CEPAL HELLAS FINANCIAL SERVICES SINGLE MEMBER S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS

Annual Financial Report

for the period from 01.01.2020 to 31.12.2020

In accordance with the
International Financial Reporting Standards (IFRS)
as they have been endorsed by the European Union

Contents

ANNUAL REPORT OF THE BOARD OF DIRECTORS

(In accordance with Law 3556/2007, Article 4)

Dear Shareholders,

Pursuant to Article 150 of Law 4548/2018 (Article 43a (3) of Codified Law 2190/1920) and the Articles of Association of CEPAL HELLAS FINANCIAL SERVICES SINGLE MEMBER S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS, (hereinafter the " Company" or "Cepal Hellas"), we hereby submit to the General Meeting this report regarding the activities of the fiscal year that ended on 31 December 2020.

A. GENERAL

The Company was established on 24 February 2016 and it is engaged in the servicing of receivables from loans and credits, in accordance with Article 1 par. 1.a of Law 4354/2015, as in force. On 29 November 2016, the Bank of Greece granted the Company the first license for servicing receivables in Greece pursuant to decision no. 207/29.11.2016 by the Credit and Insurance Committee (Government Gazette, Series II, 3717/30.11.2016), pursuant to law 4354/2015 and Executive Committee Act 95/27.5.2016, as in force.

B. SIGNIFICANT EVENTS IN THE COMPANY'S ACTIVITIES

I. Acquisition of 100% of the share capital of the company under the trade name "Cepal Services and Holdings Single Member S.A. ("Cepal Services and Holdings") by Alpha Bank

On 22 July 2020, Alpha Bank acquired the shares of Cepal Services and Holdings. (the company owning 100% of Cepal's shares) not previously held. As a result, since that date, Alpha Bank holds 100% of Cepal Services and Holdings share capital.

II. Acquisition of Alpha Bank's Non-Performing Retail and Business Loan Management Units

On 1 December 2020, Cepal Hellas acquired Alpha Bank's Non-Performing Retail and Business Loan Management Units (the "NPL Servicing Unit") for a consideration of €240 million paid in cash on 1 December 2020 (the "Acquisition") and was financed partly with a loan from Alpha Bank of €130 million and the remaining from the proceeds of a share capital increase for €149.0 million.

The business assets and liabilities transferred included all of the property, rights and assets of Alpha Bank relating exclusively to the NPL servicing unit, including office equipment, furniture, IT systems, contracts and other tangible and intangible assets. Further, 517 employees 22 branches were transferred to Cepal Hellas in the context of the Acquisition.

The value of the NPL servicing unit derives mainly from the agreement that Cepal Hellas entered on 30 November 2020 with Alpha Bank to service a securitized portfolio of ca. €10.8 billion gross book value of NPEs (the "Galaxy" portfolio) and the NPEs remaining with the Bank (the "Retained" portfolio), including any future NPEs. The term for the servicing of the Retained portfolio was initially agreed to 10 years and in February 2021 was extended to 13 years.

The Company has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has determined that the acquired set (the «NPL Servicing Unit») meets the definition of a business as defined in IFRS 3.

Acquiring the NPL Unit of Alpha Bank will enable the Company to increase its operations. The acquisition is also expected to provide the Group with an increased share of the NPL servicing market through Alpha Bank's loan portfolio. The Group also expects to reduce costs through economies of scale.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are depicted in the table below:

Amounts in € million	
SLA with Alpha Bank	217.0
Software systems	16.9
Property, plant and equipment	0.3
Deferred tax asset	1.2
Defined benefit obligation	(5.1)
Total identifiable assets acquired and liabilities assumed	**230.4**
Goodwill	9.6
Total consideration	**240.0**

Satisfied by:	
Cash	240.0
Total consideration transferred	**240.0**

At the Acquisition date, the identifiable assets acquired and the liabilities assumed were recognized at their fair values at the acquisition date, except for the retirement benefit obligation and the related deferred tax asset that were recognized and measured in accordance IAS 19 with IAS 12, respectively.

To estimate the fair value of the SLA with Alpha Bank, an independent valuation was procured, while the accounting value of the software systems and equipment acquired was considered as a proxy of their fair value.

The goodwill of €9.6 million arising from the Acquisition is attributable to the synergies expected to arise from the combination of the NPL servicing unit and the existing Cepal NPL servicing platform, growth opportunities deriving from the larger scale of the Company and the experience of the workforce transferred from Alpha Bank to Cepal Hellas. Goodwill is expected to be deductible for income tax purposes and will be amortized in straight line basis for tax purposes in a period of 10 years.

III. Other developments in 2020

In July 2020 the Company signed a new contract for the management an additional portfolio of corporate receivables, the "Neptune" portfolio.

IV. Main Risks and Uncertainties for 2021

The main risks and uncertainties that the Company is exposed to for the following period are the following:

- Credit Risk:

Credit Risk pertaining to receivables is very low due to the credit quality of the counterparties.

- Liquidity Risk:

Following the share capital increase in November 2020, the Company has sufficient liquidity in order to be able to meet its obligations in a timely manner. The new contract with Alpha Bank is expected to help the Company's revenues and cash inflows to cover expenses and outflows. Additionally, through the planning of liquidity needs and the collection of its debts by customers and the monitoring of its cash, the Company manages its cash and liquidity risk.

- Market Risk:

a) Foreign Exchange Risk

There is no foreign exchange risk as almost all the Company's transactions are in Euro.

b) Price Risk

There is no price risk, since the Company has no investments or other market traded investments.

c) Interest Rate Risk

As mentioned above, as of December 2020, the Company has taken out a loan of €130 million used to partially finance the acquisition. The loan has a fixed interest rate of 2.75% and had an original maturity date 31 May 2021. As described below under "VII. Events after the Balance Sheet date", the maturity date was extended on 31.5.2021 to 15.7.2021 and Cepal Hellas is in advanced discussions with Alpha Bank and the European Bank for Reconstruction and Development ("EBRD") for the replacement of the bridge loan with a long-term bond loan, which we expect to conclude before the revised maturity date of the bridge loan.

V. Estimates and Perspectives for 2021

The main objective of the Company for 2021 is the consolidation of its operations and organizational infrastructure following the Acquisition, with the aim of achieving synergies and economies of scale as quickly as possible, continuing to provide high quality management services to current and new loan and credit portfolios.

At the same time, the Company expects further development of its activities aiming at new business opportunities.

The Company monitors the latest developments regarding the Coronavirus pandemic (COVID-19) and has taken the necessary measures, with the primary concern being the safety of the staff, implementing a comprehensive business continuity plan that includes remote work, with which it has maintained its ability to provide services and serve its customers effectively in these difficult times.

VI. Board of Directors

The current Board of Directors, the term of which expires on 05 June 2023, is comprised of the following:

1. Artemios Theodoridis, Chairman
2. Theodoros Athanasopoulos, vice-Chairman and CEO;
3. Evangelos Kavvalos, Member;
4. Periklis Kitrilakis, Member;
5. Richard Terrell Langstaff, Member;
6. Plutarchos Sakellaris, Member; and
7. Anastasia Martseki, Member.

VII. Events after the Balance Sheet date

On 22 February 2021 Alpha Bank announced that it had signed binding agreements with funds managed by Davidson Kempner European Partners LP ("DKP") for the sale of 80% of the shares of Cepal Services and Holdings , which is the sole shareholder of the Company, alongside 51% of the mezzanine and the junior notes issued under "Project Galaxy".

Moreover, Alpha Bank and DKP agreed to extend the term of the SLA between Alpha Bank and Cepal Hellas for the servicing of the Retained book from 10 to 13 years with a right to extend further. Transaction closing, subject to customary regulatory approvals, is targeted by end of June 2021.

The bridge loan taken on 1.12.2020 by Cepal Hellas to partially fund the acquisition had an original maturity date 31.5.2021, which on 31.5.2021 was extended to 15.7.2021. Cepal Hellas is in advanced discussions with Alpha Bank and the EBRD for the replacement of the bridge loan with a long-term bond loan, which we expect to conclude before the revised maturity date of the bridge loan.

C. PRESENTATION OF FINANCIAL RESULTS

Total turnover in 2020 was €32.7 million (2019: €22.3 million), while the result before tax was a loss of €4.7 million (2019: €4.5 million). The increase is attributed mostly to the new SLA with Alpha Bank.

The After Tax Loss for 2020 was €3.4 million (2019: €3.8 million), of which €5.8 million relate to the stamp duty paid on the consideration for the acquisition.

The capital structure of the Company is adequate to maintain its activities, with equity at year end of €155.6 million and Cash and Cash Equivalents of €31.0 million.

I. Key financial ratios

	2020	2019
1. Current assets / Total assets	16%	44%
2. Equity / Total liabilities	104%	64%
3. Current assets / Short-term liabilities [1]	394%	105%
4. Earnings before interest and tax (EBIT) [2]/ Turnover	5%	-20%
5. Earnings before interest, tax, depreciation and amortization (EBITDA)[2]/ Turnover	14%	-16%

II. Preparation of Financial Statements

The Financial Statements of 31 December 2020 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and include the statement of financial position, the Statement of Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity for the period between 1 January 2020 and 31 December 2020, with detailed notes on accounting policies, as well as the individual items.

D. ENVIRONMENTAL ISSUES

The Company, with a view to sustainable development, is committed to operate responsibly, considering economic, social and environmental operating parameters. The Company behaves responsibly in relation to matters that relate to the protection of the environment and is committed to addressing the environmental impact of its activities.

E. EMPLOYMENT ISSUES

The Company ensures the creation of appropriate structures for the effective management of human resources, since its staff is the most significant parameter of its operation. In this context, the Company actively seeks to, and where applicable has established policies to:

- Respect and defend the diversity of its employees;
- Provide its employees with development opportunities on the principles of meritocracy and non-discrimination including the implementation of a fair promotion system;
- Invest in the education and training of its employees;
- Acknowledge employee's rights, including the freedom of trade union activity and collective bargaining; and
- Ensure the health and safety of employees at work.

[1] Not including Short-term borrowings or €130 million, since they will be replaced by Long-term

[2] Not including stamp duty of €5.8 million paid for the acquisition of NPL unit

Athens 09 June 2021

The Chairman of the Board of Directors	The Vice-Chairman and CEO
Artemios Theodoridis	Theodoros Athanasopoulos

Deloitte Certified Public Accountants S.A.
3a Fragkokklisias & Granikou str.
Marousi Athens GR 151-25 Greece

Tel: +30 210 6781 100
www.deloitte.gr

TRUE TRANSLATION

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CEPAL HELLAS FINANCIAL SERVICES SINGLE MEMBER S.A. – SERVICING OF RECEIVABLES FROM LOANS AND CREDITS

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CEPAL HELLAS FINANCIAL SERVICES SINGLE MEMBER S.A. – SERVICING OF RECEIVABLES FROM LOANS AND CREDITS (the "Entity"), which comprise the balance sheet as at 31 December 2020 and the statements of income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

Basis for Opinion

We concluded our audit in accordance with International Standards on Auditing (ISAs) as these have been incorporated into the 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 have been independent of the Entity during the whole period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated into the Greek legislation and the ethical requirements in Greece relevant to the audit of the financial statements. We have fulfilled our ethical requirements in accordance with the applicable legislation and the above mentioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the Board of Directors report has been prepared in accordance with the applicable legal requirements of article 150 of Greek Law 4548/2018 and its content is consistent with the accompanying financial statements for the year ended 31/12/2020.

b) Based on the knowledge we obtained during our audit of the Entity and its environment, we have not identified any material inconsistencies in the Board of Director's Report.

Athens, 09 June 2021

The Certified Public Accountant

Alexandra B. Kostara

Reg. No. SOEL: 19981

Deloitte Certified Public Accountants S.A.

3a Fragoklissias & Granikou Str., 151 25 Maroussi

Reg. No. SOEL: E120

Balance Sheet
as of 31 December 2020

Amounts in thousands Euro	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Goodwill	3	9,602	-
Intangible assets	4	234,308	1,117
Tangible & Right of Use assets	5	7,306	4,369
Deferred tax assets	6	4,906	2,440
Other non-current assets	7	335	86
Total non-current assets		**256,457**	**8,012**
Current assets			
Prepaid expenses	8	1,146	413
Contract assets & clients' receivables	9	16,274	3,574
Other receivables	10	876	113
Cash and bank deposits	11	31,043	2,149
Total current assets		**49,339**	**6,249**
TOTAL ASSETS		**305,796**	**14,261**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	35,695	16,095
Share premium	12	134,100	-
Retained earnings		(14,173)	(10,526)
Equity		**155,622**	**5,569**
Non-current liabilities			
Long term Lease obligations	13	2,181	2,294
Post-employment benefits	14	5,703	431
Total long-term liabilities		**7,884**	**2,725**
Short-term liabilities			
Borrowings	15	129,756	-
Trade and other payables	16	5,395	1,618
Short term Lease obligations	13	1,947	415
Contract liabilities	17	184	961
Other taxes and duties	18	701	653
Insurance and accrued expenses	19, 20	4,111	2,075
Deferred Income	20	196	245
Total short-term liabilities		**142,290**	**5,967**
Total liabilities		**150,174**	**8,692**
TOTAL EQUITY AND LIABILITIES		**305,796**	**14,261**

The attached notes (pp. 17-47) are an integral part of the Financial Statements.

Statement of Income
for the year ended 31 December 2020

Amounts in thousands Euro	Note	1.1.2020 - 31.12.2020	1.1.2019 - 31.12.2019
Turnover (sales)	21	32,697	22,287
Other operating income	21	38	94
Personnel fees and expenses	22	(17,405)	(14,325)
Other operating expenses	23	(19,523)	(12,512)
Net financial results	24	(475)	(67)
Profit/(Loss) before taxes		**(4,668)**	**(4,523)**
Income tax	6	1,248	789
Profit/(Loss) after taxes (A)		**(3,420)**	**(3,734)**
Other Comprehensive income			
Other Comprehensive income not to be reclassified to profit or loss			
Remeasurement gains (losses) on defined benefit plans	13	(15)	(58)
Deferred tax on remeasurement gains (losses) on defined benefit plans		4	14
Total gains (losses) after tax recognized directly to Equity (B)		**(11)**	**(44)**
Total Comprehensive Income for the year (A) + (B)		**(3,430)**	**(3,778)**

The attached notes (pp. 17-47) are an integral part of the Financial Statements.

Statement of Changes in Equity as of 31 December 2020

Amounts in thousands Euro	Share capital	Share Premium	Retained Earnings	Total equity
Balance as at 01.01.2019	**16,095**	**-**	**(6,748)**	**9,348**
Loss for the year 01.01 - 31.12.2019	-	-	(3,734)	(3,734)
Remeasurement gains (losses) on defined benefit plans	-	-	(44)	(44)
Total comprehensive income for the year	**-**	**-**	**(3,778)**	**(3,778)**
Balance as at 31.12.2019	**16,095**	**-**	**(10,526)**	**5,569**
Balance as at 01.01.2020	**16,095**	**-**	**(10,526)**	**5,569**
Share Capital Increase	**19,600**	**134,100**	**(216)**	**153,484**
Loss for the year 01.01 - 31.12.2020	-	-	(3,420)	(3,420)
Remeasurement gains (losses) on defined benefit plans	-	-	(11)	(11)
Total comprehensive income for the year	**-**	**-**	**(3,431)**	**(3,431)**
Balance as at 31.12.2020	**35,695**	**134,100**	**(14,173)**	**155,622**

The attached notes (pp. 17-47) are an integral part of the Financial Statements.

Statement of Cash Flows

Amounts in thousands Euro	Note	1.1.2020 - 31.12.2020	1.1.2019 - 31.12.2019
Cash flows from operating activities			
Loss before tax		(4,668)	(4,523)
Plus/less adjustments for:			
Provisions for employee benefit liabilities	14	198	156
Depreciation and amortization	4,5	3,098	958
Interest charges and related expenses	24	475	67
Operating results before changes in working capital		**(897)**	**(3,342)**
Changes in working capital			
(Increase) / decrease: receivables from clients		(12,701)	(108)
(Increase) / decrease: prepaid expenses & accrued income		(733)	826
(Increase) / decrease: other receivables		(763)	(58)
(Increase) / decrease: other financial assets		(249)	(4)
(Increase) / decrease: advance payments		(776)	(961)
Increase / (decrease): suppliers and other liabilities		4,813	(408)
Increase / (decrease): accrued expenses - income of subsequent fiscal years		1,468	(222)
Operating results after changes in working capital		**(9,838)**	**(4,277)**
Debit interest and related expenses paid	24	(475)	(67)
Total inflows / (outflows) from operating activities (a)		**(10,313)**	**(4,344)**
Cash flows from investing activities			
Acquisition of Alpha Bank NPL Servicing Unit	3	(240,000)	-
Purchases of tangible and intangible assets	4,5	(3,060)	(498)
Total inflows / (outflows) from investing activities (b)		**(243,060)**	**(498)**
Cash flows from financing activities			
Share Capital Increase	12	153,484	-
Issuance of Bond Loan	15	129,350	-
Lease payments	13	(567)	(414)
Total inflows / (outflows) from financing activities (c)		**282,267**	**(414)**
Net increase/(decrease) in cash and cash equivalents for the year (a)+(b)+(c)		**28,894**	**(5,256)**
Cash and cash equivalents at the beginning of the period		2,149	7,405
Cash and cash equivalents at the end of the period		**31,043**	**2,149**

The attached notes (pp. 17-47) are an integral part of the Financial Statements.

Notes to the Financial Statements

General information

The Company currently operates under the trade name “CEPAL HELLAS FINANCIAL SERVICES SINGLE MEMBER S.A. - SERVICING OF RECEIVABLES FROM LOANS AND CREDITS”, conducting business as “Cepal Hellas SA”, with its registered office in Nea Smyrni Attika, 209-211, Syngrou Avenue, 171 21 and is registered with the General Commercial Registry (GEMI) with Number 138019601000. It was established on 24.02.2016 under the trade name “Aktua Hellas Financial Solutions Société Anonyme” and its term is set at 100 years.

The Company is engaged in the servicing of receivables from loans and credits in accordance with Article 1 par. 1, (a) of Law 4354/2015, as in force.

The Financial Statements of the Company are included in the consolidated Financial Statements of “CEPAL SERVICES AND HOLDINGS SINGLE MEMBER SOCIETE ANONYME” (“Cepal Services and Holdings”), using the full consolidation method. Cepal Services and Holdings, as at 31.12.2020, held 100% of its share capital.

The Board of Directors of the Company, pursuant to its meeting minutes dated 26.11.2020, the term of which expires on 05.06.2023, consists of the following:

1. Artemios Theodoridis, Chairman
2. Theodoros Athanasopoulos, vice-Chairman and CEO;
3. Evangelos Kavvalos, Member;
4. Periklis Kitrilakis, Member;
5. Richard Terrell Langstaff, Member;
6. Plutarchos Sakellaris, Member; and
7. Anastasia Martseki, Member.

The Financial Statements were approved by the Company’s Board of Directors on 09 June 2021 and are under the approval of the General Assembly of the Company’s shareholders.

Upon approval by the General Meeting of the Company’s Shareholders, the financial statements will be published to the General Commercial Registry for Societes Anonymes and will be available at the Company’s website (www.cepal.gr).

1. Basis for preparation of the Financial Statements

1.1. General framework

These Financial Statements concern the period 01.01.2020 to 31.12.2020, hereinafter the "Financial Statements", and have been prepared:

a) in accordance with the International Financial Reporting Standards (IFRS), as they have been endorsed by the European Union, pursuant to the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002; and

b) using the historical cost convention.

The amounts included in these Financial Statements are presented in thousands Euro (thousands EUR or thousands €), unless otherwise stated in the various separate notes.

1.2. Going concern

The financial statements as at 31.12.2020 have been prepared based on the going concern principle. For the application of this principle, the Board of Directors took into account current economic developments and made estimates for the formation, in the near future, of the economic environment in which it operates. In this context, the Board of Directors assessed the following areas which are considered important during its assessment:

Developments in the macroeconomic environment

In 2020, the emergence and rapid spread of the Covid-19 pandemic overturned the growth prospects of the global economy, exacerbated the uncertainty of economic developments and worsened labor market conditions. Many governments, in an effort to boost the resilience of their national economies, have been forced to take emergency fiscal measures to support national health systems and ensure employment and entrepreneurship. During the first wave of the pandemic, in March and April, Greece, which is the country where the Company operates, managed to curb the exponential spread of infections, due to the timely introduction of restrictive measures. Following the gradual easing of the first lockdown from May onwards, economic activity gradually returned to normal in the third quarter of 2020, which was reflected in real GDP growth of 2.3% on a quarterly basis. However, Greece recorded milder growth on a quarterly basis, compared to the Eurozone, as the low performance of tourism related activities in the third quarter negatively affected growth dynamics. The recovery of economic activity in the summer months was interrupted by the resurgence of the Covid-19 pandemic in the fall, with the result that the recovery in 2021 due to the second wave of the pandemic is expected to be milder than original forecast. It is noted that the Covid-19 pandemic continues to create uncertainty while in the coming period its financial impact is expected to lead to a deterioration in the creditworthiness of individuals and corporates. To date, these effects have been mitigated by banking industry repayment deferrals and government incentives.

The significant fiscal support of the Greek government is estimated to partially offset the negative consequences of the recession. Furthermore, the progress made in the development and distribution of effective vaccines will improve the outlook and strengthen the climate of trust, leading to a virtuous cycle from 2021. In this context, the key factors that are expected to determine the course of economic activity in 2021 are: First, the extent to which vaccination programs will free up travel and boost private consumption, and second, the activation of the EU Recovery Plan -27 ("Next Generation EU", NGEU). The prospect of access to the funds of the European Recovery and Resilience Facility (RRF), from the second half of 2021, can significantly enhance the growth potential of the country. The investments that are expected to be made will be mainly focused on green and digital development. In total, during the period 2021-2026, the Greek economy is expected to benefit with ca. Euro 31 billion, of which ca. Euro 18 billion relate to grants and ca. Euro 13 billion relate to loans on favorable terms. Especially for 2021, Euro 2.6 billion are expected to be raised from the Recovery and Sustainability Mechanism in the form of grants and Euro 1.6 billion from the React-EU initiative, as well as Euro 1.3 billion with the form of loans.

Liquidity

Following the acquisition of Alpha Bank's NPL Unit (the "Acquisition") on 1.12.2020 the Company's liquidity remains sufficient and is expected to remain sufficient supported by the Company's future profitability. The bridge loan taken on 1.12.2020 to partially fund the Acquisition had an original maturity date 31.5.2021, which has been extended to 15.7.2021. Cepal Hellas is in advanced discussions with Alpha Bank and the European Bank for Reconstruction and Development ("EBRD") for the replacement of the bridge loan with a long-term bond loan, which we expect to conclude before the revised maturity date of the bridge loan.

Capital

Following the share capital increase completed in November 2020, the Company satisfies and is expected to continue to satisfy the statutory thresholds regarding share capital and own funds.

Based on the above and taking into account:

- the Company's high capital adequacy,
- the satisfactory liquidity of the Company,
- the measures taken by the Company to protect its employees from coronavirus, the implementation of actions under the Business Continuity Plan and the activation of the ability for teleworking at a large scale whilst ensuring that critical operations are performed,
- the decisions of the eurozone countries to adopt a series of fiscal and other measures to stimulate the economy, according to which Greece is expected to receive € 32 billion from the recovery package for Europe "Next Generation EU"

the Board of Directors estimates that, at least for the next 12 months from the date of approval of the financial statements, the conditions for the application of the going concern principle for the preparation of financial statements are met.

1.3. Estimates, decision-making criteria and significant sources of uncertainty

The Company, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities.

The estimates and assumptions applied by the Company for decision making and affect the preparation of the financial statements are based on historical data and assumptions that, in the present circumstances, are considered reasonable.

The estimates and underlying assumptions are reviewed on an ongoing basis in order to take into account current conditions, and the effect in the financial statement of any changes is recognized in the period in which the estimates are revised.

The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Income taxes

The Company recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning amounts expected to be paid to or recovered from tax authorities in current and future periods. Estimates are affected by factors such as the practical implementation of relevant legislation, expectations of future taxable profit and the settlement of disputes that may arise with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised may result in adjustment to the amount deferred tax and tax payments recognized in the financial statements of the Company.

The Company recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, tax losses carried forward can be utilized. Estimating the expected future taxable income requires the application of judgement and making assumptions about future profitability. The estimation of the future taxable profits is based on forecasts of accounting results.

Deferred tax assets mainly related to tax losses carried forward. Tax losses can be offset against taxable profits within five years from their formation. In particular, Company's tax losses relate to the years 2016 through 2020 and are expected to be fully offset with future tax profits. The basic assumptions implemented by the Company concern the growth rate of collections from existing portfolios, as well as the size and timing of the undertaking the servicing of new portfolios.

Intangible assets

The Company under the acquisition of the NPL Unit by Alpha Bank recognized as intangible assets the Servicing agreements signed with Alpha Bank. Details regarding the recognition and assessment of these intangible assets are provided in detail in note 3.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

The principal accounting policies that have been applied in the preparation of the Financial Statements, have been consistently implemented and are in accordance with those described in the published financial statements for the year ended 31.12.2019 after additionally taking into account the amendments to standards issued by the International Accounting Standards Board (IASB), were adopted by the European Union and implemented from 1.1.2020 as detailed below.

2.1 New and amended IFRS Standards that are effective for the current year

▸ **Amendment to International Financial Reporting Standard 3** "Business Combinations": Definition of a Business (Regulation 2020/551/21.4.2020)

On 22.10.2018 the International Accounting Standards Board issued an amendment to IFRS 3 aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments:

- clarify the minimum requirements required in order a business to have been acquired,

- the assessment for the acquisition of either a business or a group of assets is simplified and it is based on current condition of acquired elements rather than on the market participant's ability to integrate them into his own processes,

- the definition of outputs is amended so that apart from the revenue arising from ordinary activities falling within the scope of IFRS 15, it also includes other income from main activities such as income from investment services,

- guidance is added to assess whether a production process is substantive both in cases where a product is produced at the date of acquisition and in cases where there is no product produced,

- an optional exercise is introduced based on the fair value of the assets acquired to assess whether a business or group of assets has been acquired.

The adoption of the above amendment had no impact on the financial statements of the Company.

► **Amendment to International Financial Reporting Standard 9** "Financial Instruments", to **International Accounting Standard 39** "Financial Instruments" and to **International Financial Reporting Standard 7** "Financial instruments: Disclosures": Interest rate benchmark reform (Regulation 2020/34/15.1.2020)

On 26.9.2019 the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7, according to which temporary exceptions from the application of specific hedge accounting requirements are provided in the context of interest rate benchmark reform.

In accordance with the exceptions, entities applying those hedge accounting requirements may assume that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. Relief is provided regarding the following requirements:

- the highly probable requirement in cash flow hedge,

- prospective assessments,

- designating a component of an item as the hedged item only at the inception of the hedging relationship.

The adoption of the above amendment had no impact on the financial statements of the Company.

► **Amendments to International Accounting Standard 16** "Leases": Covid-19 Related rent concessions (Regulation 2020/1434/9.10.2020)

On 28.10.2020 the International Accounting Standards Board issued amendment to IFRS16 in regards to the accounting treatment of rent concessions occurring as a direct consequence of the Covid-19 pandemic.

According to this amendment, a lessee may elect (practical expedient) not to assess whether a rent concession is a lease modification. The practical expedient is applied for any reduction in lease payments that affects only payments due on or before 30 June 2021.

If the practical expedient is applied, it is assumed that no lease modification has occurred and the lessee may account for the concession as a negative variable lease payment, by recognizing the variable payment in the statement of profit loss and making a corresponding adjustment to the lease.

The aforementioned practical expedient is not applicable for the lessors, who continue to apply the existing requirements of the Standard.

The adoption of the above amendment had no impact on the financial statements of the Company.

▸ **Amendments to International Accounting Standard 1** "Presentation of Financial Statements" and to **International Accounting Standard 8** "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of material (Regulation 2019/2104/29.11.2019)

On 31.10.2018 the International Accounting Standards Board, as part of the Disclosure Initiative, issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments include examples of circumstances that may result in material information being obscured. The IASB has also amended the definition of material in the Conceptual Framework to align it with the revised definition of material in IAS 1 and IAS 8.

The adoption of the above amendment had no impact on the financial statements of the Company.

▸ **Amendments to references in the conceptual Framework in International Financial Reporting Standards** (Regulation 2019/2075/29.11.2019)

On 29.3.2018 the International Accounting Standards Board issued a revised Conceptual Framework for Financial Reporting, which has been used immediately by the Board and the Interpretations Committee in the issuance of new Standards and Interpretations and become effective for the preparation of Financial Statements for annual periods beginning 1 January 2020. The revised Conceptual Framework includes a) new chapters for adding guidance regarding measurement, derecognition, presentation and disclosure and the definition of the reporting entity, b) update of the definition for assets and liabilities and recognition criteria and c) clarifications regarding the necessity of information for management stewardship in order to meet the objective of financial reporting, as well as the roles of prudence, measurement uncertainty and substance over form in assessing whether information is useful.

Together with the revised Conceptual Framework the IASB has also issued Amendments to references to the Conceptual Framework in IFRS Standards in order to ensure the consistency of the related references with the revised Conceptual Framework. The Conceptual Framework does not override the requirements of the IFRS Standards but is used by the Company to assist for the development of consistent accounting policies for transactions or other events when no Standard applies.

The adoption of the above amendments had no impact on the financial statements of the Company.

2.2 New and revised IFRS Standards in issue but not yet effective

Except for the standards mentioned above, the European Union has adopted the following amendments to standards which are effective for annual periods beginning after 1.1.2020 and have not been early adopted by the Company.

► **Amendment to International Financial Reporting Standard 9** "Financial Instruments", to the **International Accounting Standard 9** "Financial Instruments: Recognition and measurement", to **International Financial Reporting Standard 7** "Financial Instruments: Disclosures", to **International Financial Reporting Standard 4** "Insurance Contracts" and **International Financial Reporting Standard 16** "Leases": Interest rate benchmark reform – phase 2 (Regulation 2021/25/13.1.2021)

Effective for annual periods beginning on or after 1.1.2021

On 27.10.2020 the International Accounting Standard Board issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in the context of Phase 2 of the IBOR project that address issues that arise following the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one. The key reliefs provided by the Phase 2 amendments are as follows:
•Changes to contractual cash flows. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the income statement but in the recalculation of the interest rate. The same practical expedient applies for insurers that are applying the temporary exemption from IFRS 9.
•Hedge accounting. The hedge accounting reliefs ensure that changes to the hedge documentation do not result in the discontinuation of hedge accounting nor the designation of a new hedge relationship, as long as the only changes are those permitted by the Phase 2 Amendments. Permitted changes include redefining the hedged risk to reference a risk-free rate and redefining the description of the hedging instruments and/or the hedged items to reflect the risk-free rate. However, additional ineffectiveness might need to be recorded in profit or loss statement.

The Company is examining the impact form the adoption of the above amendments on its financial statements.

In addition, the International Accounting Standards Board has issued the following standards and amendments to standards which have not yet been adopted by the European Union and they have not been early applied by the Company.

► **Amendment to the International Financial Reporting Standard 3** “Business Combinations”: Reference to the Conceptual Framework
Effective for annual periods beginning on or after 1.1.2022
On 14.5.2020 the International Accounting Standards Board amended IFRS 3 in order to update references to the Conceptual Framework. More specifically:

-amended IFRS 3 in order to refer to the latest version of the Conceptual Framework,
-added a requirement that for transactions within the scope of IAS 37 or IFRIC 21 an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify liabilities it has assumed in a business combination,
-added an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The adoption of the above amendment is not expected to have any impact on the financial statements o the Company.

► **Amendment to International Financial Reporting Standard 10** “Consolidated Financial Statements” and to **International Accounting Standard 28** “Investments in Associates and Joint Ventures”: Sale or contribution of assets between an investor and its associate or joint venture.
Effective date: To be determined.
On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent (investor) loses control of a subsidiary, which does not constitute a business, as defined in IFRS 3, it shall recognise to profit or loss only the part of the gain or loss which is related to the unrelated investor’s interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the

investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognizes the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.
In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognized.
On 17.12.2015, the International Accounting Standards Board deferred the effective date for the application of the amendment that had been initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

► **International Financial Reporting Standard 14** "Regulatory deferral accounts"
Effective for annual periods beginning on or after 1.1.2016
On 30.1.2014 the International Accounting Standards Board issued IFRS 14. The new standard, which is limited-scope, addresses the accounting treatment and the disclosures required for regulatory deferral accounts that are maintained in accordance with local legislation when an entity provides rate-regulated goods or services. The scope of this standard is limited to first-time adopters that recognized regulatory deferral accounts in their financial statements in accordance with their previous GAAP. IFRS 14 permits these entities to capitalize expenditure that non-rate-regulated entities would recognize as expense.
It is noted that European Union has decided not to launch the endorsement of this standard and to wait for the final standard.
The above standard does not apply to the financial statements of the Company.

► **International Financial Reporting Standard 17** "Insurance Contracts" and **Amendment to International Financial Reporting Standard 17** "Insurance Contracts"
Effective for annual periods beginning on or after 1.1.2023
On 18.5.2017 the International Accounting Standards Board issued IFRS 17 which replaces IFRS 4 "Insurance Contracts". In contrast to IFRS 4, the new standard introduces a consistent methodology for the measurement of insurance contracts. The key principles in IFRS 17 are the following:
An entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:

i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);

- recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- presents separately insurance revenue, insurance service expenses and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

On 25.6.2020 the International Accounting Standards Board issued an amendment to IFRS 17 which aimed to ease implementation of the standard and make it easier for entities to explain their financial performance. Additionally, with the amendment the effective date of the standard was postponed to 1.1.2023.
The above standard does not apply to the financial statements of the Company.

► **Amendment to the International Accounting Standard 1** "Presentation of Financial Statements": Classification of liabilities as current or non-current
Effective for annual periods beginning on or after 1.1.2022
On 23.1.2020, the International Accounting Standards Board issued amendments to IAS 1 relating to the classification of liabilities as current or non-current. More specifically:
-The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if the liability must be classified as current or non-current.
-Management expectations about events after the balance sheet date must not be taken into account.
-The amendments clarify the situations that are considered settlement of a liability.
On 15.7.2020 the International Accounting Standards Board extended effective date by one year taking into account the impact of Covid-19.
The Company is examining the impact form the adoption of the above amendment on its financial statements.

► **Amendment to the International Accounting Standard 1** "Presentation of Financial Statements": Disclosure of accounting policies
Effective for annual periods beginning on or after 1.1.2023

On 12.2.2021 the International Accounting Standards Board issued an amendment to IAS 1 with which it clarified that:
-The definition of accounting policies is provided by paragraph 5 of IAS 8.
-An entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make.
-Accounting policy information that relates to immaterial transactions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions even if the amounts are immaterial. However, not all accounting policy information relating to material transactions and other events is itself material.
-Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements.
-Accounting policy information that focuses on how an entity has applied an accounting policy is more useful to users of financial statements than standardized information or information that only summarizes the requirements of IFRSs.
-If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Company is examining the impact form the adoption of the above amendment on its financial statements.

► **Amendment to the International Accounting Standard 8** "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of accounting estimates
Effective for annual periods beginning on or after 1.1.2023

On 12.2.2021 the International Accounting Standards Board issued an amendment to IAS 8 with which:
-Defined accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty.

-Clarified that an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops and accounting estimate. Developing accounting estimates involves the use of judgements and assumptions.
-An entity uses measurement techniques and inputs to develop an accounting estimate.
-An entity may need to change an accounting estimate. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error. A change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.
The Company is examining the impact form the adoption of the above amendment on its financial statements.

► **Amendment to International Accounting Standard 16** “Property, plant and equipment”: Proceeds before intended use
Effective for annual periods beginning on or after 1.1.2022
On 14.5.2020 the International Accounting Standards Board issued an amendment to IAS 16 according to which prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items and the cost of producing them must be recognized in profit or loss.

The Company is examining the impact form the adoption of the above amendment on its financial statements.

► **Amendment to International Accounting Standard 37** “Liabilities, Contingent Liabilities and Contingent Assets”: Onerous Contracts – Cost of fulfilling a contract
Effective for annual periods beginning on or after 1.1.2022
On 14.5.2020 the International Accounting Standards Board issued an amendment to IAS 37 in order to clarify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These costs are both the incremental costs of fulfilling a contract – for example direct labour and materials- and an allocation of other costs that relate directly to fulfilling a contract – for example the depreciation charge of an item of property plant and equipment used in fulfilling that contract.
The Company is examining the impact form the adoption of the above amendment on its financial statements.

► **Annual Improvements** – cycle 2018-2020
Effective for annual periods beginning on or after 1.1.2022
As part of the annual improvements project, the International Accounting Standards Board issued on 14.5.2020 non-urgent but necessary amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
The above amendments are not expected to have any impact on the financial statements of the Company.

2.3 Operating segments

The Company is not listed on the Athens Stock Exchange, and, therefore, has no obligation to present information per sector.

2.4 Transactions in Foreign currency and Translation of foreign operations

The items included in the Financial Statements are expressed in the currency of the primary financial environment in which the Company operates (functional currency), namely Euro. Foreign currency transactions are translated into Euro, using the exchange rates prevailing on the dates of these transactions.

At each reporting date, monetary assets and liabilities amounts that are denominated in foreign currencies are translated at the exchange rates prevailing at that date. Exchange differences are recognized in the Statement of Income in the period in which they arise as income or expense, depending on their nature (credit or debit exchange differences respectively).

2.5 Intangible assets

Software

Software licenses are classified as intangible assets and are measured at acquisition cost less accumulated amortization and accumulated write offs. Amortization is calculated based on the straight-line method over the useful life of such assets, which ranges from 1 to 10 years. In case of sale of a software or when no economic benefits are expected for the Company, the software is derecognized.

Servicing agreements

The SLA have been acquired under the acquisition of NPL servicing unit (note 3). These servicing agreements meet the recognition criteria as intangible assets according to IAS 38 and their depreciation is calculated using the straight-line method over the term of the contracts, which is 10 years.

2.6 Tangible assets

Tangible assets are recognized at their acquisition cost, less accumulated depreciation and any impairment losses.

Subsequent expenses related to the asset are recognized as an increase in the carrying value of tangible fixed assets or as a separate fixed asset only to the extent that the expenses increase the future financial rewards anticipated from the use of the fixed asset and their cost can be measured reliably. Repair and maintenance costs are recognized as expenses when incurred.

Depreciation of tangible fixed assets is calculated using the straight-line method over their useful life, which ranges between 3 and 10 years.

Gains and losses from the sale of property and equipment are recognized at the time of sale in the Statement of Income and Other Comprehensive Income.

2.7 Leases

Rights to use fixed assets

The Company recognizes the right to use fixed assets at the start of the lease (the date the asset is available for use). The rights to use fixed assets are measured at their cost, reduced during accrued depreciation and impairment. The costs of the right to use fixed assets include the amount of lease liabilities that have been recognized, the initial directly related expenses and the lease payments made on or before the start date, reduced by the amount of discounts or other incentives offered. Unless the Company is relatively confident that the leased fixed asset will be owned at the end of the lease, the recognized fixed-term rights are depreciated by the fixed method for the shortest period between the useful life of the underlying asset and the terms of the contract lease. The rights to use fixed assets are subject to impairment control, either individually or as a cash flow creation unit.

Rent obligations

At the commencement of the lease, the Company recognizes lease liabilities equal to the present value of the leases during the total term of the lease. Payments include conventional fixed rents, deducted from the amount of subsidies offered, variable rents that depend on an indicator, as well as amounts for residual value payments that are expected to be paid. Rents also include the exercise price of a purchase right, which is relatively certain to be exercised by the Company, and payments for the resolution of a lease, if the terms of the contract indicate with relative certainty that the company will exercise the right to terminate. Variable rents that do not depend on an indicator are recognized as an expense in the period in which the event or contract occurs and the payment is made.

The Company in order to discount remaining lease payments used incremental borrowing rate (IBR) which is determined using as reference rate the secured funding rate of the major shareholder, Alpha Bank, adjusted for different currencies and taking into consideration government yield curves, where available. After the start of the lease, the amount of the lease liabilities increases with interest expenses and decreases with the payments made. In addition, the book value of lease liabilities is recalculated if there is a modification in the contract, or any change in the term of the contract, in fixed leases or in the purchase assessment of the asset. These re-measurements are recorded in a line in the notes on the use of fixed assets as conversions.

Short-term leases and leases of low value fixed assets

The Company applies the exemption for short-term leases (ie leases lasting less than or equal to 12 months, from the date of commencement of the lease, where there is no right to purchase the asset). It also applies the exemption on low value assets (ie less than € 5 thousand). Rent payments for short-term and low-value leases are recognized as costs by the fixed method during the lease.

2.8 Impairment of non-financial assets

Tangible assets, intangible assets, right of use assets and other non-current assets are reviewed at each balance sheet date to determine whether there is an indication of impairment and, if impaired, the carrying amount is adjusted to its recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and value in use, i.e. the present value of the expected future cash flows, arising from the ongoing use of such asset until its disposal or end of its useful life. The impairment loss is recognized when the carrying amount exceeds the recoverable amount.

The Company at each balance sheet date reviews its assets for any impairment indicators. In cases that the carrying amount is higher than the recoverable amount, impairment loss is recognized through the Statement of Income.

An impairment loss recognized in prior periods shall be reversed only if there is sufficient evidence that the impairment no longer exists or has been decreased. The reversal of impairment is recognized through the Statement of Income.

2.9 Financial instruments

A financial instrument is any contract that creates a financial asset for one business and a financial liability for another. The Company only has *non*-derivative financial instruments, comprising Contract assets & clients' receivables, cash and bank deposits (financial assets), and trade and other payables and contract liabilities (financial liabilities). Non-derivative financial instruments are initially measured at the fair value, which is adjusted on initial recognition with transaction costs that are directly attributably to the acquisition or issue of financial assets and financial liabilities.

Classification and subsequent measurement

Following initial recognition, financial assets are measured based on one of the following methods depending on their classification:

• the amortised cost

• at fair value

The Company does not have any financial instrument that is measured at fair value. Financial assets that are subsequently measured at amortised use the effective interest rate method and are subject to impairment assessment. Gains and losses are recognized in the Statement of Income when the financial asset is derecognized, modified or impaired.

Clients receivables (which do not contain a significant financial element) are valued at the transaction price.

A financial asset ceases to be recognized in the Financial Statements, when the contractual rights of the Company on the cash flows of such asset expire, or when that asset is transferred to a third party, without retaining control or substantially all of the benefits and risks associated with it. Purchases and sales of financial assets executed in the ordinary course of the activities of the Company are recorded in the Financial Statements on the transaction date, i.e. on the date when the Company undertakes to purchase or sell that asset.

Loan liabilities are initially recognized at fair value less transaction costs. Then they are subsequently measured at amortized cost. Any difference between the initially received amounts and the value at the end of the loan is recorded in the income statement during the repayment period of the loan using the effective interest method.

A financial liability ceases to be recognized in the Financial Statements, when the contractual liabilities of the Company arising from it expire or are cancelled.

Impairment assessment

The Company recognizes expected credit losses for all financial assets that are not measured at fair value through P&L. For claims from customers and contract assets, the company applies the simplified approach in calculating expected credit losses, according to which the loss is measured in an amount equal to the lifetime expected credit losses. The amount of loss is recognized in the Statement of Income.

2.9.1 Write-offs

If a receivable ultimately becomes uncollectible, it is written off. Subsequent recoveries of amounts previously written off are recognized within the Statement of Income.

2.9.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the balances of "cash" and "bank deposits" accounts as well as short-term bank deposits with a maturity of three months from the balance sheet date.

2.9.3 Trade and other payables

Trade and other payables include trade and other liabilities. They are recognized at their nominal amounts, which are considered to be equal to fair value, unless the effect of the time value is significant.

2.10 Income tax

Income tax includes current tax and deferred tax. Income tax is recognized through the profit and loss account. Where the tax relates to items directly recognized in equity, the tax is also recognized in equity.

Income tax includes the expected tax payable on the taxable income for the year, using tax rates applicable at the balance sheet date, and the deferred tax.

Deferred tax is calculated on the temporary differences between carrying values and the tax base of assets and liabilities according to tax rates currently applicable or expected to be applicable at the time of settlement of the liability or asset.

A deferred tax asset is only recognized to the extent that it is possible that there will be future taxable profits against which the asset can be set off. Deferred tax assets are reduced accordingly, if it is probable that the relevant tax benefit will not be realized.

2.11 Employee benefits

In accordance with applicable labour legislation, the Company must recognize a provision for staff retirement indemnity for employees who are entitled to a lump sum if they continue to work until the usual age of retirement. This indemnity is calculated on the basis of the years of service and estimated income of the employee on the date of retirement. The provision amount is determined based on an actuarial study performed each year.

Any increase or decrease in the indemnity provision for the Company, arising from the retirement indemnity actuarial study is directly recognized in other income in the period in which it occurs. The cost of previous service and the interest cost are directly recognized through the statement of comprehensive income.

2.12 Provisions

Provisions are recognized when the Company has a current obligation (legal or constructive) as the result of a past event which involves future outflows for the settlement of the obligation and the amount of the obligation may be credibly valued. Provisions are reviewed on each balance sheet date and if the obligation no longer exists, the provision is reversed. Provisions are used only for the purpose for which they were initially made. Provisions for future losses are not recognized.

2.13 Share Capital

Principles of debt and equity

The financial instruments issued by the Company for the collection of funds are classified as financial obligations or equity, based on the substance of the contract and the definitions of the financial obligation and Equity.

Share Capital

The shares are registered in Equity when there is no obligation to pay in cash or other financial asset or to exchange financial assets in terms that may be unfavorable for the Company.

Share capital increase costs

Direct expenses for the issuance of shares are recognized, after deduction of the corresponding income tax, in equity.

2.14 Revenue Recognition

The Company recognizes revenue from the provision of services relating to the servicing of receivables from loans and credits. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a service to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company is acting as a principal in its revenue transactions in the sense that it controls the services before transferring those to its customers. The Company did not incur any incremental costs of obtaining contracts with its customers.

In general, the period between the Company transferring a service and the customer paying for it is one year or less. In this context, the Company elected to apply the practical expedient of IFRS 15:63 according to which it is not required to adjust the consideration for the effects of a significant financing component.

Recognition & Measurement

The Company provide to its customers services of receivables from loans and credits. For the provision of the above-mentioned services, the Company collects a fee from its customers.

The individual services are not distinct since the Company's customers cannot benefit from each individual service on its own and additionally no other relevant resources are available to its customers in order to be able by using them to service receivables from loans and credits. The aforementioned services promised to the Company's customers are not separately identifiable since they are interdependent and highly interrelated in the sense that the Company cannot fulfil its promise by transferring each of those services independently. In this context, all the services promised in the contracts with the Company's customers are accounted for as a single performance obligation.

Revenue from the above-mentioned services is recognized over time since the Company's customers simultaneously receive and consume the benefits provided by the Company's performance as the Company performs.

The normal credit term provided by the Company to its customers is 30 days.

Presentation

Trade receivables

A receivable depicts the Company's right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due. The Company accounts for its receivables in accordance with IFRS 9 (please refer to Note 7).

Contract assets

A contract asset depicts the Company's right to consideration in exchange for services that the Company has transferred to its customers. Whenever, the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset. The Company assesses its contract assets for impairment in accordance with IFRS 9.

Contract liability

A contract liability depicts the Company's obligation to transfer services to its customers for which the Company has received consideration (or an amount of consideration is due) from the customer. Whenever, a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a product or service to the customer, the Company presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2.15 Definition of related parties

Pursuant to International Accounting Standard 24 "Related Party Disclosures", related parties in relation to the Company are:

i. The parent company, Cepal Services and Holdings. and those legal entities classified for the Company or its parent company as:
   - Subsidiaries;
   - Joint Ventures; or
   - Affiliates;

ii. The sole shareholder of the parent company Cepal Services and Holdings:
- Alpha Bank S.A.

iii. Individuals that act as Key Management Personnel and their close family members.
- There are no individuals that meet the definition Key Management Personnel for the Company.

3. Acquisition of Alpha Bank's NPL Unit

On 1 December 2020, Cepal Hellas acquired Alpha Bank's NPL servicing unit (the "Acquisition") for a consideration of €240 million paid in cash on 1 December 2020. The NPL servicing unit comprised of the retail and wholesale NPL servicing units of the Bank.

The business assets and liabilities transferred included all of the property, rights and assets of Alpha Bank relating exclusively to the NPL servicing unit, including office equipment, furniture, IT systems, contracts and other tangible and intangible assets. Further, 517 employees were transferred to Cepal Hellas in the context of the Acquisition.

The value of the NPL servicing unit derives mainly from the agreement that Cepal Hellas entered on 30 November 2020 with Alpha Bank to service a portfolio of ca. €10.8 billion gross book value of NPEs (the "Galaxy" portfolio) and the NPEs remaining with the Bank, including any future NPEs.

The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has determined that the acquired set (the «NPL servicing unit») meets the definition of a business as defined in IFRS 3.

Acquiring the NPL Unit of Alpha Bank will enable the Group to increase its operations. The acquisition is also expected to provide the Group with an increased share of the NPL servicing market through Alpha Bank's loan portfolio. The Group also expects to reduce costs through economies of scale.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are depicted in the table below:

Amounts in thousands Euro	Note	
SLA with Alpha Bank	5	217,043
Software systems	5	16,877
Property, plant and equipment	6	323
Deferred tax asset	6	1,214
Defined benefit obligation	12	(5,059)
Total identifiable assets acquired and liabilities assumed		**230,398**
Goodwill		9,602
Total consideration		**240,000**

Satisfied by:		
Cash		240,000
Total consideration transferred		**240,000**

At the acquisition date, the identifiable assets acquired and the liabilities assumed were recognized at their fair value at the acquisition date, except for the retirement benefit obligation and the related deferred tax asset that were recognized and measured in accordance IAS 19 with IAS 12, respectively.

To estimate the fair value of the SLA with Alpha Bank, an independent valuation was procured. The valuation methodology applied was the Multi period Excess Earnings Method (“MEEM”). This method requires the projection of future sales revenue and expenses attributable to the intangible asset. The projection is based on adjusted historical results and business figures provided by the enterprise covering the remaining useful life of the asset. From the projected earnings (before/after tax) "capital charges" are then subtracted representing a market rate of return on all other assets employed in generating the earnings. After deduction of the capital charges the value of the intangible asset is the present value of the earnings from the asset at the valuation date calculated using an appropriate discount rate.

The accounting value of the software systems and equipment acquired was considered as a proxy of their fair value.

The initial accounting for the Acquisition has only been provisionally determined at 1 December 2020. At the date of this Consolidated Balance Sheet, the necessary valuations and other calculations have not been finalised and they have therefore only been provisionally determined based on the directors’ best estimate.

The goodwill of €9,602 thousand arising from the Acquisition is attributable to the synergies expected to arise from the combination of the NPL servicing unit and the existing Cepal NPL servicing platform, growth opportunities deriving from the larger scale of the Company and the experience of the workforce transferred from Alpha Bank to Cepal Hellas. Goodwill is expected to be deductible for income tax purposes and will be amortized in straight line basis for tax purposes in a period of 10 years.

Acquisition-related costs included in Liabilities from other taxes and fees amount to €5,760 thousand and relate to stamp duty payable by Cepal Hellas for the Business Transfer Agreement. This amount has been paid as of the date of approval of the Balance Sheet. Other acquisition related costs amounted to €77 thousand.

4. Intangible assets

The breakdown and functioning of the intangible assets of the Company for the fiscal year are as follows:

Amounts in thousands Euro	Software	Other intangible	Total intangible assets
Acquisition value 01/01/2019	**1,261**	**-**	**1,261**
Additions for the fiscal year	281	-	281
Acquisition value as at 31/12/2019	**1,541**	**-**	**1,541**
Accumulated depreciation 01/01/2019	**165**	**-**	**165**
Depreciation for the fiscal year	260	-	260
Accumulated depreciation 31/12/2019	**424**	**-**	**424**
Net book value 31/12/2019	**1,117**	**-**	**1,117**
Acquisition value as at 01/01/2020	**1,541**	**-**	**1,541**
Additions for the fiscal year	18,334	217,043	235,377
Acquisition value as at 31/12/2020	**19,875**	**217,043**	**236,918**
Accumulated depreciation 01/01/2020	**424**	**-**	**424**
Depreciation for the fiscal year	378	1,809	2,186
Accumulated depreciation 31/12/2020	**802**	**1,809**	**2,610**
Net book value 31/12/2020	**19,073**	**215,234**	**234,308**

Other intangible refer to NPL Servicing agreements signed with Alpha Bank upon acquisition of Alpha Bank's NPL Unit.

5. Tangible & Right of Use assets

The breakdown and functioning of the fixed assets of the Company for the fiscal year are as follows:

Amounts in thousands Euro	Installations in 3rd party buildings	Right-of-use-asset (buildings)	Right-of-use-asset (vehicles)	Furniture and other equipment	Total
Acquisition value 01/01/2019	**1,001**	**3,003**	**31**	**1,060**	**5,095**
Additions for the fiscal year	4	-	26	188	218
Acquisition value as at 31/12/2019	**1,005**	**3,003**	**57**	**1,248**	**5,313**
Accumulated depreciation 01/01/2019	**54**	**-**	**-**	**192**	**246**
Depreciation for the fiscal year	119	375	11	193	698
Accumulated depreciation 31/12/2019	**173**	**375**	**11**	**385**	**944**
Net book value 31/12/2019	**832**	**2,628**	**46**	**862**	**4,368**
Acquisition value as at 01/01/2020	**1,005**	**3,003**	**57**	**1,247**	**5,313**
Additions for the fiscal year	-	1,491	447	1,927	3,865
Reductions for the fiscal year	-	-	(26)	-	(26)
Acquisition value as at 31/12/2020	**1,005**	**4,494**	**478**	**3,174**	**9,152**
Accumulated depreciation 01/01/2020	**173**	**375**	**11**	**385**	**944**
Depreciation for the fiscal year	119	502	35	256	912
Reductions for the fiscal year	-	-	(10)	-	(10)
Accumulated depreciation 31/12/2020	**291**	**877**	**36**	**641**	**1,846**
Net book value 31/12/2020	**714**	**3,617**	**442**	**2,533**	**7,306**

There are no mortgages and promissory notes, or any other encumbrances, on the fixed assets against borrowing.

6. Deferred Tax

Deferred income tax is recognized on temporary differences that arise between the tax base of assets and liabilities and the corresponding amounts in the Financial Statements. According to paragraph 1 of article 22 of law 4646/2019 (Government Gazette A '201 / 12-12-2019), the income tax rate for legal entities is reduced from 29% to 24% for the income of the fiscal year 2019 and onwards.

The functioning of the deferred income tax account is broken down as follows:

Amounts in thousands Euro	**Right of Use assets**	**Intangible assets**	**Provision for staff indemnities**	**Tax losses recognized**	**Total**
Balance as at 01.01.2019	**-**	**-**	**63**	**1,574**	**1,637**
(Debit)/credit of profit and loss account	9	-	27	754	789
(Debit)/credit of other comprehensive income	-	-	14	-	14
Balance as at 31.12.2019 & 01.01.2020	**9**	**-**	**103**	**2,328**	**2,440**
(Debit)/credit of profit and loss account	8	440	47	753	1,248
(Debit)/credit of other comprehensive income	-	-	4	-	4
Adjustment due to acquisition/(disposal)	-	-	1,214	-	1,214
Balance as at 31.12.2020	**16**	**440**	**1,369**	**3,081**	**4,906**

Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed in the table below together with the reconciliation between the effective and nominal tax rate for Company:

Income tax reconciliation	**31.12.2020**		**31.12.2019**	
Amounts in thousands Euro	**%**	**Amount**	**%**	**Amount**
Profit/ (Loss) before income tax		**(4,668)**		**(4,523)**
Income tax based on the Greek (nominal) tax rate 24%	(24.0%)	1,120	(24.0%)	1,085
Increase/decrease resulting from:				
Effect in the Deferred Tax Asset due to the change in the tax rate	-	-	5.2%	(237)
Expenses recognized in Equity	(1.2%)	55	-	-
Recognition of expenses not recognized in the previous year	(1.9%)	87	-	-
Non-deductible expenses	0.3%	(11)	1.0%	(45)
Income Tax	(26.8%)	**1,252**	(17.8%)	**803**
Deferred Tax Asset		1,252		803
Income Tax obligation		-		-
Total		**1,252**		**803**

The Company recognized a deferred tax asset on its tax recognized losses amounting to 12,838 thousands Euro (2019: 9,701 thousands Euro), which, based on the current assessments of the Management, is expected to be set off against future taxable profits.

7. Other non-current assets

Other non-current assets of the Company are broken down as follows:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Buildings lease fee guarantees	316	71
Vehicles lease guarantees	7	2
Guarantees to electric power supplier	12	12
Guarantees to telephony company	-	1
Total	**335**	**86**

8. Prepaid expenses

The Company's prepaid expenses are broken down as follows:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
IT support & Licences	741	356
Insurance premiums	384	55
Other prepaid expenses	21	2
Total	**1,146**	**413**

9. Contract assets

Amounts relating to contract assets are balances due from customers that represent the portion of services that has been already delivered to customers and not yet invoiced. These contract assets are expected to be invoiced within the following fiscal year. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the Company's customers.

The Company's contract assets and clients' receivables are broken down as follows:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Contract assets (related parties)	13,937	2,223
Contract assets (non-related parties)	2,072	1,025
Clients (related parties)	5	18
Clients (non-related parties)	260	308
Total	**16,274**	**3,574**

10. Other receivables

Other receivables are analysed as follows:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Advance payments to suppliers	80	50
Refundable VAT	732	-
Other receivables	64	63
Total	**876**	**113**

At the time of approval of the Financial Statements the refundable VAT amount has been refunded to the Company.

11. Cash and cash equivalents

The cash and cash equivalents of the Company are broken down as follows:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Cash in hand	1	1
Bank deposits	11,042	2,148
Term deposits	20,000	-
Total	**31,043**	**2,149**

The bank deposits represent zero interest rate deposits in Alpha Bank, with credit rating on 31.12.2020 B (long term). The credit rating is based on the International Credit Rating institution STANDARD & POOR'S.

Term deposits represent deposits in Alpha Bank with interest rate 0.1% for a period of 2 months.

12. Share capital

By a decision of the Self-Convened Extraordinary General Meeting of Shareholders of the Company, dated 07.07.2020, the Company's share capital was increased by four million seven hundred thousand Euro (€4,700,000.00) through the issuance of 4,700,000 redeemable preference shares, the nominal price of each being one Euro (€1) and with issuance price one Euro (€1) per share.

Furthermore, by a decision of the Self-Convened Extraordinary General Meeting of Shareholders of the Company, dated 27.11.2020 the Company's capital was increased by issuing 14,900,000 common registered shares, with a nominal value of one euro (€1) and a offering price of ten Euro (€10) each, that is nine Euro (€9) above nominal value. As a result €14.9 million was recorded in share capital and €134.1 was recorded in share premium.

Expenses of €216 thousand and cumulatively €392 thousand relating to share capital increases have been recognized in Equity.

Following the above, share capital comprises of 16,228,000 common registered shares with voting rights and 19,467,331 redeemable registered preferrance shares with a nominal value of one Euro (€1) per share.

13. Long-term lease liabilities

The long-term liabilities on 31.12.2020 relate to the recognition of liability from the application of IFRS 16 and specifically from the leases of real estate and cars used by the Company itself. The formation of this obligation is analyzed as follows:

Amounts in thousands Euro	Lease liabilities (real estate)	Lease liabilities (cars)	Total
Balance as at 01.01.2019	**3,003**	**31**	**3,035**
New leases	-	26	26
Interest	62	1	62
Repayment	(402)	(12)	(414)
Balance as at 31.12.2019	**2,663**	**46**	**2,709**
Balance as at 01.01.2020	**2,663**	**46**	**2,709**
New leases	1,491	447	1,938
Terminations	-	(16)	(16)
Interest	55	1	56
Lease adjustment	8	-	8
Repayment	(532)	(35)	(567)
Balance as at 31.12.2020	**3,685**	**443**	**4,128**

The maturity of the specific financial obligations is analyzed as follows:

Amounts in thousands Euro	**Nominal amount**			
Maturity analysis of lease liability cash flows	**Total**	**Up to 1 year**	**from 1 to 5 years**	**above 5 years**
31.12.2019	2,918	419	1,668	830
31.12.2020	4,304	1,954	1,933	418

Amounts in thousands Euro	**Discounted amount**			
Maturity analysis of lease liability cash flows	**Total**	**Up to 1 year**	**from 1 to 5 years**	**above 5 years**
31.12.2019	2,709	415	1,565	729
31.12.2020	4,128	1,947	1,810	371

14. Post-employment benefits

The amounts recorded on the Balance Sheet as at 31.12.2020, based on the actuarial study, are as follows:

Amounts in thousands Euro	**1.1-31.12.20**	**1.1-31.12.19**
Amounts recognized in Balance Sheet		
Present value of obligations	5,703	431
Net Liability/(Asset) in BS	**5,703**	**431**
Amounts recognized in Profit and Loss		
Service cost	152	152
Net interest on the net defined benefit liability/(asset)	5	3
Regular P&L Charge	**157**	**155**
Recognition of past service cost	67	28
Settlement/Curtailment/Termination loss/(gain)	53	-
Total P&L Charge	**277**	**183**
Reconciliation of benefit obligation		
DBO at start of period	431	215
Service cost	152	151
Interest cost	5	4
Benefits paid directly by the Company	(79)	-
Adjustment due to acquisition/(disposal)	5,059	-
Settlement/Curtailment/Termination loss/(gain)	53	-
Past service cost arising over last period	67	28
Actuarial (gain)/loss - financial assumptions	37	83
Actuarial (gain)/loss – experience	(22)	(25)
DBO at end of period	**5,703**	**456**
Remeasurements		
Liability gain/(loss) due to changes in assumptions	(37)	(83)
Liability experience gain/(loss) arising during the year	22	25
Total actuarial gain/(loss) recognized in OCI	**(15)**	**(58)**
Movements in Net Liability/(Asset) in BS		
Net Liability/(Asset) in BS at the beginning of the period	431	215
Adjustment due to acquisition/(disposal)	5,059	-
Benefits paid directly	(78)	(240)-
Total expense recognized in the income statement	276	397
Total amount recognized in the OCI	15	59
Net Liability/(Asset) in BS	**5,703**	**431**

The main actuarial assumptions used for accounting purposes are:

Discount interest rate	0.51%	1.03%
Future salary raises	1.30%	1.40%
Inflation	1.40%	1.50%
Program duration (years)	17	21

15. Borrowings

On 30 November 2020, the Company entered into a loan agreement with Alpha Bank in order to partially finance the Acquisition. The total amount of the loan is €130.0 million. The loan is unsecured and was initially repayable in a lump sum within six months, on 31 May 2021.

The interest rate on the loan is 6-months Euribor (minimum 0%) plus 2.75% and is carried at amortised cost. It therefore did not have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

The loan amount was fully disbursed on 1 December 2020 and facility fees of €650 thousand were paid to the lender upon disbursement. Loan liabilities are initially recognized at fair value less transaction costs. Then they are subsequently measured at amortized cost. Any difference between the initially received amounts and the value at the end of the loan is recorded in the income statement during the repayment period the loan using the effective interest method.

On 31.5.2021 the maturity date of the loan was extended to 15.7.2021. Cepal Hellas is in advanced discussions with Alpha Bank and the European Bank for Reconstruction and Development ("EBRD") for the replacement of the bridge loan with a long-term bond loan, which we expect to conclude before the revised maturity date of the bridge loan.

16. Trade and other payables

Payables to suppliers and creditors on 31.12.2020 are broken down below:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Domestic suppliers	4,873	1,243
Foreign suppliers	513	366
Other liabilities	9	9
Total	**5,395**	**1,618**

All the above payables are short-term, the fair value thereof is not significantly different from their carrying value on the reporting date of the Financial Statements.

17. Contract liabilities

The customer liabilities consist of customer advances for the provision of services and are analyzed as follows:

Amounts in thousands Euro	31.12.2020	31.12.2019
Contract liabilities to related entities	16	835
Contract liabilities to non-related entities	168	126
Total	**184**	**961**

18. Liabilities from other taxes and duties

Liabilities from other taxes and duties on 31.12.2020 are broken down below:

Amounts in thousands Euro	31.12.2020	31.12.2019
Value Added Tax	-	171
Payroll Withholding tax	630	467
Third parties withholding tax	71	15
Total	**701**	**653**

19. Liabilities to insurance organizations

Liabilities to insurance organizations on 31.12.2020, amounting to 1,055 thousands Euro relate to December contributions to the Unified Social Security Institution (EFKA). On 31.12.2019 liabilities to insurance organizations were 536 thousands Euro.

20. Accrued expenses and deferred Income

Accrued expenses for the fiscal year on 31.12.2020 are broken down as:

Amounts in thousands Euro	31.12.2020	31.12.2019
Accrued fees for audit, accounting and consulting services	628	54
Accrued fees and expenses for legal services	627	458
Payroll expenses	1,469	1,027
Accrued expenses from related entities	332	-
Total	**3,056**	**1,539**

The deferred income on 31.12.2020 are broken down as:

Amounts in thousands Euro	31.12.2020	31.12.2019
Accrued Income to related entities	106	170
Accrued Income to non-related entities	90	75
Total	**196**	**245**

21. Sales and other operating income

The company's sales and other operating income for the fiscal year 2020 are broken down below:

Amounts in thousands Euro	31.12.2020	31.12.2019
Revenue from the provision of receivables servicing	32,697	22,287
Other Income	38	94
Grand Total	**32,735**	**22,381**

22. Staff costs

Staff salaries and expenses are broken down below:

Amounts in thousands Euro	31.12.2020	31.12.2019
Gross Salaries	13,690	11,034
Employer's contributions	2,683	2,343
Other employee benefits	651	551
Provision for post-employment benefits	198	156
Separation benefit	183	241
Total	**17,405**	**14,325**

On 31.12.2020 the Company employed 811 people, whereas on 31.12.2019 the Company employed 299 people. The number of employees transferred from Alpha Bank due to the acquisition of the NPL Unit was 517 people.

23. Other operating expenses

Other operating expenses for fiscal year 2020 are broken down below:

Amounts in thousands Euro	31.12.2020	31.12.2019
Fees for services	6,743	7,886
Utilities	299	270
Rents	13	10
Insurance premiums	1,075	162
Transportation	154	352
IT expenses	1,257	1,259
Auctions fees and expenses	353	806
Other expenses	6,531	809
Depreciation and amortization	3,098	958
Total	**19,523**	**12,512**

The increase in insurance premiums in 2020 relates mainly to insurance policies on real estate that are collateral for loans serviced by the Company . The specific costs are re-charged to the owner of loans.

The increase in other expenses in 2020 mainly relates to the stamp duty of €5,760 thousand that resulted from the acquisition of the NPL Servicing Unit and was paid by the Company in December 2020.

The increase in depreciation in 2020 relates to the additional depreciation of intangible, tangible assets and Rights of Use assets acquired through the Acquisition.

24. Net financing results

Financial results for fiscal year 2020 are broken down below:

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Interest charges and related expenses	410	4
Foreign exchange difference expenses	1	1
Lease interest	64	62
Total	**475**	**67**

The increase in interest charges relates to the interest on the loan taken from Alpha Bank on 1 December 2020 that partially funded the acquisition of the NPL Servicing Unit (see Note 14).

25. Related parties transactions

Transactions and balances between the Company and related parties (as defined in IAS 24) are listed below:

All transactions with related parties are performed under market conditions.

A. Transactions with related parties

a) <u>Revenues from the provision of services</u>

	01.01 - 31.12.2020	**01.01 - 31.12.2019**
Amounts in thousands Euro	**Provision of services**	**Provision of services**
Alpha Bank SA	21,561	15,967
Kaican Hellas SA	36	92
Centerbridge Partners Europe LLP	-	300
Cepal Services and Holdings SA	2	2
Total	**21,599**	**16,361**

Centerbridge Partners Europe LLP ceased to be a related party on 22 July 2020.

b) Expenses

	01.01 - 31.12.2020		01.01 - 31.12.2019	
Amounts in thousands Euro	**Interest and similar expenses**	**Service provision**	**Interest and similar expenses**	**Service provision**
Alpha Bank SA	409	312	4	-
Cepal Services and Holdings SA	-	86	-	-
Alpha Real Estate	-	149	-	-
Alpha Supporting Services	-	1	-	-
Kaican Hellas SA	-	70	-	-
Kaican Services Ltd	-	975	-	934
Total	**409**	**1,593**	**4**	**934**

c) Assets

	31.12.2020			31.12.2019		
Amounts in thousands Euro	**Deposits**	**Other receivables**	**Contract assets**	**Deposits**	**Other receivables**	**Contract assets**
Alpha Bank SA	31,042	45	13,938	2,148	41	2,223
Kaican Hellas SA	-	5	-	-	18	-
Total	**31,042**	**50**	**13,938**	**2,148**	**59**	**2,223**

d) Liabilities

	31.12.2020				31.12.2019		
Amounts in thousands Euro	**Customer liabilities and advance payments**	**Deferred Income**	**Trade payables**	**Borrowings**	**Customer liabilities and advance payments**	**Deferred Income**	**Trade payables**
Alpha Bank SA	16	106	116	129,756	835	170	-
Alpha Supporting Services	-	-	1	-	-	-	-
Kaican Hellas SA	-	-	16	-	-	-	-
Kaican Services Ltd	-	-	-	-	366	-	-
Total	**16**	**106**	**133**	**129,756**	**1,201**	**170**	**-**

26. Contingent liabilities and commitments

Legal Affairs

There are no pending cases or lawsuits filed by third parties against the Company for which a cash outflow is expected.

Tax Issues

The Company has not been audited by the tax authorities for the years from 2016 to 2020. The Company has received a clean tax certificate for the years ending 2016, 2017, 2018 and 2019 by the certified auditors, while for year 2020 the Company is currently undergoing a tax certificate audit, and it is expected that no material tax charges will arise.

27. Auditors' fees

The total fees of "Deloitte Certified Public Accountants S.A.", statutory auditor of the Company is analysed below, as stated in paragraph 2 and 32, article 29, of Law 4308/2014.

Amounts in thousands Euro	**31.12.2020**	**31.12.2019**
Fees for statutory audit	25	17
Fees for the issuance of tax certificate	12	12
Other services	92	-
Total	**129**	**29**

28. Events after the Balance Sheet date

On 22 February 2021 Alpha Bank announced that it had signed binding agreements with funds managed by Davidson Kempner European Partners LP ("DKP") for the sale of 80% of Cepal Services and Holdings (the sole shareholder of Cepal Hellas) shares alongside 51% of the mezzanine and the junior notes issued under "Project Galaxy".

Moreover, Alpha Bank and DKP agreed to extend the term of the SLA with Cepal for the servicing of the Retained book from 10 to 13 years with a right to extend further. Transaction closing, subject to customary regulatory approvals, is targeted by end of June 2021.

The bridge loan taken on 1.12.2020 to partially fund the acquisition had an original maturity date 31.5.2021, which has been extended to 15.7.2021. Cepal Hellas is in advanced discussions with Alpha Bank and the European Bank for Reconstruction and Development ("EBRD") for the replacement of the bridge loan with a long-term bond loan, which we expect to conclude before the revised maturity date of the bridge loan.

Athens 09 June 2021

The Chairman	The Vice-Chairman and Chief Executive Officer	The Chief Financial Officer	The person responsible for the preparation of the Financial Statements
Artemios Theodoridis	Theodoros Athanasopoulos	George Angelides	Dimitrios Petkovits Licence 97857/A Accounting Solutions SA LIcence 924/08