions interest income or expenses to the reporting period. The effective interest rate is the rate that exactly discounts the expected stream of future cash inflows or outflows through maturity or the next repricing date of a financial instrument.

(b) Financial assets valued at fair value through profit or loss

A financial asset is classified at fair value through profit or loss when it is principally held for trading purposes or because it has been chosen as at its initial recognition. Derivatives are classified as held for trading, except when they are designated as hedging instruments.

The Bank not hold any investments of this category.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity.

Realized and non-realized profits or losses arising from the changes in the fair values of the financial assets evaluated at fair value through profit or loss are presented in the income statement in the period in which they arise.

The Bank not hold any investments of this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The bank has classified non-listed equity securities in this category.

Available-for-sale financial assets are valued at fair value and the relevant earnings or losses are posted in reserves under equity until such assets are sold or impaired. Upon sale or impairment, earnings and losses accumulated in equity are transferred to profit or loss. Impairment losses recognised in results may not be reversed through profit and loss.

The fair values of financial assets are based on current bid prices. As regards assets not traded on a stock market, fair values are determined using valuation techniques such as analysis of recent transactions, comparable assets traded and discounted cash flows. Where fair value cannot be reliably measured, financial assets are valued at the acquisition cost less impairment.

iii. Derecognition of financial assets

The Bank derecognises a financial asset when:

- the rights to the cash flows of the financial assets have expired;
- the contractual right to the assets' cash flows has been transferred along with the risks and rewards of ownership;
- loans or investments in securities have become unrecoverable, so they are derecognised;

iv. Impairment of financial assets

At each balance sheet date, the Bank assesses whether a financial asset or a group of financial assets has been impaired.

Financial assets that are subject to impairment testing (if there are the relevant indications) are assets that are valued at cost, assets valued at depreciated cost based on the effective interest method (long-term receivables), available-for-sale investments and derivatives.

Objective indications that an asset or group of assets classified as "loans and receivables" has been impaired constitute evidence and information obtained by the Bank regarding loss-making events, the effect of which estimated future cash flows can be reliably measured and determined. The main such indications are reported below in "Impairment of loans and receivables".

In calculating the impairment of investments recognised as available for sale, any significant and extended decrease in the investments's fair value below its cost is taken into account. Where there is such indication for available for sale financial assets, the accumulated loss – calculated as the difference between acquisition cost and current fair value less impairment losses of the financial asset previously recognised in profit or loss – shall be transferred from equity to profit or loss.

In the case of a subsequent increase in the value of a debt instrument classified as available for sale, the loss previously recognized through profit or loss is reversed in the income statement. Impairment losses on equity instruments that are recognized as an expense in the income statement are not reversed through profit or loss.

Impairment of loans and receivables

The Bank examines, at the date of preparation of the Financial Statements, the possibility of a loan or group of loans being impaired.

A loan or group of loans has been impaired, which leads to the recognition of impairment losses if and only when there are objective indications as a result of one or more events (loss events) that occurred after the initial recognition of the loan and these events affect the estimated future cash flows of loans and their impact can be estimated reliably.

Some key signs of impairment of loans are:

- Failure to comply with the terms of the loan agreement
- Significant financial difficulty of the borrower
- When the lender makes a concession to the borrower for financial or legal reasons related to the borrower's financial difficulty that the lender would not otherwise consider (loan settlement measures)
- When the borrower is likely to be in a state of bankruptcy or other financial distress
- Existence of entries in Tiresias

- Lossful events that could affect the borrower's ability to repay its contractual obligations within the agreed time

Loan impairments are reviewed on an individual basis and for some categories they are reviewed and calculated on a collective basis. For impairment of loans with individual assessment, the following are taken into account:

Personalized impairment

- The final delays (Judicial) are reduced to the amount of the collateral
- A debit or open bank loan is impaired on the value of the collateral if it has been designated by the competent service in a state of cessation of payment and its total delay exceeds 12 months
- Interest-earning loans with a delay of 91-180 days are considered for the classification of the borrower in the category of the co-operative or not and if the borrower has been classified as non-cooperative according to the Code of Conduct, all its exposures are impaired at the amount of collateral.
- If there is an interest-bearing loan with a delay of more than 6 months, then it is impaired at the amount of the collateral.
- If the borrower has an indication of impairment in the amount of the collateral in one of his loans then his other exposures are automatically subject to impairment in the same manner.

Collective impairment

Special category of arrangements:

- For all exposures that do not have individual impairment, their unsecured balance is calculated. Accordingly, an initial loss rate is calculated.
- Since the analysis relates to adjusted loans and is currently being redeemable (not initially considered to be impaired), taking into account the average of the default probability calculated on the total set of exposures based on (a) the probability of default according to RVRating ™ of Systemic Bank SA (Systemic RM) on an individual basis, with a minimum LossRate = 15%; and (b) the combined loss ratio resulting from the total unsecured balance of regulated loans and the probability of default on an individual basis.
- Note that if a portion has already been used for individual impairment, it is not taken into account in the above calculations.

If, in a subsequent period, the amount of the impairment provision is reduced due to events that occurred after the impairment was recognized, which led to an improvement in the borrower's creditworthiness, the provision previously recognized is reversed and the resulting difference is recognized in profit and loss.

In the event that a claim becomes inappropriate or settled, it may be written off against the amount of the individually formed provision if it is recognized by the applicable tax provisions. If recoveries are made in a period after derecognition, "provisions for impairment losses on loans and advances to customers" are recognized in the income statement.

v. Subsequent measurement of financial liabilities

The financial liabilities assumed by the Bank are subsequently measured with the amortized cost method using the effective interest rate. This category includes liabilities to customers and other liabilities.

The Bank has no financial liabilities that are measured at fair value through profit or loss

vi. 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 recognised, 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 2018:

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

On 31.12.2017 the Bank held financial assets that were classified as available-for-sale financial assets and included unrecognized equity instruments that were measured at cost less impairment as their fair value could not be measured reliably.

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 tenant

Leases of fixed assets where the Bank retains substantially all the risks and benefits of ownership are classified as finance leases. Finance leases are capitalized at the beginning of the lease at the lower of the fair value of the asset or the present value of the minimum lease payments. Each rent is apportioned between the liability and the finance charges in order to achieve a fixed interest rate on the remaining financial liability. The corresponding lease obligations, net of finance charges, are shown in liabilities. The part of the financial expense relating to finance leases is recognized in the income statement over the period of the lease. Fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the assets and the duration of their lease unless there is reasonable assurance that the Bank will acquire ownership of the assets at the end of the lease and are therefore depreciated over their useful lives. During the current and previous financial year the Bank did not enter into finance leases and there were no finance leases.

Leases where the lessor materially retains all the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease are recognized at the expense of the results, using the straight-line method, over the lease term.

3.7 Intangible assets

Software

Software programmes 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 recognised through profit and loss unless it pertains to assets recognised in other comprehensive income or directly recognised in equity. In this case, deferred tax is also recognised 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 recognised 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 recognised when:

- an entity has 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 recognised 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 the 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 No 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

Policy in effect from 1 January 2018 in accordance with IFRS 9

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.

Policy in effect before 1 January 2018 in accordance with IAS 39

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 net amount of the financial asset or liability. 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 calculation includes the fees and base units paid or received, which form an integral part of the effective interest rate, transaction costs, and all other amounts above and below par.

Where a financial asset has been impaired as a result of the related impairment loss, interest income is recognized on the basis of the interest rate used to discount future cash flows for the purpose of measuring the impairment loss.

Interest income refers to all interest bearing balance sheet items and is recognized on an accrual basis using the effective interest method. Interest income includes interest on loans and coupons on fixed rate debt securities.

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.

3.15 Dividend distribution

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

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.

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.

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 Committee members is annual and may be renewed indefinitely. 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.

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 General 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. On 1.1.2018, the Credit Regulation was adjusted to meet the requirements of IFRS 9.

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. In 2018, the overdue process was appropriately revised and approved by Management in the context of adjusting to the requirements arising from the application of the new IFRS 9 Financial Instruments as of 1.1.2018.

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.

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, 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).

Maximum exposure to credit risk before collateral

The maximum exposure to credit risk as at 31.12.2018 and 31.12.2017 is as follows:

Amounts in EUR	31/12/2018	31/12/2017
Credit risk exposure of balance sheet items		
Claims against credit institutions	40,498,420	35,235,473
Loans and receivables against customers	53,238,536	49,182,494
Investment securities portfolio	93,318	1,100,137
Other assets	19,074	12,482
Credit risk exposure of off-balance sheet items		
Letters of Guarantee	4,936,279	5,526,835
Total	**98,785,626**	**91,057,420**

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

Accounting policy from 1 January 2018

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 advances to customers measured at amortized cost, provision for impairment, total value after impairment and collateral value as at 31.12.2018.

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	**4,076,849**	**329,697**	**7,219,701**	**11,626,247**	**275,804**	**47,495**	**2,381,886**	**2,705,185**	**8,921,062**	**7,814,020**
Mortgage	3,065,503	300,091	4,384,412	7,750,005	114,611	39,792	1,082,095	1,236,498	6,513,507	
Collateral value	2,533,125	246,370	3,271,708	6,051,203						6,051,203
Consumer	1,011,346	29,606	2,835,289	3,876,242	161,192	7,703	1,299,792	1,468,687	2,407,555	
Collateral value	323,272	6,064	1,433,480	1,762,816						1,762,816
Business	**36,683,724**	**1,182,760**	**25,623,328**	**59,489,813**	**1,785,961**	**186,171**	**13,200,207**	**15,172,339**	**44,317,474**	**31,608,583**
SMEs	32,683,724	1,182,760	25,623,328	59,489,813	1,785,961	186,171	13,200,207	15,172,339	44,317,474	
Collateral value	19,447,864	466,912	11,693,808	31,608,583						31,608,583
Book value as at 31.12.2018	**36,760,574**	**1,512,457**	**32,843,029**	**71,116,060**	**2,061,764**	**233,667**	**15,582,093**	**17,877,524**	**53,238,536**	**39,422,603**
Total collateral value	**22,304,261**	**719,346**	**16,398,996**	**39,422,603**						**39,422,603**

The total of the provisions in the above table also includes an amount of EUR 352 thousand, which relates to losses from the modification of the contractual terms of loans and advances to 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 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 as of 31.12.2018.

Amounts in EUR	Business	Mortgage	Consumer	Total
Up to 90 days	7,591,188	1,627,914	500,558	9,719,660
From 91 to 180 days	281,056	20,104	35,031	336,192
From 181 to 360 days	861,552	71,369	7,468	940,389
More than 360 days	16,889,532	2,292,232	2,665,025	21,846,789
Value before impairment	**25,623,328**	**4,011,619**	**3,208,082**	**32,843,029**
Cumulative impairment	13,200,207	1,082,095	1,299,792	15,582,093
Book value after impairment	**12,423,121**	**2,929,525**	**1,908,290**	**17,260,936**
Collateral value	11,693,808	3,271,708	1,433,480	16,398,996

The table below presents the evolution of loans and advances to customers before impairment by category (business, mortgage, consumer), and per stage calculated over the reference period 1.1.2018 to 31.12.2018.

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 1.1.2018	**25,906,508**	**1,504,266**	**26,734,985**	**2,380,509**	**277,359**	**4,608,345**	**819,351**	**56,240**	**3,038,971**	**65,326,533**
New loans recognized	7,692,345	1,535	206,291	1,051,041		36,000	371,515	3,327	11,846	9,373,899
Transfer from other stages	809,578	860,265	633,444	121,337	182,320	132,053	140,255	25,197	79,618	2,984,067
Transfer to Stage 1		(273,425)	(536,153)		(44,123)	(77,215)		(7,234)	(133,021)	(1,071,171)
Transfer to Stage 2	(792,177)		(68,088)	(105,883)		(76,437)	(6,501)		(18,696)	(1,067,782)
Transfer to Stage 3	(102,935)	(530,509)		(62,966)	(69,087)		(47,368)	(32,250)		(845,114)
Repayment and other operations	(829,596)	(379,371)	(1,347,151)	(321,495)	(46,823)	(240,340)	(262,946)	(15,229)	(141,423)	(3,584,373)
Book value before impairment 31.12.2018	**32,683,723**	**1,182,760**	**25,623,328**	**3,062,544**	**299,646**	**4,382,406**	**1,014,305**	**30,051**	**2,837,295**	**71,116,059**
Provision for impairment 31.12.2018	1,785,960	186,171	13,200,207	114,611	39,792	1,082,095	161,192	7,703	1,299,792	17,877,523
Book value as at 31.12.2018	30,897,764	996,589	12,423,121	2,947,933	259,85401	3,300,312	853,113	22,348	1,537,503	**53,238,536**
Provision for impairment for off-balance sheet items	431,592									431,592

According to the above tables, the percentage of provisions for expected credit losses on total loans amounts to 25.14% as at 31.12.2018. Considering the impairment provision for off-balance sheet items, the above percentage is 25.74%.

Accounting policy before 1 January 2018 in accordance with IAS 39

Loans and receivables from customers are categorized as “not overdue and non-impaired loans”, “overdue and non-impaired loans” and “impaired loans”.

The category “not overdue and non-impaired loans” includes loans for which there are no overdue payments based on a contract, and no other evidence of impairment.

The category “overdue and non-impaired loans” includes loans for which there are no overdue payments based on a contract, for at least one day but have not been impaired unless there is specific information to the contrary.

The category “impaired loans” comprises those impaired on the basis of an individual assessment and those impaired on the basis of a collective assessment.

The following tables present the value of loans and advances to customers, before impairment, which is the maximum exposure to credit risk before impairment, and their classification in non-impaired (ie “not overdue and non-impaired loans” and “overdue and non-impaired loans”) and impaired.

The following tables also show the remainder of the impairment provision that has been recognized by category of loans and receivables from customers and the method of determining the remainder (ie "individual" or "collective"), the total net value of loans and receivables impairment, and the value of collateral held to reduce credit risk.

Balances as at 31.12.2017	Non-impaired loans and receivables		Impaired loans and receivables		Total value before impairment	Accumulated provisions		Total net value after impairment	Value of collateral received
	Not overdue and non-impaired	Overdue and non-impaired	Based on individual assessment	Based on collective assessment		Based on individual assessment	Based on collective assessment		
Business SMEs	24,816,409	2,588,188	19,644,765	6,680,236	53,729,598	11,046,135	1,955,466	40,727,997	28,533,706
Individuals									
Mortgage	2,136,414	521,453	3,422,844	1,283,394	7,364,105	998,567	375,680	5,989,858	5,861,327
Consumer	771,618	96,807	2,529,921	588,482	3,986,828	1,405,990	172,263	2,408,576	1,639,722
Total individuals	2,908,032	618,260	5,952,765	1,871,876	11,350,933	2,404,557	547,943	8,398,433	7,501,049
Total loans	**27,724,441**	**3,206,448**	**25,597,531**	**8,552,112**	**65,080,532**	**13,450,692**	**2,503,409**	**49,126,431**	**36,034,755**

Overdue and non-impaired loans and receivables from customers

The following tables present the time series analysis of overdue and non-impaired loans and receivables from customers, by loan category:

Maturing of overdue and non-impaired loans and receivables per category (31.12.2017)	Business	Individuals		Total
	SMEs	Mortgage	Consumer	
1-30 days	1,563,054	159,493	59,762	1,782,309
31-60 days	525,793	275,885	7,384	809,061
61-90 days	279,932	66,515	14,633	361,079
91-180 days	135,033	19,561	11,386	165,980
> 6 months	80,508	-	3,643	84,150
>12 months	3,869	-	-	3,869
Total	**2,588,188**	**521,453**	**96,807**	**3,206,448**
Value of collateral received	**1,521,194**	**457,868**	**36,096**	**2,015,158**

Impaired loans and receivables from customers

The tables below show the timing of impaired loans and receivables from customers by loan category, after impairment, and the value of collateral held to reduce credit risk.

Maturing of impaired loans and receivables per category (31.12.2017)	Business	Individuals		Total
	SMEs	Mortgage	Consumer	
Settled (non-overdue)	4,727,168	734,458	272,023	5,733,649
1-30 days	1,471,186	671,150	94,282	2,236,617
31-60 days	517,921	150,429	116,584	784,934
61-90 days	1,542,953	52,760	138,319	1,734,033
91-180 days	370,873	9,603	94,597	475,074
> 6 months	1,183,312	107,232	110,347	1,400,891
>12 months	16,511,589	2,980,605	2,292,251	21,784,445
Total	**26,325,002**	**4,706,238**	**3,118,403**	**34,149,643**
Value of collateral received	**11,945,635**	**3,535,597**	**1,369,914**	**16,851,145**

According to the above tables, the percentage of provisions for impairment on total loans amounts to 24.62% as at 31.12.2017.

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

Accounting policy from 1 January 2018 in accordance with IFRS 9

The table below presents 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.

31.12.2018 *Amounts in EUR*	Book value before impairment			Provision for impairment
	Stage 1	Stage 2	Stage 3	
Retail Banking	**4,076,849**	**329,697**	**7,219,701**	**2,705,185**
Mortgage loans	3,065,503	300,091	4,384,412	1,196,706
Consumer loans	1,011,346	29,606	2,835,289	1,508,479
Business	**32,683,725**	**1,182,760**	**25,623,327**	**15,172,339**
Agriculture-Livestock	6,024,690	175,317	595,988	576,107
Mining-Processing	1,242,150		3,281,906	1,497,643
Industry	5,535,677	21,405	728,594	558,970
Building-Construction	676,550	89,295	3,482,605	1,870,365
Trade	6,463,396	240,074	10,951,722	5,862,105
Tourism	345,276	-	1,899,868	341,482
Transport	4,141,675	-	204,725	4,842
Energy	1,511,214	74,323	688,118	477,694
Other	6,743,097	582,345	3,789,803	3,983,132
Total	**36,760,574**	**1,512,457**	**32,843,028**	**17,877,524**

Accounting policy before 1 January 2018 in accordance with IAS 39

The following tables present the total loans and receivables from customers, before impairment, impaired loans and receivables from customers, and impairment provisions, by segment of activity as at 31.12.2017.

31.12.2017	Total loans and receivables against customers	Impaired loans and receivables	Accumulated provisions for impairment
Retail Banking	**11,350,933**	**7,824,641**	**2,952,500**
Mortgage	7,364,105	4,706,238	1,374,247
Consumer	3,986,828	3,118,403	1,578,253
Business	**53,975,600**	**26,571,002**	**13,191,540**
Agriculture-Livestock	4,306,328	711,172	326,801
Mining-Processing	5,279,462	3,322,145	1,598,846
Industry	3,727,640	1,242,925	468,369
Building-Construction	4,274,610	3,779,306	1,938,224
Trade	18,977,882	10,277,972	5,972,856
Tourism	2,240,463	1,847,318	183,367
Energy	5,365,940	218,070	-
Transport	2,332,103	626,465	232,597
Other categories	7,471,172	4,545,629	2,470,480
Total	**65,326,533**	**34,395,643**	**16,144,039**

(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 42/30.5.2014 as amended by 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
- Capitalization of overdue instalments
- Providing a grace period
- Interest rate reduction

Accounting policy from 1 January 2018 in accordance with IFRS 9

<u>Exposures for which restructuring measures have been taken (arrangements)</u>

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:

$$Provision = Expected\ Credit\ Loss\ = \sum_{t=1}^{T} PD_t * SP_{t-1} * (1 - \frac{(1-Haircut)\% * Pledge\ Value}{EAD_t}) * EAD_t * DF_t$$

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.

Accounting policy before 1 January 2018 in accordance with IAS 39

Settled loans are classified as impaired and non-impaired following an assessment of the degree of default they present and their credit rating at the time of settlement and at the reporting date.

Detailed data for 2018 and 2017 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	31/12/2018	31/12/2017
Retail Banking		
Mortgage loans	1,773,395	1,706,219
Consumer loans	921,880	886,698
Total	**2,695,275**	**2,592,917**
Business		
SMEs	**9,972,268**	**10,145,193**
Book value before impairment provisions	**12,667,543**	**12,738,111**
Less: Accumulated provision for impairment	**(3,571,756)**	**(4,215,654)**
Net book value of settled loans	**9,095,786**	**8,522,457**

The following table summarizes the settled loans and receivables from customers by quality rating as at 31.12.2018:

31.12.2018 *Amounts in EUR*	Total loans and receivables	Settled loans	% settlements on total loans
Value before impairment			
Stage 1	36,760,573	1,091,134	3%
Stage 2	1,512,458	30,093	2%
Stage 3	32,843,029	11,546,316	35%
Total	**71,116,059**	**12,667,543**	**18%**
Accumulated provisions for expected credit loss			
Stage 1	(2,061,764)	(137,197)	7%
Stage 2	(233,667)	(10,750)	5%
Stage 3	(15,582,093)	(3,423,809)	22%
Total	**(17,877,524)**	**(3,571,756)**	**20%**
Net book value	**53,238,536**	**9,095,786**	
Collaterals received	**39,422,603**	**7,654,045**	

The analysis of loans and receivables from customers with qualitative data as at 31.12.2017 is as follows:

31.12.2017 *Amounts in EUR*	Total loans and receivables	Settled loans	% settlements on total loans
Value before impairment			
Not overdue and non-impaired	27,724,441	8,135,279	29%
Overdue and non-impaired	3,206,448	416,833	13%
Impaired	34,395,643	4,185,999	12%
Total	**65,326,533**	**12,738,111**	**19%**
Accumulated provisions for impairment			
Provisions based on individual assessment	(13,640,630)	(1,712,245)	13%
Provisions based on collective assessment	(2,503,409)	(2,503,409)	100%
Total	**(16,144,039)**	**(4,215,654)**	**26%**
Net book value	**49,182,494**	**8,522,457**	
Collaterals received	**36,034,755**	**7,210,013**	

The table below gives details of the settlement measures in relation to the value of the settled loans.

Types of settlement (thousand Euro)	2018	2017
Schedule of reduced payments	925	820
Providing a grace period	250	287
Extended loan duration	7,628	7,705
Capitalization of overdue instalments	1,156	2,372
Partial deletion of debt	151	55
Combination of settlement measures	1,808	965
Interest rate cut	750	534
Less: Accumulated provision for impairment	(3,572)	(4,216)
Total net value	**9,096**	**8,522**

Credit risk from debt securities

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

Accounting policy from 1 January 2018 in accordance with IFRS 9

On 31.12.2018 the bank held non-listed fixed rate bonds of EUR 93,318 (31.12.2017: 1.100.137). On the date of transition to IFRS 9, 1.1.2018, a loss of € 68,558 at the expense of Retained Earnings for expected 12-month credit losses (Note 2.3) was recognized for these bonds. During the year, part of the provision for expected credit losses of € 61,875 was reversed through the sale of part of the bonds in favor of the profit and loss account (Note 11).

Accounting policy before 1 January 2018 in accordance with IAS 39

The Bank held non-listed fixed rate bonds of EUR 1,100,274 at 31.12.2017, which it classified as loans and receivables (Note 16). It is noted that in March 2018 a nominal value of EUR 1.000.000 was liquidated from the aforementioned total as at 31.12.2017.

Credit risk from claims on 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.

The bank is not exposed to market risk.

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 exposed to market risk significantly since the total value of the investment securities portfolio (fixed rate bank bonds) is negligible in relation to total assets.

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 31.12.2018 and 31.12.2017 according to the Bank of Greece Governor's Act 2614/2009 as in force.

31.12.2018 (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	5,925	5,142		783				
Claims against credit institutions	40,498			40,498				
Loans and receivables against customers	53,239		98	2,300	786	2,666	9,804	37,585
Investment securities portfolio	259							259
Tangible assets	381							381
Intangible assets	165							165
Deferred tax receivables	2,890							2,890
Other assets	1,750							1,750
Total assets	**105,107**	**5,142**	**98**	**43,581**	**786**	**2,66**	**9,804**	**43,030**
Liabilities								
Liabilities to customers	90,490	10,100	1,543	16,462	17,928	1,674	132	42,651
Provisions for other liabilities and expenses	165							165
Employee benefits obligations								
post-employment	134							134
Current tax liabilities	69						69	0
Other liabilities	1,330	604						726
Total liabilities	**92,188**	**10,704**	**1,543**	**16,462**	**17,928**	**1,674**	**201**	**43,676**

31.12.2017 (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	5,187	4,505		682				
Claims against credit institutions	35,235			35,235				
Loans and receivables against customers	49,182		167	5,868	538	952	1,874	39,783
Investment securities portfolio	1,405				1,000			405
Tangible assets	449							449
Intangible assets	118							118
Deferred tax receivables	2,334							2,334
Other assets	1,744							1,744
Total assets	**95,655**	**4,505**	**167**	**41,785**	**1,538**	**962**	**1,874**	**44,833**
Liabilities								
Liabilities to customers	81,139	8,203	2,114	15,633	16,227	2,533	471	35,958
Provisions for other liabilities and expenses	165							165
Employee benefit obligations after retirement	108							108
Current tax liabilities	152						152	0
Other liabilities	1,085							1,085
Total liabilities	**82,649**	**8,203**	**2,114**	**15,633**	**16,227**	**2,533**	**623**	**37,316**

The Bank’s liquidity ratios are as follows:

Ratio	31/12/2018	31/12/2017
a. Liquidity (0-30 days) / Short Term Liabilities	**50.36%**	**48.90%**
b. Claims Less Liabilities (0-30 days) / Short Term Liabilities	**8.73%**	**11.60%**

Note: For the calculation of the indicators on short-term liabilities, the amount of € 12,067 relates to unused authorized loan limits (2017: € 10,916)

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 188.27% on 31/12/2018 (31/12/2017: 196.52%).

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 148% on 31/12/2018 (31/12/2017: 136%).

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. The imposition of capital controls helps secure the deposit base and is a deterrent to cash withdrawals.

Cash Management Committee

The Bank has a five-member Cash Management Committee appointed by decision of the Board of Directors and consists of two members of the Board of Directors, two General Managing Directors and one member from the service.

The committee deals with the following issues:

- Liquidity, money and foreign exchange developments.
- Savings deposits and loan demand.
- Cost of marginal assets.
- Foreign exchange position of the Bank.
- Euro and foreign exchange position.
- Optimization of assets and liabilities.
- Mandatory commitments and placements.
- Placements in the money and capital markets.
- Allocation of funds, debt management.

The Committee shall decide on:

- Investing in Greek government securities.
- Investing in the interbank market.
- Investing money in another bank.
- Sale of Greek Government Treasury Bills from the Bank's deposits (REPOS REVERSE and REPOS) to members of the Bank with the right to repurchase.

The Committee also decides and monitors the transactions with the Bank of Greece.

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.

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 (1.25%) and the provisions of Article 122 of Law 4261/2014 on the holding of a capital buffer amounted to 10.5%.

The Bank maintains a high capital adequacy ratio. In particular, the CET 1 Capital Ratio stood at 18.52% on 31.12.2018 (2017: 18.74%). Both Tier I capital ratio and the total capital ratio have been set at the same levels.

In the year 2018 the Supervisory Examination and Assessment Procedure (EDEA) was completed by the Supervisory Authority. The additional capital requirements since 01.01.2019 were set at 1.67%. 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 EDAA, 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.

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 advances to customers

The Bank uses estimates to determine the expected credit losses on loans and advances to 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 3.12) 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	1/1-31/12/2018	1/1-31/12/2017
Interest and assimilated revenue		
From loans and receivables against customers	3,374,807	3,008,289
Claims against credit institutions	567,858	506,321
Interest on investment portfolio bonds	20,877	22,931
Others	4,808	15,626
Total	**3,968,350**	**3,553,166**
Interest and assimilated expenses		
Liabilities to customers	(694,401)	(833,054)
Contribution under L. 128/1975	(237,287)	(222,884)
Contribution to Deposit Guarantee Fund	(35,388)	(29,187)
Others	(8,157)	(6,357)
Total	**(975,232)**	**(1,091,482)**
Net income from interest	**2,993,117**	**2,461,684**

7. Net revenue from commissions

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017|
Revenue from commissions		
Letters of Guarantee	104,929	94,125
Collected on behalf of third parties	51,661	44,929
ATM	11	1,718
Other loan operations	315,534	243,739
Handling of checks	5,283	4,013
Insurance operations	46,733	33,470
Bank transfers	75,667	80,136
POS commissions	249,289	195,435
Other operations	32,361	25,165
Total proceeds from operations	**881,468**	**722,731**
Expenses from commissions		
DIAS	(12,958)	(11,641)
ATM	(69,966)	(60,276)
Tiresias SA	(61,538)	(41,297)
Rent and commissions from POS	(233,855)	(160,128)
Other operations	(31,621)	(34,746)
Total commission expenses	**(409,938)**	**(308,088)**
Net revenue from commissions	**471,530**	**414,643**

8. Remuneration and staff costs

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Wages	(804,026)	(711,364)
Social security costs	(208,278)	(181,663)
Other costs and benefits	(135,196)	(122,076)
Retirement costs of defined benefit plans (note 22)	(10,162)	(11,107)
Total	**(1,157,662)**	**(1,026,211)**

The number of staff employed as at 31/12/2018 amounted to 36 persons (2017: 34 persons).

9. Other operating expenses

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Remuneration and third party costs	(152,308)	(111,047)
Phone-post	(89,928)	(79,715)
Rents for buildings	(80,958)	(77,217)
Insurance premiums	(19,998)	(11,249)
Repairs and maintenance	(85,073)	(65,940)
Lighting-Water supply-co-ownership costs	(26,311)	(39,437)
Taxes-duties	(42,106)	(48,229)
Travel costs	(50,837)	(46,697)
Promotion and advertising costs	(3,712)	(13,850)
Subscriptions and contributions	(54,084)	(39,124)
Donations	(11,012)	(11,102)
Printing and stationary	(34,082)	(35,721)
Publication costs	(3,653)	(8,157)
Judicial and extrajudicial fees	(5,391)	(12,656)
Other costs	(68,936)	(117,504)
Total	**(728,389)**	**(717,644)**

10. Provisions for impairment for credit risk

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Provisions for impairment of loans and advances to customers (Note 15)	(425)	(97,773)
Provision for Expected Credit Losses for Credit Risk Related Liabilities (Note 24)	(74,267)	-
Total	**(74,692)**	**(97,773)**

11. Other impairment losses

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Impairment losses on assets from auctions (Note 20)	(8,900)	(3,600)
Reversal of impairment losses on investments	61,875	-
Total	**52,975**	**(3,600)**

12. Income tax

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Tax for the year	(335,977)	(276,270)
Deferred tax (note 19)	(119,809)	(64,036)
Total	**(455,786)**	**(340,306)**

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	1/1-31/12/2018	1/1-31/12/2017
Profit before tax	**1,508,577**	**942,478**
Tax calculated with nominal tax rate 29% (2017: 29%)	(437,487)	(273,319)
Expenses not deductible for tax purposes	(18,299)	(56,987)
Provisions	-	(10,000)
Total tax	**(455,786)**	**(340,306)**

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.

The Bank has settled its tax liabilities up to and including fiscal year 2009 pursuant to Law 3888/2010 and Law 3697/2008. Years 2010-2012 are also considered to be closed because five years have lapsed. As a result, tax declarations for fiscal years 2013 to 2018 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 31.12.2018 amounts to 165.000 (note 22).

13. Cash and cash equivalents in the Central Bank

Amounts in EUR	31/12/2018	31/12/2017
Cash in hand	2,200,961	1,669,548
Cash in the Central Bank	3,624,389	3,517,796
Total	5,925,350	**5,187,344**

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 31.12.2018 and amounted to -0.40% (31.12.2017: -0.40%).

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.

14. Claims against credit institutions

Amounts in EUR	31/12/2018	31/12/2017
Sight deposits	34,121,153	29,060,014
Term deposits	6,377,267	6,175,459
Total	**40,498,420**	**35,235,473**

The Bank's total deposits are in euro.

15. Loans and receivables against customers

Amounts in EUR	31/12/2018	1/1/2018	31/12/2017
Individuals			
Mortgage	7,744,596	7,364,105	7,364,105
Consumer	3,881,651	3,986,828	3,986,828
Business			
SMEs	59,489,812	53,975,600	53,975,600
Book value before provision	**71,116,059**	**65,326,533**	**65,326,533**
less: accumulated provisions for impairment	(17,877,524)	(17,877,099)	(16,144,039)
Book value	**53,238,536**	**47,449,434**	**49,182,494**

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

Amounts in EUR	31/12/2018	1/1/2018	31/12/2017
Balance as at 1st January	(17,877,099)	(16,144,039)	(16,198,185)
Impact from its first application of IFRS 9 (note 2.3)	-	(1,733,060)	-
Amounts used for deletions	-	-	151,919
Net provision for the year (Note 10)	(425)	-	(97,773)
Balance as at 31 December	**(17,877,524)**	**(17,877,099)**	**(16,144,039)**

16. Investment securities portfolio

Amounts in EUR	31/12/2018	1/1/2018	31/12/2017
Financial assets measured at amortized cost			
Bank bonds	100,000	1,100,137	-
less: Provision for impairment of expected credit losses	(6,683)	(68,558)	-
Total	**93,318**	**1,031,579**	-
Financial assets measured at fair value through other comprehensive income			
Unlisted equity securities	315,203	305,203	-
less: impairment losses at fair value	(149,990)	-	-
Total	**165,213**	**305,203**	-
Financial assets available for sale			
Unlisted equity securities	-	-	1,286,723
less: impairment	-	-	(981,520)
Total	-	-	**305,203**
Loans and receivables			
Bank bonds	-	-	1,100,137
less: impairment	-	-	-
Total	-	-	**1,100,137**
Total investment securities portfolio	**258,530**	**1,336,782**	**1,405,340**

The transactions in the investment securities portfolio is as follows:

31/12/2017	Available for sale	Loans and receivables	Total
Balance at the start of the year	389,697	1,000,000	1,389,697
Sales	-	(1,000,000)	(1,000,000)
Purchases	15,780	1,000,000	1,015,780
Change in accrued interest	-	(137)	(137)
Balance at the end of the year	**405,477**	**999,863**	**1,405,340**

31/12/2018	At amortized cost	At fair value through OCI	Total
Balance at the start of the year	1,031,579	305,203	1,336,782
Sales	(938,125)	-	(938,125)
Purchases	-	10,000	10,000
Impairment losses at fair value	-	(149,990)	(149,990)
Change in accrued interest	(137)	-	(137)
Balance at the end of the year	**93,317**	**165,213**	**258,530**

17. Tangible assets

Amounts in EUR	Land - Buildings	Furniture and equipment	Improvements in third party real estate	Total
Acquisition value				
Balance 1/1/2017	97,000	934,838	376,798	1,408,636
Additions		157,763	30,078	187,841
Balance as at 31/12/2017	97,000	1,092,600	406,876	1,596,476
Accumulated depreciation & impairment				
Balance 1/1/2017	(16,449)	(723,167)	(312,448)	(1,052,064)
Depreciation for the period	(1,399)	(68,619)	(25,710)	(95,729)
Balance as at 31/12/2017	(17,848)	(791,786)	(338,158)	(1,147,793)
Unamortized value 31/12/2017	**79,152**	**300,814**	**68,718**	**448,684**
Acquisition value				
Balance 1/1/2018	97,000	1,092,600	406,876	1,596,476
Additions		28,567	602	29,168
Balance as at 31/12/2018	97,000	1,121,167	407,478	1,625,645
Accumulated depreciation & impairment				
Balance 1/1/2018	(17,848)	(791,786)	(338,158)	(1,147,793)
Depreciation for the period	(1,399)	(80,219)	(15,158)	(96,776)
Balance as at 31/12/2018	(19,248)	(872,005)	(353,317)	(1,244,569)
Unamortized value 31/12/2018	**77,752**	**249,162**	**54,161**	**381,075**

There are no encumbrances for the above assets.

As at 31.12.2018 the Bank had no contractual obligations to purchase tangible fixed assets.

The Bank carried out an impairment test of its property on 31 December 2018 and 31 December 2017 by assigning their fair value estimation to an independent appraiser. The fair value of the property less sale costs is estimated to approximate their value in use. Sale costs were considered negligible (zero). The fair value of the property has been based on Level 3 figures of the fair value hierarchy. The fair values of properties were based on market data using comparable adjusted prices in relation to the nature, location and condition of the real estate as well as the rental value of a unit of comparable real estate per square meter.

An impairment test did not result in impairment losses.

18. Intangible assets

Amounts in EUR	Software
Acquisition value	
Balance 1/1/2017	512,739
Additions	70,602
Balance as at 31/12/2017	583,341
Accumulated depreciation & impairment	
Balance 1/1/2017	(427,808)
Depreciation	(37,866)
Balance as at 31/12/2017	(465,674)
Unamortized value 31/12/2017	**117,667**
Acquisition value	
Balance 1/1/2018	583,341
Additions	101,144
Balance as at 31/12/2018	684,484
Accumulated depreciation & impairment	
Balance 1/1/2018	(465,674)
Depreciation	(53,374)
Balance as at 31/12/2018	(519,048)
Unamortized value 31/12/2018	**165,437**

19. Deferred taxation

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Balance at the start of the year	2,334,044	2,388,363
Tax in the income statement (note 12)	(119,809)	(64,036)
Tax in other comprehensive income	48,213	(5,039)
Tax in equity	627,261	14,755
Balance at the end of the year	**2,889,709**	**2,334,044**

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 liabilities:

Amounts in EUR	Accrued interest	Total
Balance as at 31 December 2016	(38,894)	(38,894)
(Debit)/ credit in the income statement	688	688
Balance as at 31 December 2017	**(38,206)**	**(38,206)**
(Debit)/ credit in the income statement	(26,350)	(26,350)
Balance as at 31 December 2018	**(64,556)**	**(64,556)**

Deferred tax receivables:

Amounts in EUR	Fixed assets	Share capital increase expenses	Impairment of loans and other receivables	Employee benefits obligations	Valuation of investment securities	Total
Balance as at 31 December 2016	22,007	0	2,176,705	33,130	195,416	2,427,257
(Debit)/ credit in the income statement	3,332	(1,231)	(70,046)	3,221		(64,723)
(Debit)/ Credit in other comprehensive income				(5,039)		(5,039)
(Debit)/ credit in equity		14,755				14,755
Balance as at 31 December 2017	**25,339**	**13,524**	**2,106,659**	**31,312**	**195,416**	**2,372,250**
(Debit)/ credit in the income statement	4,869	(3,071)	(98,204)	2,947		(93,459)
(Debit)/ Credit in other comprehensive income				4,716	43,497	48,213
(Debit)/ credit in equity		1,168	606,212		19,882	627,261
Balance as at 31 December 2018	**30,208**	**11,622**	**2,614,666**	**38,975**	**258,795**	**2,954,265**

Deferred tax recognized directly in equity relates mainly to the loss arising from the first application of IFRS 9 on 1.1.2018 (Note 2.3).

The deferred tax recognized in Other comprehensive income during the year 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.

20. Other assets

Amounts in EUR	31/12/2018	31/12/2017
Deposit Guarantee Fund	1,381,555	1,377,254
Assets from auctions	337,500	346,400
Accrued expenses	11,807	8,163
Other receivables and advances	19,074	12,482
Total	**1,749,936**	**1,744,299**

With the entry into force 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 Reorganisation Scheme (SE), and a fee for participation in the TEKE were introduced. The provisions of the Reorganisation Scheme as a reorganisation 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 aforementioned changes in the institutional framework of TEKE and the calculation of the contributions brought a small reduction in the contributions paid to TEKE in the end of the year (note 6) as no extraordinary contributions were made.

The Assets from auctions item includes properties that have been auctioned by the bank. As at 31 December 2018 and 31 December 2017 the Bank valued these properties at each balance sheet date, at the lower value between accounting and fair value, assigning their valuation to independent appraisers. The fair value of the property has been based on Level 3 figures of the fair value hierarchy. The impairment test for the current year revealed losses of 8,900 (2017: 3,600) which are shown under "Other impairment losses" in the income statement (note 11).

21. Liabilities to customers

Amounts in EUR	31/12/2018	31/12/2017
Sight deposits	26,838,407	23,549,752
Savings deposits	23,331,517	18,847,136
Term deposits	40,279,007	38,659,929
Checks and payment orders	41,410	81,790
Total	**90,490,341**	**81,138,607**

22. Provisions for other liabilities and expenses

Provisions for unaudited tax years	31/12/2018	31/12/2017
Balance at the start of the year	165,000	155,000
Additional provisions for fiscal year (note 11)	-	10,000
Balance at the end of the year	**165,000**	**165,000**

23. Employee benefit obligations after retirement

Amounts in EUR	31/12/2018	31/12/2017
Balance sheet liabilities		
Retirement benefits	134,397	107,973
Income statement charge for		
Retirement benefits (note 8)	10,162	11,107
Actuarial (Profit) / Loss (Other Total Income)		
Retirement benefits	16,262	(17,375)

The amounts reported in profit and loss are as follows:

Amounts in EUR	1/1-31/12/2018	1/1-31/12/2017
Current service cost	8,111	8,708
Financial cost	2,051	2,399
Total	**10,162**	**11,107**

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

Amounts in EUR	31/12/2018	31/12/2017
Balance at the start of the year	107,973	114,241
Total expense charged in the income statement	10,162	11,107
Actuarial (Profit) / Loss from changes in the financial assumptions	13,132	(25,902)
Actuarial (Profit) / Loss from experience	3,130	8,527
Balance at the end of the year	**134,397**	**107,973**

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

Assumption	2018	2017
Discount rate	1.8%	1.9%
Inflation	2.0%	2.0%
Future salary raises	3.0%	3.0%

Average expected termination of the employee benefit obligation is 24.01 years.

24. Other liabilities

Amounts in EUR	31/12/2018	31/12/2017
Collections on behalf of third parties	387,684	600,313
Provision for Expected Credit Losses for Credit Risk Related Liabilities	431,592	-
Liabilities from other taxes-duties	56,114	55,553
Insurance organisations and other taxes	54,478	44,597
Dividends payable	104,807	84,254
Suppliers	91,404	74,496
Accrued expenses	14,542	21,123
Other liabilities	189,394	204,322
Total	**1,330,015**	**1,084,657**

25. Cooperative capital and share premium

Amounts in EUR	Cooperative capital	Share premium	Number of shares
Balance 1 January 2017	8,297,139	6,731,847	224,247
Capitalization above par	4,864,449	(4,864,449)	-
Capitalization of losses carried forward	(4,864,449)	-	-
Increase of cooperative capital	271,173	146,580	7,329
Decrease of cooperative capital	(32,079)	(14,783)	(867)
Balance as at 31 December 2017	**8,536,233**	**1,999,195**	**230,709**
Increase of cooperative capital	452,029	244,340	12,217
Decrease of cooperative capital	(23,014)	(11,418)	(622)
Balance as at 31 December 2018	**8,965,248**	**2,232,117**	**242,304**

The nominal value of the share is € 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.

In the General Meeting of the associates dated 15/6/2017 it was decided: a) to increase the Cooperative Capital by an amount of € 4,864,449 by capitalizing part of the existing Share Premium and by increasing the nominal value of the cooperative share by € 21,6924 and b) to make an equal reduction of the Cooperative Capital by € 4,864,449 to cover the remaining losses of 31.12.2016 amounting to € 4,864,449 with a reduction of the nominal value of the cooperative share by € 21,6924.

The Bank considers that the aforementioned decisions of the General Meeting have resulted in the consolidation of the Equity, without affecting the total amount (31.12.2016 € 12,260,691), the book value of the cooperative share and the relevant capital adequacy ratios as at 31.12.2016.

26. Reserves

Amounts in EUR	Statutory reserve	Extraordinary reserves	Articles of Association reserve (registration right)	Income reserves from tax preference items	Taxed reserves under special provisions of Law	Actuarial profit/(loss) reserves	Fair value reserves	Other reserves	Total
Balance 1 January 2017	1,230,404	33,148	421,130	14,667	401,054	(20,634)	-	16,385	2,096,154
Distribution to partners					(224,072)				(224,072)
Reserves formed	26,922								26,922
Increase of cooperative capital			21,275						21,275
Actuarial profit for the year						12,336			12,336
Balance as at 31 December 2017	**1,257,326**	**33,148**	**442,405**	**14,667**	**176,982**	**(8,298)**	**-**	**16,385**	**1,932,615**
Distribution to partners					(176,982)				(176,982)
Reserves formed	51,163								51,163
Increase of cooperative capital			26,975						26,975
Actuarial loss for the year						(11,546)			(11,546)
Valuation of investment securities							(106,493)		(106,493)
Balance as at 31 December 2018	**1,308,489**	**33,148**	**469,380**	**14,667**	**-**	**(19,844)**	**(106,493)**	**16,385**	**1,715,732**

(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 16).

27. 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-Dec-2018	Key management executives	Companies under the control of key management executives	Total
Assets			
Loans and receivables against customers	417,263	810,641	1,227,904
Less: accumulated provisions for impairment	(159,844)	(132,944)	(292,788)
Total	**257,419**	**677,697**	**935,116**
Liabilities			
Liabilities to customers	**404,847**	**144,728**	**549,575**
Letters of guarantee and undrawn credit limits	**124,447**	**775,831**	**900,278**
Revenue			
Interest and assimilated revenue	21,907	59,735	81,641
Revenue from commissions	2,280	8,590	10,870
Total	**24,187**	**68,325**	**92,512**
Expenses			
Interest and assimilated expenses	2,359	149	2,508
Short-term compensation and benefits	178,460	-	178,460
Total	**180,819**	**149**	**180,968**

31-Dec-2017	Key managemen t executives	Companies under the control of key management executives	Total
Assets			
Loans and receivables against customers	424,505	880,239	1,304,743
Less: accumulated provisions for impairment	(66,480)	(172,444)	(238,924)
Total	**358,025**	**707,795**	**1,065,819**
Liabilities			
Liabilities to customers	**485,601**	**402,830**	**888,431**
Letters of guarantee and undrawn credit limits	**407,331**	**597,045**	**1,004,377**
Revenue			
Interest and assimilated revenue	20,229	69,047	89,277
Revenue from commissions	3,353	9,199	12,552
Total	**23,582**	**78,246**	**101,828**
Expenses			
Interest and assimilated expenses	2,948	506	3,454
Short-term compensation and benefits	181,855	-	181,855
Total	**184,803**	**506**	**185,309**

28. Contingent liabilities and commitments

i) Operating leases

On December 31, 2018 and 2017 the Bank has entered into various operating lease agreements for the rental of its branches and administration offices. The entire future minimum lease payment is as follows:

Amounts in EUR	31/12/2018	31/12/2017
Up to 1 year	84,155	80,958
2-5 years	274,825	343,559
More than 5 years	4,800	24,845
Total	**363,780**	**449,362**

ii) 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	31/12/2018	31/12/2017
Letters of Guarantee	4,936,279	5,526,835
Total	**4,936,279**	**5,526,835**

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 74.267 (Note 10).

These losses on the date of transition to IFRS 9, 1.1.2018, amounted to € 357,325 at the expense of retained earnings (Note 2.3).

iii) Litigation cases

No significant lawsuits were pending against the Bank, nor are there any other contingent liabilities as at 31 December 2018 for which no provision has been recognized that may have a material effect on the Bank's financial position.

iv) 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.

Due to the fact that 20 years have lapsed since its first operation as a credit institution, the Bank did not have to pay any amounts of inactive deposits and interest to the Greek State, as mentioned above.

29. Dividends

With the decision of the General Meeting of the associates during the year, dated 28 June 2018, a distribution of dividends totaling € 176,982 from taxed reserves was made.

During the previous year 2017, the General Meeting of the associates decided on 15/6/2017 to distribute dividends amounting to € 224,072 from reserves formed in previous years for which, under the provisions of Law 2579/1998 and according to article 72 of Law 4172/2013, the tax liability has ended both for the legal person and for the partners and could be distributed without any further tax burden. It is noted that the decision for the aforementioned distribution was preceded by the decision to cover the losses carried forward of 31.12.2016, as mentioned in note 24.

The Board of Directors will not propose to the General Meeting of the Bank's associates the distribution of a dividend from the profits of the current fiscal year.

30. Events after the balance sheet date

In addition to the events already mentioned, there are no significant events after 31 December 2018 that should either be disclosed or changed in the published financial statements.

Karditsa, 3 June 2019

THE CHAIRMAN OF THE BOARD	THE VICE-CHAIRMAN OF THE BOARD	THE TREASURER	THE HEAD OF ACCOUNTING
GEORGIOS BOUKIS ID Card No AI 318877	THOMAS DELIGIANNIS ID Card No P 853484	APOSTOLOS KANDYLAS ID Card No AZ 283943	THEMISTOKLIS GIANNAKOPOULOS ID Card No AM 844309 CLASS A LICENCE NO. 86778