



ALPHA BANK

ALPHA CREDIT GROUP PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

31 December 2018

3747110

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Company Particulars

Board of Directors

W. Lindsay Mackay
Nicola Randell
Monika Ahmed

Registered Office

Capital House, 85 King William Street
London EC4N 7BL
Tel: 020 7332 6767
Fax: 020 7329 6022

Auditor

Deloitte LLP, London UK

Registered number

3747110 (England and Wales)

Date of incorporation

1 April 1999

Directors' Report

The directors of Alpha Credit Group PLC (the "Company") present their annual report together with the audited financial statements for the year ended 31 December 2018. The amounts presented in the Directors' Report are shown rounded to the nearest thousand where applicable. This director's report has been prepared in accordance with the provisions applicable to companies entitled to the Small Companies Exemption.

Principal activities

The principal activities of the Company are acting as a financial intermediary and raising finance for its parent company, Alpha Bank A. E. ("Alpha Bank"), which is resident in Greece. In previous years it has issued Euro Medium-Term Notes ("EMTNs") and Euro Commercial Papers ("ECPs") under Programmes guaranteed by Alpha Bank. The Base Prospectus and the Information Memorandum of the EMTN and ECP programmes respectively are available on the parent's company website at www.alpha.gr.

Principal risks and uncertainties facing the Company

The Company has no debt instruments in issue. This follows the substitution which took place in 2015 whereby Alpha Bank substituted itself for the Company as issuer of all debt instruments then outstanding. The principal risks affecting the Company's operations relate to credit risk in relation to the Company's intragroup nostro balances.

Results and dividends

The results for the year ended 31 December 2018 are shown on page 7. The loss for the year after taxation attributable to the owners is €167,000 (2017: profit of €21,000).

As there has been no bond issuance during the year, the Company has no income. The only profit and loss activities are FX movements and general administrative costs.

General administrative expenses are €178,000 (2017: €158,000), a 13% increase year on year, attributable to the introduction of operating expenses recharged from Alpha Bank London Limited since the beginning of the year, related to services which are deemed necessary in order to keep the Company in operation.

During the year an interim dividend of €8,000,000 (2017: € nil) was approved and paid.

As an SPV of the parent, Alpha Bank A.E, the future of the company as a going concern depends on the plans of the Alpha Bank group. The directors have sought and obtained confirmation from the parent that the Company is intended to be used in the future and will form part of the next EMTN Programme update.

Corporate governance

The directors and management continue to promote and maintain a sound system of corporate governance in compliance with applicable regulatory requirements.

Directors

The directors who served during the financial year and to the date of this report are as follows:

W. Lindsay Mackay
Nicola Randell
Monika Ahmed (appointed on 18 September 2018)
Graham Ballantyne (resigned on 2 May 2019)
Stephen Tryner (resigned on 18 September 2018)

Directors' interests

None of the directors has or had any notifiable interest.

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' Report *(continued)*

Directors' remuneration

Details of directors' remuneration are shown in Note 7.

Creditor payment policy

The Company's policy concerning the payment of creditors and service providers is to pay in accordance with its contractual and other legal obligations.

Donations

The Company did not make any political or charitable contributions during the year or the prior year.

Directors' responsibility regarding disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Deloitte LLP has indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the forthcoming AGM in accordance with section 489 of Companies Act 2006.

By order of the Board

W. Lindsay Mackay
Director

Capital House, 85 King William Street
London
EC4N 7BL

20 June 2019

Company Registration Number: 3747110 England and Wales

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The following statement, which should be read in conjunction with the independent auditor's report on pages 5 to 6, is made by the directors to explain their responsibilities in relation to the preparation of the Director's Report and Financial Statements.

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union (EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- State that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board

Monika Ahmed
Director

20 June 2019

Independent auditor's report to the members of Alpha Credit Group PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Alpha Credit Group Plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The statement of comprehensive income;
- The balance sheet;
- The statement of changes in equity;
- The cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Rhys, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

20 June 2019

Statement of Comprehensive Income

For the year ended 31 December 2018

| | Note | 2018 €000's | 2017 €000's |
|---|------|----------------|----------------|
| Interest and similar income | | - | 1 |
| Interest expense and similar charges | | - | 195 |
| Net interest income | 3 | | 196 |
| Other operating income / (expense) | 4 | 12 | (12) |
| Operating (expense) | | 12 | 184 |
| General administrative expenses | 5 | (179) | (158) |
| (Loss)/Profit before tax | | (167) | 26 |
| Income tax (expense) | 8 | (4) | (5) |
| (Loss)/Profit after tax | | (171) | 21 |
| Other comprehensive income | | - | - |
| Total comprehensive (expense) / income for the year attributable to owners | | (171) | 21 |

The notes on pages 11 to 22 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2018

| | 2018 | 2017 |
|---|-------------------|---------------------|
| | €000's | €000's |
| Assets | | |
| Non-current Assets | | |
| Deferred tax assets | 11 | 4 |
| | <u>-</u> | <u>4</u> |
| | - | 4 |
| Current Assets | | |
| Cash and cash equivalents | 908 | 9,023 |
| Current tax asset | 8 | 8 |
| | <u>916</u> | <u>9,031</u> |
| | 916 | 9,031 |
| Total Assets | <u><u>916</u></u> | <u><u>9,035</u></u> |
| Equity | | |
| Equity attributable to the owners of the Company | | |
| Called-up share capital | 12 | 100 |
| Retained earnings | 724 | 8,895 |
| | <u>824</u> | <u>8,995</u> |
| | 824 | 8,995 |
| Liabilities | | |
| Non-current Liabilities | | |
| Current Liabilities | | |
| Other liabilities | 92 | 40 |
| | <u>92</u> | <u>40</u> |
| | 92 | 40 |
| Total Equity and Liabilities | <u><u>916</u></u> | <u><u>9,035</u></u> |

The notes on pages 11 to 22 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20 June 2019 and were signed on its behalf by:

W. Lindsay Mackay
Director

20 June 2019

Monika Ahmed
Director

Company Registration Number: 3747110 England and Wales

Statement of Changes in Equity

For the year ended 31 December 2018

| | Share Capital €000's | Retained Earnings €000's | Total Equity €000's |
|--|----------------------------|--------------------------------|---------------------------|
| Balance attributable to the owners as at 1 January 2018 | 100 | 8,895 | 8,995 |
| Impact of initial application of IFRS 9 Financial Instruments | - | - | - |
| Restated balance attributable to the owner as at 1 January 2018 | 100 | 8,895 | 8,995 |
| (Loss) for the year | - | (171) | (171) |
| Total comprehensive loss for the year | - | (171) | (171) |
| Dividend paid | - | (8,000) | (8,000) |
| Balance attributable to owners as at 31 December 2018 | 100 | 724 | 824 |

| | Share Capital €000's | Retained Earnings €000's | Total Equity €000's |
|---|----------------------------|--------------------------------|---------------------------|
| Balance attributable to the owners as at 1 January 2017 | 100 | 8,874 | 8,974 |
| Profit for the year | - | 21 | 21 |
| Total comprehensive expense for the year | - | 21 | 21 |
| Dividend paid | - | - | - |
| Balance attributable to owners as at 31 December 2017 | 100 | 8,895 | 8,995 |

The notes on pages 11 to 22 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

| | 2018 €000's | 2017 €000's |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| (Loss) / Profit before tax | (167) | 26 |
| | - | - |
| <i>Net increase / (decrease) in liabilities relating to operating activities:</i> | | |
| Other liabilities | 53 | 248 |
| | 53 | 248 |
| Income taxes paid | (1) | (149) |
| | (116) | 125 |
| Net cash flows from operating activities | (116) | 125 |
| Cash flows from financing activities | | |
| Distributions paid to the holders of equity | (8,000) | - |
| | (8,000) | - |
| Net cash flows from financial activities | (8,000) | - |
| Net (decrease)/increase in cash and cash equivalents | (8,115) | 125 |
| Cash and cash equivalents at beginning of the year | 9,023 | 8,898 |
| Cash and cash equivalents at the end of the year | 908 | 9,023 |

The notes on pages 11 to 22 form an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

1.1 Basis of preparation

(a) Statement of compliance

The financial statements of Alpha Credit Group PLC, a company domiciled and incorporated in the UK (hereafter the "Company"), have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), IFRIC interpretations and the special provisions of Part VII of the Companies Act 2006, as at and for the year ended 31 December 2018.

(b) Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include the fair valuation of certain financial instruments when applicable.

1.2 Accounting policies for the year ended 31 December 2018

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

1.3 Going concern

Note 15 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposure to credit risk and liquidity risk.

At 31 December 2018 the Company had a positive equity position and no debt instruments in issue. Its main asset is a nostro balance due from Alpha Bank. The directors are of the opinion that the balance due from the parent is fully recoverable. The parent Company has confirmed to the directors that the Company is intended to be used to issue EMTNs in the future. The Company's forecasts and projections, taking account of possible changes in trading performance suggest that the Company will be able to operate at adequate level and the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

1.4 Functional and presentational currency

These financial statements are presented in Euro (€), which is the Company's functional currency. Except as indicated, financial information presented in Euro has been rounded to the nearest thousand.

1.5 Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the Statement of Comprehensive Income.

Non-monetary assets and liabilities are recognised at the exchange rate ruling at initial recognition, except for those non-monetary items denominated in foreign currencies that are stated at fair value.

1.6 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest income' and 'Interest expense' in the Statement of Comprehensive Income using the effective interest rates of the financial assets and financial liabilities to which they relate.

The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments earned or paid on a financial asset or liability through its expected life or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not the future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts. In case the Company re-estimates the expected future cash flows of the assets and liabilities the resulting adjustment to the carrying amount is recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements *(continued)*

1.7 Fees and commission income and expense

Fees and commissions which are not an integral part of the effective interest rate are recognised when the service has been provided.

Transaction revenues and expenses relating to the recognition of a financial instrument, which are measured at amortised cost, such as debt securities, are capitalised and recognised in the Statement of Comprehensive Income using the effective interest rate method.

1.8 Taxation

Income tax expense consists of current tax and deferred tax. It is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years.

Deferred tax is the tax that will be paid or for which relief will be obtained in the future resulting from the different period that certain items are recognised for financial reporting and tax purposes. It is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are provided based on the expected manner of realisation or settlement using tax rates (and laws) substantively enacted at the balance sheet date. A deferred tax asset is recognised to the extent that it is beyond any reasonable doubt that future taxable profits will be available against which the asset can be utilised, taking into consideration the enacted tax rates at the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets and current liabilities against current tax amounts.

1.9 Cash and cash equivalents

Cash and cash equivalents consist of nostro balances with banks.

1.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Subsequent expenditure is capitalised or recognised as a separate asset only when it increases the future economic benefits. Expenditure on repairs and maintenance is recognised in the Statement of Comprehensive Income as an expense as incurred.

Depreciation is charged on a straight-line basis over the estimated useful lives of property, plant and equipment taking into account residual values, with a full year's charge incurred in the year of acquisition.

The estimated useful lives are as follows:

- Computer hardware 3 years
- Fixtures and fittings 10 years
- Property, plant and equipment 10 years

The residual value of equipment and its useful life is reviewed and adjusted if necessary at each reporting date. Property, plant and equipment is reviewed for impairment, in accordance with the general principles and methodology set out in IAS 36 and the relevant implementation guidance, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Property, plant and equipment which is considered to be impaired is carried at its recoverable amount. Gains and losses from the sale of property, plant and equipment are recognised in the Statement of Comprehensive Income.

1.11 Intangible assets – computer software

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses.

Notes to the Financial Statements *(continued)*

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the software from the date that it is available for use. The estimated useful life of software is three to five years.

1.12 Financial instruments

IFRS 9 *Financial Instruments* (as revised in July 2014) is effective for an annual period that begins on or after 1 January 2018. IFRS 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial instruments; and
- General hedge accounting.

1.12.1 Classification and measurement of financial assets and liabilities

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently under the following three categories:

- At amortised cost
- At fair value through other comprehensive income (FVTOCI)
- At fair value through profit or loss (FVTPL)

The classification to which of these three categories is based on the following two granularity layers:

- 1) The Company's business model for managing the financial assets (Step 1), and
- 2) The contractual cash flow characteristics of the financial assets (Step 2).

Step 1 assigns business model based on relevant business model indicators. Step 2 addresses several categories of contractual features derived from the IFRS 9 content as representing modifications of the timing/ value of contractual cash flows of the time value of money element which would trigger FVTPL measurement.

Debt instruments

A debt instrument is generally measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding

There are no debt instruments measured at amortised cost in issue at the date of the financial statements (2017: nil).

A debt instrument is generally measured at FVTOCI if both of the following conditions are met:

- The asset is held within a business model in which assets are managed in order to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

There are no debt instruments measured at FVTOCI in issue at the date of the financial statements (2017: nil).

A debt instrument that is not measured at amortised cost or at FVTOCI must be measured at FVTPL.

Nevertheless, the Company may, at initial recognition, irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement of recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. In the current year, the Company has not designated any debt instruments that meet the amortised cost or FVTOCI conditions as measured FVTPL.

Notes to the Financial Statements *(continued)*

There are no debt instruments measured at FVTPL in issue at the date of the financial statements (2017: nil).

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

The company has currently holds cash and cash equivalents and therefore there is no transitional impact of IFRS 9.

Equity instruments

Equity instruments are generally measured at fair value with value changes recognised in profit and loss, except for those which the Company has elected to present value changes in other comprehensive income. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognised in profit or loss.

Derivatives

Under IFRS 9, all derivative financial instruments are deemed to be held for trading and therefore they are generally measured at FVTPL. There are no derivatives at 31 December 2018 (2017: nil).

Financial liabilities

Financial liabilities are designated as either measured at FVTPL or as other financial liabilities. A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as measured at FVTPL attributable to the changes in the credit risk of the issuer. Specifically, IFRS 9 requires that these changes be presented in other comprehensive income, unless the recognition of the effects of the changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in the fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as measured at FVTPL was presented in profit or loss.

1.12.2 Impairment losses on financial assets

In relation to the impairment of financial instruments, IFRS 9 requires an expected credit loss model to be used as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore it is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 requires the Company to recognise an allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to banks;
- Debt instruments;

No impairment loss is recognised on equity instruments.

In order to measure an allowance for expected credit losses, a financial instrument must first be classified into stages based on its credit risk. The classification into stages is based on the change in credit quality compared to the initial recognition. The adoption of this model aims to achieve:

- Timely recognition and measurement of credit losses prior to their realisation;
- Classification of exposures depending on the deterioration of their credit quality; and
- More accurate measurement of expected credit losses.

Classification into stages is performed as follows:

Stage 1 - includes performing credit exposures that have no significant increase in credit risk since the initial recognition date. The expected credit losses calculated are the twelve month losses from the date of the financial statements.

Notes to the Financial Statements *(continued)*

Stage 2 - includes credit exposures with significant increase in credit risk since the initial recognition date but which are not non-performing. The expected credit losses are calculated as the lifetime losses.

Stage 3 - includes non-performing/ default exposures. The expected credit losses calculated are the lifetime losses.

The calculation of expected credit losses is carried out either on an individual basis for all borrowers with at least one non-performing exposure, or on a collective basis for all other exposures.

1.13 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of the assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

During the year, management made the following estimates:

- In calculating deferred tax, estimates were based on current tax recoveries; and
- Assessing whether the Company is considered a going concern (as set out above).

1.14 Accounting standards developments

1.14.1 New and amended standards effective for the financial year beginning 1 January 2018

The following accounting Standards became effective for accounting periods beginning on or after 1 January 2018. As at 31 December 2018, the Company has no transactions that would be affected by the newly effective standards. However, they are likely to have significant impact on the Company's financial statements in the future should any debt instruments be issued.

IFRS 9 *Financial Instruments*

On 24 July 2014, the international Accounting Standards Board published IFRS 9 Financial Instruments, which replaces IAS 39. IFRS 9 was endorsed by the EU in November 2016 and subsequent amendment endorsed in March 2018. Effective from accounting period beginning on or after 1 January 2018. IFRS 9 provides for significant differentiations in the classification and measurement of financial instruments as well as hedge accounting.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued on 28 May 2014 by the International Accounting Standards Board. The new standard shall be applied to all contracts with customers except those that are in the scope of other standards such as finance lease, insurance contracts and financial instruments.

1.14.2 New pronouncements

The following pronouncements are not applicable for the year ending 31 December 2018 and have not been applied in preparing these financial statements. None of the forthcoming standards are expected to have a significant effect on the Company's financial statements.

IFRS 16 *Leases*

Endorsed by the EU in October 2017, IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019.

IFRS 17 *Insurance Contracts*

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2021.

2. Segment information

An operating segment is a component of a company that engages in business activities from which it may earn revenues and incur expenses. The Board believes that the Company has only one operating segment as it has only one area of activity (the issue of debt instruments to raise finance for its parent company), and operates in only one

geographical area: Greece

Notes to the Financial Statements *(continued)*

3. Net interest income

Typically, interest income and expense relates to loans made to the parent and notes and commercial papers issued to various counterparties respectively, as well as fee charges on the issue of notes by the dealer of the issue which the Company then recharges to its parent, Alpha Bank. As the Company had no debt instruments in issue throughout the year net interest income from these sources is nil (2017: nil). During 2017, interest income of €1,000 was received for a corporation tax overpayment in relation to 2015, and a credit against interest was also recognised to write back a prior year accrual previously made for expected interest payable to HMRC following the 2012 tax computation resubmission.

| | 2018 | 2017 |
|---|---------------|------------|
| | €000's | €000's |
| Interest income | - | 1 |
| Total interest and similar income | - | 1 |
| Interest expense | - | 195 |
| Total interest expense and similar charges | - | 195 |
| Net interest income | - | 196 |

4. Other operating expense

| | 2018 | 2017 |
|--------------------------------------|---------------|-------------|
| | €000's | €000's |
| Foreign exchange gain / (loss) | 12 | (12) |
| Total other operating expense | 12 | (12) |

5. General administrative expenses

| | 2018 | 2017 |
|-------------------|---------------|------------|
| | €000's | €000's |
| Staff costs | 95 | 125 |
| Professional fees | 55 | 21 |
| Other expenses | 29 | 12 |
| Total | 179 | 158 |

| | 2018 | 2017 |
|---|---------------|--------|
| | €000's | €000's |
| Professional fees include | | |
| Auditor's remuneration: | | |
| - Audit of these financial statements pursuant to legislation | 21 | 16 |
| - Audit related assurance services | 20 | 1 |

6. Staff

The Company employed no staff during the year and none in the preceding year. Staff costs borne by Alpha Bank London Limited, a fellow group undertaking, are apportioned to the Company. They are based on the time spent by employees on matters relating to the Company and amounted to €95,000 (2017: €125,000). Of this amount €38,000 (2017: €81,000) related directly to salaries recharged and €4,000 (2017: €11,000) to pensions which form part of a defined contribution plan.

Notes to the Financial Statements *(continued)*

7. Directors' Emoluments

| | 2018 €000's | 2017 €000's |
|--|----------------|----------------|
| The remuneration of the directors is as follows: | | |
| Directors' emoluments | 33 | 70 |
| Company contributions to a defined contribution scheme | 1 | 7 |
| Total | 34 | 77 |

The above amounts for remuneration include the following in respect of the highest paid director:

| | | |
|--|-----------|-----------|
| Directors' emoluments | 13 | 30 |
| Company contributions to a defined contribution scheme | 1 | 2 |
| Total | 14 | 32 |

8. Income tax

| | 2018 €000's | 2017 €000's |
|--|----------------|----------------|
| Current tax | | |
| UK corporation tax at 19% (2017: 19.25%) | - | 4 |
| Sub-total | - | 4 |
| Deferred tax | | |
| Deferred tax (note 11) | (4) | 1 |
| Total | (4) | 5 |

Factors affecting the tax charge for the year:

| | | |
|---|--------------|----------|
| (Loss) / profit before tax | (167) | 26 |
| Current tax on the above at 19% (2017: 19.25%) | (32) | 5 |
| Adjustments in respect of non-taxable income | - | (1) |
| Adjustments in respect of current year losses for which no deferred tax asset is recognised | 32 | - |
| Re-measurement of deferred tax – write-off | (4) | 1 |
| Total | 1 | 5 |

The standard rate of corporation tax for the period to 31 March 2018 is 19% (2017: 20%) and 19% for the period to 31 December 2018 (2017: 19%). The blended corporation tax rate applied to the reported profit is 19% (2017: 19.25%).

Notes to the Financial Statements *(continued)*

9. Property, plant and equipment

| | Computer hardware €000's | Fixtures and fittings €000's | Plant and equipment €000's | Total €000's |
|---------------------------------|-----------------------------|---------------------------------|-------------------------------|-----------------|
| Cost | | | | |
| <i>At 1 January 2018</i> | 101 | 6 | 11 | 118 |
| <i>Write offs</i> | (5) | (6) | (11) | (22) |
| <i>At 31 December 2018</i> | <u>96</u> | <u>-</u> | <u>-</u> | <u>96</u> |
| Accumulated depreciation | | | | |
| <i>At 1 January 2018</i> | 101 | 6 | 11 | 118 |
| <i>Write offs</i> | (5) | (6) | (11) | (22) |
| <i>At 31 December 2018</i> | <u>96</u> | <u>-</u> | <u>-</u> | <u>96</u> |
| Net book value | | | | |
| <i>At 31 December 2018</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>At 31 December 2017</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

10. Intangible assets – computer software

| | 2018 €000's | 2017 €000's |
|---------------------------------|----------------|----------------|
| Cost | | |
| <i>At 1 January</i> | <u>230</u> | 230 |
| <i>At 31 December</i> | <u>230</u> | 230 |
| Accumulated amortisation | | |
| <i>At 1 January</i> | <u>230</u> | 230 |
| <i>At 31 December</i> | <u>230</u> | 230 |
| Net book value | <u>-</u> | - |

11. Deferred tax assets

| | 2018 | | |
|-------------------------------|-------------------------------|-----------------------------------|---------------------------------|
| | Balance 1.1.2018 €000's | Comprehensive Income €000's | Balance 31.12.2018 €000's |
| Property, plant and equipment | 4 | (4) | - |
| Total | <u>4</u> | <u>(4)</u> | <u>-</u> |
| | 2017 | | |
| | Balance 1.1.2017 €000's | Comprehensive Income €000's | Balance 31.12.2017 €000's |
| Property, plant and equipment | 5 | (1) | 4 |
| Total | <u>5</u> | <u>(1)</u> | <u>4</u> |

Notes to the Financial Statements *(continued)*

12. Equity

| (a) Share Capital | 2018 | 2017 |
|--|---------------|--------|
| | €000's | €000's |
| Issued, allotted and fully paid | | |
| 100,000 ordinary shares of €1 each fully paid up (2017: 100,000 ordinary shares of €1 each fully paid up) | 100 | 100 |

(b) Dividends

EUR 8,000,000 interim dividend was paid in 2018 (2017: nil). This represents EUR 80.00 per share held by Alpha Bank A.E.

13. Contingent liabilities and commitments

a) Legal issues

There are no pending legal cases in progress which may have a material impact on the financial statements of the Company (2017: nil).

b) Tax issues

The Company has no open matters in relation to the possibility that additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognised as deductible by the tax authorities.

c) Operating leases

The Company has no operating leases (2017: nil).

Risk Management

15. Financial instruments and risk management

In previous years the Company's financial instruments comprised borrowings in the form of subordinated and unsubordinated Euro Medium Term Notes ("EMTNs") and Euro Commercial Papers ("ECPs"), loans to its parent company and various other items that arise directly from its operations. The main purpose of the EMTNs and ECPs was to raise finance for the parent company. There was no Programme update in 2018. The Company had no EMTNs outstanding and no drawings were made (2017: nil).

The Programme under which the ECPs are issued remains at €5,000,000,000, and ECPs are guaranteed by the parent company. The Company had no ECPs outstanding and no drawings were made under the Programme during 2018 (2017: nil).

The main risks arising from the Company's financial instruments are credit risk, market risk (which includes interest rate risk, foreign currency risk and fair value risk) and liquidity risk, albeit currently of a limited nature. The Board reviews and agrees policies for managing each of these risks and they are summarised below. There are no changes from the prior period in policies regarding risk.

15.1 Credit Risk

The only financial assets remaining are intragroup nostro balances of €908,000 (2017: €9,023,000). As such no ratings table has been provided. As per Moody, Alpha Bank is rated as CAA3 (2017:CAA3).

15.2 Market Risk

The Company's exposure to market price risk comprises interest rate risk, currency risk and fair value risk. As there are no outstanding debt instruments, the Company deems its market risk exposure to be minimal. The Company's policy towards these risks is explained below.

15.2.1 Interest rate risk profile of financial assets and financial liabilities

The only assets and liabilities remaining comprise intragroup non-interest bearing nostro balances, sundry creditors and shareholders' funds. As such no interest rate risk profile table has been provided.

15.2.2 Foreign Exchange Position

| 2018 | GBP | USD | EUR | Total |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | €000's | €000's | €000's | €000's |
| Cash and cash equivalents | 38 | 41 | 829 | 908 |
| Other assets | - | - | 12 | 12 |
| Total assets | 38 | 41 | 841 | 920 |
| Other liabilities | - | - | 92 | 92 |
| Shareholders' funds | - | - | 828 | 828 |
| Total liabilities | - | - | 920 | 920 |
| Net on-balance sheet position | 38 | 41 | (79) | - |

| 2017 | GBP | USD | EUR | Total |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | €000's | €000's | €000's | €000's |
| Cash and cash equivalents | 88 | 39 | 8,896 | 9,023 |
| Other assets | - | - | 12 | 12 |
| Total assets | 88 | 39 | 8,908 | 9,035 |
| Other liabilities | - | - | 40 | 40 |
| Shareholders' funds | - | - | 8,995 | 8,995 |
| Total liabilities | - | - | 9,035 | 9,035 |
| Net on-balance sheet position | 88 | 39 | (127) | - |

Risk Management *(continued)*

15.2 Market Risk *(continued)*

In the opinion of the directors, a movement in the above foreign currency positions against Euro would not have a significant impact on profit or equity of the Company and therefore no currency sensitivity analysis has been disclosed.

15.2.3 Fair values of financial assets and financial liabilities

There were no financial assets and liabilities as at 31 December 2018 other than intragroup nostro balances of €908,000 (2017: €9,023,000).

15.3 Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet the obligations or commitments associated with its financial instruments. As there are no outstanding obligations or commitments associated with financial instruments, the Company deems its liquidity risk exposure to be minimal and no liquidity risk table has been provided.

15.4 Capital management

Since the repayment of all debt instruments the capital of the Company is matched by a balance placed with the parent company, and as such there are no capital management issues. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal structure to reduce the cost of capital by, for example, the payment of dividends to the shareholder. The Company is not subject to any external capital requirements.

Other Information

16. Related party transactions

A number of transactions are entered into with related parties in the normal course of business. The outstanding balances at 31 December, and the related income and expense for the year, are as follows:

| | 2018 €000's | 2017 €000's |
|--|----------------|----------------|
| Assets: | | |
| Current accounts held with Alpha Bank | 896 | 8,961 |
| Current accounts held with Alpha Bank London Limited | 12 | 62 |
| Expense: | | |
| Personnel charge paid to Alpha Bank London Limited | 95 | 125 |
| Other administrative recharge by Alpha Bank London Limited | 22 | - |

17. Key Management Personnel

There are no key management personnel other than the directors whose remuneration have been shown in Note 7.

18. Ultimate controlling party

The smallest and largest group in which the results of the Company are consolidated is that headed by Alpha Bank A.E., a company incorporated in Greece, whose principal place of business is 40 Stadiou Street, 102 52 Athens, Greece.

The consolidated financial statements of the group are available to the public and may be obtained from the above address, or from their internet site at www.alpha.gr.

19. Post balance sheet events

No events required to be disclosed under IFRS took place after the reporting period.

20. Obtaining Financial Statements

The Company's Financial Statements can be located on the Alpha Bank Group AE website at: <http://www.alpha.gr/>