Alpha Proodos Designated Activity Company

Directors' report and financial statements

Registered number 593580

FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2018

Contents

Directors and other information

Board of Directors

Ms Cliona O'Faolain (appointed 25 November 2017), (resigned 14 May 2018)
Mr Claudio Borza (appointed 25 November 2017)
Mr Rhys Owens (appointed 14 May 2018)

Solicitors

Arthur Cox
Earlsfort Terrace
Dublin 2
Ireland

Administrator, Secretary and Registered Office

Wilmington Trust SP Services (Dublin) Limited
Fourth Floor
3 George's Dock
IFSC
Dublin 1

Seller and Servicer

Alpha Bank AE
40 Stadiou Street
102 52 Athens
The Hellenic Republic

Auditors

Deloitte Ireland LLP
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Note Trustee and Security Trustee

Citibank, N.A. London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Arranger

Citigroup Global Markets Limited
Citigroup Centre, Canada Square London
Canary Wharf
London E14 5LB
United Kingdom

Account Bank and Paying Agent

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB
United Kingdom

Cash Manager

Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
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Directors' report

The directors of Alpha Proodos Designated Activity Company ("the Company") present their report and financial statements for the year ended 31 December 2018.

Results and dividends

The results for the year and the Company's financial position at the end of the reporting year are shown in the attached financial statements. The directors do not recommend paying of any dividend.

Principal activities

The Company was incorporated as a Designated Activity Company on 25 November 2016. The principal activities of the Company are those of a special purpose vehicle, set up to acquire a portfolio of loans (small and medium enterprise), and to finance such activities by issuing securities, entering into financial instruments and derivative contracts, raising or borrowing money and lending money with or without security subject to and in accordance with the terms of the relevant transaction documents.

In accordance with its Offering Circular dated 21 December 2016, on 22 December 2016 the Company issued €640,000,000 of floating rate loan notes in order to purchase a portfolio of loans (small and medium enterprise) from Alpha Bank AE (the "Originator" and "Alpha") in Greece. The floating rate loan notes are due to mature in January 2040 and are listed on the Euronext Dublin.

Business review

The Company generated €30,082,011 (2017: €19,462,286) in income during the year.

The Company paid interest on debt securities issued and subordinated loan of €12,343,046 (2017: €14,093,689).

The profit of the Company for the financial reporting period before tax was €1,000 (2017: €1,000).

On 1 January 2018, Alpha Bank AE implemented ("IFRS 9") "Financial Instruments", which involved obtaining information necessary to understand the effect of the IFRS 9 First Time Adoption ("FTA") on the Company's Statement of Financial Position as at 1 January 2018.

As at 1 January 2018 the IFRS 9 FTA impact on the gross Deemed Loan to the Originator was an increase of €3,731,589. However, this has no impact on the total equity as the decrease in the impairment provision on the underlying Receivables Portfolio was offset by deferred purchase consideration (credit enhancement) available within the structure. Accordingly, no provision was recognised against the Deemed Loan to the Originator. Please refer to note 3 for more details on the IFRS 9 FTA impact.

Issue of shares

Authorised share capital consists of 1,000,000 ordinary shares of €1.00 each. €1.00 share capital was allotted and issued during the period ended 31 December 2017.

Majority interest in shares

The authorised share capital of the Company is €1,000,000 divided into 1,000,000 ordinary shares of €1.00 each. The ordinary shares are held by Wilmington Trust SP Services (Dublin) Limited as Share Trustee. The Share Trustee holds the shares of the Company in a discretionary trust for a number of charitable objectives.

Subsequent events

There are no material subsequent events to report between the financial year end and up until the date of the approval of these financial statements, that require disclosure in the financial statements or could have had a material adjustment to the financial statements.

Future Developments

The directors plan to continue engaging in the principal activity carried out by the Company.

Principal risks and uncertainties

The material financial risks faced by the Company include the following:

- interest rate risk;
- credit risk;
- currency risk; and

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

- liquidity risk.

At inception of the business undertaken by the Company the directors have put in place various measures to ensure any significant risks are identified, discussed and mitigated. These are disclosed in the notes to the financial statements and are outlined in note 17 of the financial statements.

Directors and secretary and their interests in shares of the Company

The directors and secretary who served the Company during the year ended 31 December 2018 together with their beneficial interests in the shares of the Company were as follows:

	Ordinary Shares of €1.00 each	
	31 December 2018	**31 December 2017**
Claudio Borza	Nil	Nil
Rhys Owens	Nil	Nil
Cliona O'Faolain	-	Nil

Directors

The directors who held office during the year were Claudio Borza and Rhys Owens.

Political donations

The Electoral Act, 1997 requires companies to disclose all political donations over €5,079 in aggregate made during the financial period. The directors, on enquiry, have satisfied themselves that no such donation in excess of this amount has been made by the company during the year ended 31 December 2018.

Directors, secretary and their interests

The directors and secretary who held office on 31 December 2018 did not hold any shares in, or debentures or loan stock of, the Company on that date or during the financial period. There are no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the year ended 31 December 2018.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the accounting records by employing a service provider with accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The accounting records are held at the registered office, Fourth Floor, 3 George's Dock, IFSC, Dublin 1.

Director's compliance statement

The Directors confirm that:

- they have, to best of their knowledge, complied with the relevant obligations as defined in Section 225 of the Act;
- they acknowledge that they are responsible for securing the Company's compliance with its relevant obligations;
- they have drawn up a compliance policy statement setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
- relevant arrangements and structures have been out in place that provide a reasonable assurance of compliance in all material respects by the Company with its relevant obligations, which arrangements and structures may, if the directors so decide, include reliance on the advice of one or more than one person employed by the Company or retained by it under a contract for services, being a person who appears to the Directors to have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations; and

Directors' report *(continued)*

Director's compliance statement *(continued)*

- the arrangements and structures in place, are reviewed on an annual basis.

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants and Registered Auditors were appointed on 13th March 2018.

Statement of relevant audit information

So far as the Directors are aware, there is no relevant audit information of which the Company's statutory Auditors are unaware, and the Directors have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company statutory Auditors are aware of that information.

On behalf of the board

R. Owens	**C. Borza**

Date: 8 January 2020

Corporate governance statement

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Euronext . The principal activities of the Company are those of a special purpose vehicle, set up to acquire a portfolio of loans (small and medium enterprise), and to finance such activities by issuing securities, entering into financial instruments and derivative contracts, raising or borrowing money and lending money with or without security subject to and in accordance with the terms of the relevant transaction documents.
The Company is required to comply with the Prospectus dated 21 December 2016.

The Company has no employees and the corporate governance structure reflects:

- The unique role of the seller Alpha;
- The uniqueness of the independent segregation of duties as between the Administrator, Arranger, Servicer and the Cash Manager;
- The requirement that all funds are required to be invested in the purchase of loans from Alpha as per the Prospectus.

Financial Reporting Process
The directors have appointed Wilmington Trust SP Services (Dublin) Limited in order to ensure compliance with the requirements of section 281 to 285 of the Companies Act 2014.

Risk assessment
The key risks of the Company are set out in the Prospectus and transaction documents entered into around 21 December 2016. All risks of the Company are ultimately borne by the noteholders.

Control Activities
The corporate services provider is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and related notes in the Company's annual report.

Monitoring
The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the independent segregation of duties to the Administrator, Arranger, Servicer and Cash Manager, the Board has concluded that there is currently no need for the Company to have a separate internal audit function.

Audit committee
The sole business of the Company relates to the issuing of asset-backed securities. Under Regulation 91(9)(d) of the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (the "Regulations"), such a company may avail itself of an exemption from the requirement to establish and audit committee.

Takeover bids
The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and therefore the items required by section 1373 (d) of the Companies Act 2014 are not included in the Report of the Directors.

Capital structure
The capital structure of the Company is set out in the Directors' report. With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Euronext. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors
The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association and the Prospectus. The company has no employees. Consistent with other similar entities the Company operates under an outsourcing model. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Administrator.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the directors to prepare financial statements for each financial period which 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with IFRS and IFRIC interpretations endorsed by the European Union and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities as applicable.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 2014.

On behalf of the board

R. Owens	**C. Borza**

Date: 8 January 2020

Independent auditor's report to the members of Alpha Proodos Designated Activity Company

Report on the audit of the financial statements

Opinion on the financial statements of Alpha Proodos Designated Activity Company (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of comprehensive income;
- the Statement of financial position;
- the Statement of changes in equity;
- the Statement of cash flows; and
- the related notes 1 to 22, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below 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 Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, 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.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current financial year were: • *The valuation of Deemed Loan to Originator – Expected Credit Loss Calculation*
Materiality	The materiality that we used in the current financial year was 2% of debt securities issued and the subordinated loan.
Scoping	We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined.
Significant changes in our approach	There is no significant changes in our approach.

Independent auditor's report to the members of Alpha Proodos Designated Activity Company *(continued)*

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Deemed Loan to Originator - Expected Credit Loss Calculation	
Key audit matter description	For the financial year ended 31 Decemberber 2018 the portfolio of loans consist of small and medium enterprise loans originated by Alpha Bank valued at €383.8 million. Measurement of the allowance for the expected credit loss on the loans is deemed a key audit matter as the determination of the allowance for the expected credit loss calculated by management is based on judgements and estimates not readily available in the market. The bank establish an allowance for expected credit loss on the loans for incurred credit losses on a collective basis. The most significant judgements are methodologies and policies selected by management as well as assumptions made to support the collective allowance for impairment losses including segmentation, the probability of default, loss given default and loss emergence period. Refer also to notes 4, 12 and 17 in the financial statements.
How the scope of our audit responded to the key audit matter	The following are the procedures performed over the impairment of Deemed Loan to Originator: We undertook an assessment of the provisioning practices to compare them with the requirements of IFRS. We assessed the design and implementation of internal controls relevant to the audit, including the internal controls over the significant assumptions, inputs, calculation and methodologies used by management. We also assessed the appropriateness of the policy and methodologies selected, testing the significant credit risk factors used by the management, with the assistance of our credit risk specialists where required for the loans grouped under homogenous populations including the Probability of Default, Loss Given Default and Loss Emergence Period.

Independent auditor's report to the members of Alpha Proodos Designated Activity Company *(continued)*

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be €9.5 million or approxmimately 2% of the debt securities issued and the subordinated loan. We have considered such Financial Liabilities issued to be the critical component for determining materiality because the main objective of the company is to provide investors with a long term risk adjusted return. We have considered quantitative and qualitative factors such as understanding the company and its environment, complexity of the company and the reliabity of control environment.

We agreed with the Board of Directors (the "Board") that we would report to the Board any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the company, types of financial instruments, the involvement of the third party service providers, the accounting processes and controls in place, and the industry in which the company operates.

In establishing the overall approach to the audit, we determined the type of work that required the involvement of component audit teams. As a result, we included Deloitte Greece as part of our engagement team. Where the work was performed by Deloitte Greece, we gave instruction as to the type of work to be performed and assesses the results of this work to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the financial statements. We also assessed the competency of the team performing the work. We determined the level of involvement we needed to have in their work to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the financial statements.

We have conducted our audit based on the books and records maintained by the corporate administrator, Willmington Trust SP Services (Dublin) Limited. We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and audited financial statements, 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 this regard.

Independent auditor's report to the members of Alpha Proodos Designated Activity Company *(continued)*

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 otherwise comply with the Companies Act 2014, 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 (Ireland) 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 (Ireland), 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 the auditor's report. However, future events or conditions may cause the company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the members of Alpha Proodos Designated Activity Company *(continued)*

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 4 to 5 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) of section 1373 of the Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Other matters which we are required to address

Following the recommendation of the Board we were appointed by the Board on 13 March 2018 to audit the financial statements for the financial period end 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the financial period end 31 December 2018.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Sinead Moore
For and on behalf of Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 8th January 2020

Statement of comprehensive income

for the year ended 31 December 2018

	Note	**Year Ended 31 December 2018 €**	**Period Ended 31 December 2017 €**
Interest income	*5*	**30,082,011**	**19,462,286**
Interest expense	*8*	**(12,343,046)**	**(14,093,689)**
Net interest income		**17,738,965**	**5,368,597**
Expenses			
Administrative expenses	*6*	**(472,761)**	**(556,532)**
Deferred consideration expense	*7*	**(17,265,204)**	**(4,811,065)**
Profit before taxation		**1,000**	**1,000**
Income tax expense	*9*	**(250)**	**(250)**
Profit and total comprehensive income for the financial year		**750**	**750**

There were no items of other comprehensive income during the financial year. All items relate to continuing operations.

The accompanying notes on pages 16 to 43 form an integral part of the financial statements.

Statement of financial position

As at 31 December 2018

	Note	**2018**	**2017**
		€	**€**
Assets			
Deemed loan to originator	*12*	**383,820,645**	**582,176,257**
Other debtor	*11*	**4,247,349**	**3,915,268**
Cash and cash equivalents	*10*	**93,643,957**	**80,885,854**
Total assets		**481,711,951**	**666,977,379**
Equity			
Called up share capital	*16*	**1**	**1**
Retained earnings		**1,500**	**750**
Total equity		**1,501**	**751**
Liabilities			
Debt securities issued	*14*	**476,657,693**	**640,000,000**
Subordinated Loan	*15*	**2,851,370**	**23,677,650**
Accruals and other payables	*13*	**2,200,887**	**3,298,728**
Income tax payable		**500**	**250**
Total liabilities		**481,710,450**	**666,976,628**
Total liabilities and equity		**481,711,951**	**666,977,379**

The accompanying notes on pages 16 to 43 form an integral part of the financial statements.

The financial statements were approved by the board of directors on 8 January 2020 and signed on its behalf by:

R. Owens **C. Borza**

Statement of changes in equity

for the year ended 31 December 2018

	Note	**2018 €** **Share Capital**	**2018 €** **Retained Earnings**	**2018 €** **Total Equity**
As at 1 January 2018				
Issued, called up and paid share capital	*3*	**1**	**750**	**751**
Profit for the financial year		**-**	**750**	**750**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**-**	**750**	**750**
At 31 December 2018		**1**	**1,500**	**1,501**

	Note	**2017 €** **Share Capital**	**2017 €** **Retained Earnings**	**2017 €** **Total Equity**
As at 25 November 2016		**-**	**-**	**-**
Issued, called up and paid share capital		**1**	**-**	**1**
Profit for the financial period		**-**	**750**	**750**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**-**	**750**	**750**
At 31 December 2017		**1**	**750**	**751**

The accompanying notes on pages 16 to 43 form an integral part of the financial statements.

Statement of cash flows

for the year ended 31 December 2018

	Note	**Year Ended 31 December 2018 €**	**Period Ended 31 December 2017 €**
Operating activities			
Profit before tax		**1,000**	**1,000**
Adjustment for:			
Movement in impairment provision	*12*	**(4,355,553)**	**6,491,681**
Total operating cash flows before movements in working capital		**(4,354,553)**	**6,492,681**
Changes in working capital			
Loans receivable-purchase	*12*	**(49,939,279)**	**(785,893,737)**
Loans receivable-redeemed	*12*	**238,448,456**	**194,747,843**
Interest income	*5*	**(21,994,869)**	**(25,953,967)**
Interest expense	*8*	**12,343,046**	**14,093,689**
Deferred consideration	*12*	**11,909,895**	**4,834,472**
Increase in accruals and other payables	*13*	**1,045,561**	**688,057**
Interest income received	*12*	**22,665,715**	**23,597,451**
Increase in other debtor	*12*	**(332,081)**	**(3,915,268)**
Cash flow from operating activities		**214,146,444**	**(577,801,460)**
Financing activities			
Interest expense on subordinated loan	*13*	**(23,954)**	**(35,358)**
Interest expense on debt securities issued	*13*	**(12,841,248)**	**(11,447,660)**
(Redemption)/ proceeds of/from issuance of debts	*14*	**(163,342,307)**	**640,000,000**
Proceeds from subordinated loans	*15*	**(20,826,279)**	**23,677,650**
Proceeds from issuance of shares	*17*	**-**	**1**
Cash flow from financing activities		**(197,033,788)**	**652,194,633**
Net increase in cash and cash equivalents		**12,758,103**	**80,885,854**
Cash and cash equivalents at the beginning of the financial year/period		**-**	**-**
		80,885,854	
Cash and cash equivalents at the end of the financial year/period	*10*	**93,643,957**	**80,885,854**

Notes to the financial statements

1 Incorporation and principal activities

Alpha Proodos Designated Activity Company (the "Company") (Registered Number: 593580) was incorporated in Ireland on 25 November 2016. The registered office of the Company is Fourth Floor, 3 George's Dock, IFSC, Dublin 1.

The principal activities of the Company are those of a special purpose vehicle, set up to acquire a portfolio of loans (small and medium enterprise), and to finance such activities by issuing securities, entering into financial instruments and derivative contracts, raising or borrowing money and lending money with or without security subject to and in accordance with the terms of the relevant transaction documents.

The principal shareholder is Wilmington Trust SP Services (Dublin) Limited who holds 100% of the shares of the Company in trust for charity under the terms of a declaration of trust.

2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the EU (together "IFRS") and with the provisions of the Companies Act 2014. The significant accounting policies used are set out below.

The financial statements are prepared and presented in Euro (€). They are prepared on the historical cost basis.

Going concern

The directors have undertaken a detailed assessment of the Company's ongoing business model, in view of the importance of the recovery of the deemed loan to Alpha in being able to repay its liabilities on the loan notes, and have made enquiries of the management of the Originator. Given the details set out below, which are also referred to the Originator's 2018 Annual Report, updated with current developments, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future.

Under the terms of the offering circular, the Class A1, A2, A3, B and C loan notes will have limited recourse to the Company; however, the ability of the Company to meet its obligations under the loan notes will be directly or indirectly dependent primarily upon the receipt by it of principal and interest from the borrowers underpinning the Deemed Loan to Originator, the receipt of funds (if available to be drawn) under the subordinated loan agreement, Other than the foregoing and any interest earned by the Company in respect of the Company's bank accounts, the Company is not expected to have any other funds available to it to meet its obligations under the loan notes and/or any other payment obligation ranking in priority to, or pari passu with, the loan notes. Upon enforcement of the security for the loan notes, the trustee or any receiver and the Noteholders will have recourse only to the Deemed Loan to Originator, the Company's interest in the relevant ancillary rights and to any other assets of the Company then in existence as described in the offering circular.

The Originator is affected by the high degree of uncertainty that characterises the internal economic environment in recent years, as a result of the prolonged recession of the Greek economy, which led to a significant deterioration in the creditworthiness of corporate and individuals and therefore to the recognition of significant impairment losses by the Originator and by the Greek banking system in general. In August 2018 the Hellenic Republic officially exited the international bail-out programme and this is expected to contribute to the decrease of uncertainty and to the enhancement of business community and investors' confidence in Greece.

Based on the above, the Originator's management and the directors of the company have reasonable expectation that the Originator and the Company will continue in operational existence for the foreseeable future, therefore the financial statements have been prepared on a going concern basis.

Notes to the financial statements *(continued)*

3 Accounting policies

a) Standards affecting presentation and disclosure

Improvements to International Accounting Standards – cycle 2017-2016 (effective date 1 January 2018)

On 1 January 2018, the Company implemented IFRS 9 "Financial Instrument". As permitted by IFRS 9, comparative information for previous periods has not been restated. A number of other new standards listed below are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Description	Effective date
IFRS 15: Revenue from contracts with customers	1 January 2018
Clarifications to IFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IAS 40: Transfers of Investment Property	1 January 2018

Changes in accounting policies
On 1 January 2018, the Company implemented IFRS 9 'Financial Instruments'. As permitted by IFRS 9, comparative information for previous periods has not been restated. The impact on the Company's financial position of applying IFRS 9 requirements is set out in note 3.

The Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures in 2018 but have not generally been applied to comparative information.

Classification and measurement of financial assets and financial liabilities
On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed the financial instruments held by the Company and determined whether reclassification was needed under IFRS 9. The financial assets and financial liabilities of the Company comprise the Deemed Loan to the Originator, other assets, cash, Loan notes and other liabilities. These are measured at amortised cost and there is no change in classification under IFRS 9 from IAS 39. Refer to note 12 for further detail.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI) and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impact on the financial statements
IFRS 9 has been adopted without restating comparative information. The adjustments arising from IFRS 9 are therefore not reflected in the balance sheet as at 31 December 2017 but are recognised in the opening balance sheet on 1 January 2018. As prior periods have not been restated, changes in impairment of financial assets in the comparative periods remain in accordance with IAS 39 and are therefore not necessarily comparable to the loss provisions reported for the current period.

Notes to the financial statements *(continued)*

3 Accounting policies *(continued)*

a) Standards affecting presentation and disclosure (continued)

Impact on the financial statements *(continued)*

Implementation of IFRS 9 impacted the gross Deemed Loan to the Originator with a decrease of €3,731,589. However, this has no impact on the total equity as the increase in the impairment provision on the underlying Receivables Portfolio was offset by deferred purchase consideration (credit enhancement) available within the structure. Accordingly, no provision was recognised against the Deemed Loan to the Originator. There has been no change in the carrying amount of financial instruments on the basis of their measurement categories. All adjustments have arisen solely due to a replacement of the IAS 39 incurred loss impairment approach with an expected credit loss (ECL) approach.

The adoption of IFRS 9 had no impact on the opening retained earnings of the Company.

The following table shows the adjustments recognised for each individual line item affected by the application of IFRS 9 at 1 January 2018.

	Note	31 December 2017 As originally presented	IFRS 9 adjustment – Classification and measurement	IFRS 9 adjustment – Expected credit losses	1 January 2018 Restated
Non - Current assets					
Gross Deemed Loan to the Originator	8	587,010,729	-	(3,731,589)	583,279,140
Deferred purchase consideration		(4,834,472)		3,731,589	(1,102,883)
Total		**582,176,257**	**-**	**-**	**582,176,257**

IFRS 9 Financial Instruments – Impact of adoption
The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in this note 3 – under changes in accounting policies.

The total impact on the Company's retained earnings as at 1 January 2018 is as follows:

	1 January 2018	31 December 2017
Closing retained earnings – IAS 39	**750**	750
Decrease in gross Deemed Loan to the Originator	**(3,731,589)**	-
Increase in deferred purchase consideration	**3,731,589**	-
Opening retained earnings - IFRS 9	**750**	750

There is no impact on the retained profit due to the impairment provision being in relation to the underlying Receivables Portfolio held as collateral and not against the Deemed Loan to the Originator. Thus the increase of the impairment in the underlying Receivables Portfolio is netted against the deferred purchase consideration on the Statement of Financial Position.

b) Revenue recognition

Interest income is recognized in the income statement for all interest bearing financial assets.

Interest income is recognised on an accrual basis and measured using the effective interest method. Especially for POCI assets, interest income is calculated using credit-adjusted effective interest rate.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. It is also noted that:

Notes to the financial statements *(continued)*

3 Accounting policies *(continued)*

b) Revenue recognition (continued)

− For those financial assets classified within stage 1 or stage 2 for the purpose of expected credit losses measurement, interest income is calculated by applying effective interest rate to the gross carrying amount of the asset.

− For those financial assets classified within stage 3 for the purpose of expected credit losses measurement, interest income is calculated by applying the effective interest rate to the amortised cost of the asset.

− For purchased or originated credit impaired financial assets interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset.

c) Finance costs

Finance costs are charged to the statement of comprehensive income as they are accrued and are matched to the years to which they relate.

d) Taxation

Tax on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

e) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are measured on initial recognition at fair value. Under IFRS 9, the classification and subsequent measurement of financial assets is principally determined by the entity's business model and their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest'). The standard sets out three types of business model:

- Hold to collect: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are accounted for at amortised cost.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income (FVOCI).
- Hold to sell: the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation. These assets are held at fair value through profit or loss (FVTPL). An entity may also designate assets at FVTPL upon initial recognition where it reduces an accounting mismatch. An entity may elect to measure certain holdings of equity instruments at FVOCI, which would otherwise have been measured at FVTPL.

The Company has assessed its business models in order to determine the appropriate IFRS 9 classification for its financial assets. Financial assets are held to collect contractual cash flows and therefore meet the criteria to remain at amortised cost. In order to be accounted for at amortised cost, it is necessary for individual instruments to have contractual cash flows that are solely payments of principal and interest. These financial assets meet this criteria and are therefore subsequently measured at amortised cost.

Financial assets and liabilities measured at amortised cost are accounted for under the effective interest rate ('EIR') method. This method of calculating the amortised cost of a financial asset or liability involves allocating interest income or expense over the relevant period. The EIR rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Notes to the financial statements *(continued)*

3 Accounting policies *(continued)*

e) Financial instruments (continued)

Derecognition of Financial Instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed); and
(ii) any cumulative gain or loss that had been recognised in other comprehensive income
is recognised in Statement of profit & loss and other comprehensive income. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities are derecognised when the Company obligation is discharged, cancelled or expires. A financial liability (or part of it) is extinguished when the Company either:

- discharges the liability (or part of it) by paying the creditor; or
- is legally released from primary responsibility for the liability either by process of law or the creditor.

Deemed Loan to the Originator

Under IFRS 9 Financial instruments Financial Instruments: recognition and measurement, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Directors have concluded that the Originator has retained substantially all the risks and rewards of the securitised portfolio of loans and as a consequence, the Company does not recognise the portfolio of loans as Loans and Advances on its Statement of Financial Position, but rather Deemed Loan to the Originator.

Deferred consideration payable to the Originator, representing the excess of the Company's collections regarding the Receivables over the Company's payments as determined by the Offering Circular, is netted off against the deemed loan since they have the same counterparty, they were entered into at the same time and in contemplation.

Deferred consideration payable to the Originator

Under the term of the securitisation, the Company retains €250 at each IPD from the beneficial interest in the loans. Income in excess of €250 per each IPD is payable to Alpha Bank AE and treated as a component of the Deemed Loan to the Originator. The payments of Deferred Purchase Consideration is strictly governed by the priority of payments that sets out how cash can be utilised.

Impairment losses on Deemed Loan to the Originator

The Company's Deemed Loan to the Originator as defined above, was subject to IFRS 9's new expected credit loss model.

The Company recognises expected credit loss impairment on the Deemed Loan to the Originator at amortised cost when it is estimated that it will not be in a position to receive all payments due. The amount of the ECL allowance for impairment at amortised cost is the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate of the deemed Loan.

The recoverability of the Deemed Loans to the Originator on the collections from the underlying Receivables Portfolio and the credit enhancement available in the structure. If there is no enhanced credit available within the entity, (deferred purchase consideration as a balance payable to the Originator), this would result in the Deemed Loan to the

Notes to the financial statements *(continued)*

3 Accounting policies *(continued)*

e) Financial instruments (continued)

Impairment losses on Deemed Loan to the Originator (continued)

Originator to be classified as stage 2. It will be classified as stage 3 when the credit rating agencies downgrade Alpha Bank AE to a default rating. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of the repossessed collateral. These key assumptions are based on observed data from historical patterns and which are updated regularly and reviewed by management as new data becomes available.

At each reporting date, an impairment loss equal to 12-month expected credit losses (allocated to stage 1) is recognised for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets that there is a significant increase in credit risk since their initial recognition (allocated to Stage 2), that are credit impaired (allocated to stage 3) an impairment loss equal to lifetime expected credit losses will be recognised.

The recoverability of the Deemed Loan to the Originator is dependent on the collections from the underlying Receivables Portfolio and the credit enhancement available in the structure. The Deemed Loan to the Originator is considered impaired when it is probable that the Company will be unable to collect all amounts due according to the relevant contractual terms. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and are updated regularly as new data becomes available.

IFRS 9 does not include a definition of what constitutes a significant increase in credit risk ("SICR"). An assessment of whether credit risk has increased significantly since the initial recognition of the Deemed Loan to the Originator is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the Deemed Loan to the Originator. The Company assess whether a SICR has occurred since the initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of management judgment. Where there is no evidence of significant credit risk deterioration based on the quantitative and qualitative indicators, exposures over 30 days past due are considered by definition to show a significant increase in credit risk.

Purchased or originated credit-impaired ('POCI') financial assets represent loans that are credit-impaired at initial recognition. For these assets, all changes in lifetime ECL since initial recognition are recognised as a loss allowance with any changes recognised in profit or loss.

A default refers to a loan which is 90 days in arrears.

The ECL calculation on the 'Deemed Loan to the Originator' is based on the ECL calculation on the portfolio of loans underpinning the Deemed Loan to the Originator after taking into account any deferred consideration payable to the Originator.

The accuracy of impairment calculations would be affected by the probability of default, significant increase in credit risk, loss given default and the macroeconomic factors. Alpha Bank A.E. is a financial institution representing a low credit risk. The assessment on the probability of default is performed on each reporting period taking into account the movement in their credit rating, assessment of their financial position and other qualitative factors. Loss given default is determined by the credit enhancements and the repurchase terms within the structure and how it affects ECL and limited recourse nature of the entity.

The macroeconomic factors that are incorporated in the risk parameter models used to calculate the ECL of the underlying portfolio of receivables and assessed against the deferred purchase consideration. As a result of this available credit enhancement, the macroeconomic conditions do not have any material effect on the Deemed Loan to the Originator.

Impairment losses on the securitised assets will not result in an impairment loss on the deemed loan as long as they do not exceed the credit enhancement granted by the Originator (deferred consideration) therefore the cash flows from the underlying Receivables Portfolio are still expected to be sufficient to meet obligations under the deemed loan.

Notes to the financial statements *(continued)*

3 Accounting policies *(continued)*

e) Financial instruments (continued)

Loans and receivables
Loans and receivables of the Company comprise of loans receivables and bank balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities of the Company consist of debt securities issued, borrowings and other payables. Financial liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost. Interest expense on debt securities issues is recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

f) Ordinary share capital

Ordinary share capital is classified as equity.

g) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

4 Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The adoption of IFRS 9 on 1 January 2018 required application of significant judgement and resulted in additional critical accounting estimates in comparison to those applied in 2017. Actual results may differ from these estimates.

The most important areas where the directors use critical accounting estimates and judgements in applying its accounting policies are as follows;

Notes to the financial statements *(continued)*

4 Critical accounting judgements and estimates *(continued)*

Critical accounting judgements *(continued)*

The assessment of their Probability of Default, "PD", is calculated as part of the annual financial reporting and is based on criteria such as any changes in their credit rating, their financial position and qualitative factors.
The expected credit losses ("ECL") measurement for impairment requires the Company to apply a high degree of judgment in determining the allowance for impairment losses and for the assessment of the significant increase in credit risk ("SICR").

IFRS 9 does not include a definition of what constitutes a SICR. An assessment of whether credit risk has increased significantly since the initial recognition of the deemed loan is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the Deemed Loan to the Originator. The Company assess whether a SICR has occurred since the initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of management judgment. A default refers to a loan which is 90 days in arrears.
The assessment for deciding if an exposure shows significant increase in credit risk or not is based on the following three types of Indicators:

Quantitative Indicators: They refer to the use of quantitative information and specifically to the comparison between the probability of default (PD) at the reference date and the probability of default at the initial recognition date. The assessment of significant increase in credit risk takes into account the absolute increase of PD between the reporting and the initial recognition date (which can range between 3 and 5 percentage point depending on the asset class of the loans) as well as the relative increase of PD between the reporting and the initial recognition date (doubling or tripling of PD, depending on asset class of the loan). Absolute and relative thresholds determining the significant increase between reporting and initial recognition date are validated on an annual basis, in order to ensure a robust statistical discriminatory power.

Qualitative Indicators: They refer to use of qualitative information which is not necessarily depicted in the probability of default, such as the assessment of an exposure as performing forborne.

Backstop Indicators: In addition to the above, and with a view to addressing cases where there is no evidence of significant credit risk deterioration based on the quantitative and qualitative indicators, exposures over 30 days past due are considered by definition to show a significant increase in credit risk.

Key sources of estimation uncertainty
The use of estimates and assumptions is an integral part of recognising amounts in the financial statements that mostly relate to the following:

Impairment losses of financial assets
The impairment of the Deemed Loan to the Originator depends on the recoverability of the underlying Receivables Portfolio and the credit enhancement available in the structure.

The sale of the portfolio of loans to the Company is considered to fail the derecognition criteria of IFRS 9, Financial Instruments, in the books of Alpha Bank A.E. and therefore they are retained on the Statement of Financial Position of the Originator. As such, the Company records in its Statement of Financial Position a 'Deemed Loan to the Originator', rather than the Portfolio of loans it has legally purchased.

As result of credit enhancement, on 31 December 2018 there was a decrease in the expected credit losses on the Deemed Loan to the Originator (not on the underlying Receivables Portfolio). The amount of the decrease is equal to the amount of the deferred consideration liability as at 31.12.2018. As a result, it is assumed that there has been an improvement in the credit risk of the Deemed loan to the Originator which, as at 31 December 2018, is classified in stage 1.
An asset moves to stage 2 when the credit risk stage 2 when its credit risk has increased significantly relative to credit risk at initial recognition. In assessing the stage at which the Deemed Loan to the Originator has been classified, the Company assess the movement in the ECL of the underlying Receivable Portfolio against the enhanced credit available. If there is no enhanced credit available within the entity this would result in the Deemed Loan to the Originator to be classified as stage 2. It will be classified as stage 3 when the credit rating agencies have downgraded Alpha Bank AE to a default rating.

Notes to the financial statements *(continued)*

4 Critical accounting judgements and estimates *(continued)*

Impairment losses of financial assets (continued)

When measuring ECL the Company uses reasonable and forward looking information relevant to the portfolio of receivables. For the calculation of the expected credit loss on the underlying portfolio of receivables incorporates the following parameters:

- Probability of default (PD): the probability of default over the next 12 months is used to calculate the expected credit loss for 12 months, and the probability of default over the life of the instrument is used to calculate the lifetime expected credit losses. PD is an estimate of the likelihood of default based on estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral and certain economic conditions.

- Exposure at default (EAD): EAD is the maximum loss that would result from counterparty potential default.

- Loss given default (LGD) is the percentage of the total exposure that the Company estimates as unlikely to recover at the time of the default.

These key assumptions are based on observed data from historical patterns and are updated regularly as new data becomes available. The methodology and the key assumptions used in calculating the ECL are based on observed data from historical patterns and are updated regularly as new data becomes available.

Measurement of fair values

The Company's accounting policies and disclosures require measurement of fair values with regard to presentation of financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets and liabilities;
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5 Interest income

	2018 €	2017 €
Income from loans	**21,994,869**	**25,949,716**
Movement in the provision for impairment	**8,087,142**	**(6,491,681)**
Interest income	**-**	**4,251**
	30,082,011	**19,462,286**

Income relates to interested earned deemed loan to the originator and impairment relates to impairment on deemed loan to the originator in accordance with IFRS 9.

6 Administrative expenses

	2018 €	2017 €
Note Trustee fees	**4,000**	**8,359**
Legal fees	**2,000**	**10,056**
Servicer fees	**60,000**	**60,000**
Corporate services fees	**17,994**	**28,974**
Cash Manager fees	**10,000**	**15,897**
Issuer bank fees	**352,520**	**409,999**
Auditor fee	**23,247**	**23,247**
Other fee	**3,000**	**-**
	472,761	**556,532**

Notes to the financial statements *(continued)*

6 Administrative expenses *(continued)*

Auditor's remuneration in respect of the financial year (excluding VAT)	**2018 €**	**2017 €**
Audit of individual company accounts	**18,900**	**18,900**
Other assurance services	**-**	**-**
Tax advisory services	**-**	**-**
Other non-audit services	**-**	**-**
	18,900	**18,900**

There are no other amounts payable to the auditors other than the amounts disclosed above.

7 Deferred consideration expense

	2018 €	**2017 €**
Additional consideration for the assigned loans	**17,265,204**	**4,811,065**

Additional consideration is the amount payable to Alpha in relation to the purchased loans, subject to availability of excess receipts and terms as stated in the Prospectus and Purchase Agreement.

8 Interest expense

	2018 €	**2017 €**
Interest expense on debt securities issued (see note 14)	**12,321,643**	**14,052,127**
Interest expense on subordinated loan (see note 15)	**21,403**	**41,562**
	12,343,046	**14,093,689**

9 Taxation

Analysis of charge in period

	2018 €	**2017 €**
Irish corporation tax	**250**	**250**
Tax on profit on ordinary activities	**250**	**250**

Factors affecting the tax charge for the current period

	2018 €	**2017 €**
Current tax reconciliation		
Profit on ordinary activities before tax	**1,000**	**1,000**

Notes to the financial statements *(continued)*

9 Taxation *(continued)*

Current tax at 25%	**250**	**250**
Adjustments in respect of previous periods	**-**	**-**
Total current tax charge (see above)	**250**	**250**

The Company qualifies as a special purpose vehicle under Section 110, Taxes Consolidation Act 1997. As such the profits chargeable to corporation tax are computed in accordance with the provisions applicable to Schedule D Case I while taxed at the passive rate of 25%.

10 Cash and cash equivalents

	2018	**2017**
	€	**€**
Cash balances in bank	**93,643,957**	**80,885,854**

11 Other Debtor

	2018	**2017**
	€	**€**
Cash collections not yet deposited to bank account	**4,247,349**	**3,915,268**

12 Deemed loan to originator

	2018	**2017**
	€	**€**
At start of year/period	**584,654,213**	**-**
Impact of IFRS 9 ECL adjustment at 1 January 2018	**(3,731,589)**	**-**
Loans portfolio acquired from originator	**49,939,279**	**785,893,737**
Repayments by borrowers	**(238,448,456)**	**(194,747,843)**
Impairment provision	**8,087,142**	**(6,491,681)**
At the end of year/period end	**400,500,589**	**584,654,213**
Accrued interest receivable	**1,685,669**	**2,356,516**
Portfolio of loans at year/period end	**402,186,258**	**587,010,729**
Adjustment to expected future cash flows related to deferred consideration due to the originator	**(18,365,613)**	**(4,834,472)**
Deemed loan to originator at year/period end	**383,820,645**	**582,176,257**

Notes to the financial statements *(continued)*

12 Deemed loan to originator *(continued)*

The Deemed Loan to Originator underpinned by a portfolio of loans which is determined based upon criteria set out in the transaction documentation dated 22 December 2016 as amended time to time. The portfolio of loans comprises small and medium enterprise loans originated by Alpha. Under the terms of the transaction documents, the Company can continue to purchase additional loans subject to meeting specific criteria. Alpha as a seller warrants the eligibility criteria of the loans in addition to ensuring the portfolio meets the following Collateral Test:

- the weighted average interest rate of the loans included in the portfolio is not less than the sum of (i) 3-month EURIBOR as at the immediately preceding interest payment date, and (ii) 4 per cent;

The portfolio of loans may be redeemed at any time at the option of the borrower.

Under the term of the securitisation, the Company retains the right of 0.01% available revenue receipts from the beneficial interest in the portfolio of loans. Income in excess of 0.01% is payable to Alpha and treated as a component of the effective interest on the Deemed Loan to Originator.

As at 31 December 2018, the nominal value of the assigned loans amounted to €402,636,717 (2017:€591,145,894).

In order to provide credit enhancement, the unpaid transferor interest is offset against the gross deemed loan balance. The credit risk inherent in the Deemed Loan to the Originator is reviewed as part of the Company's impairment analysis of the structure. The Company assesses the Deemed Loan to the Originator in line with IFRS 9, using staging analysis to consider whether credit risk has increased since initial recognition. This assessment by the Company considers the risk mitigating effects of the unpaid deferred purchase consideration, as well as the underlying credit risk of the borrowers.

The credit risk at the borrower level is monitored by the Originator by reviewing changes in the credit risk profile of the underlying borrowers. The tables below show the Company's staging analysis for the Deemed Loan to the Originator.

Gross carrying amount – Deemed Loan to the Originator	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 1 January 2018	**587,010,729**	**-**	**-**	**-**	**587,010,729**
IFRS ECL transition adjustment	(3,731,589)	-	-	**-**	**(3,731,589)**
Changes in the gross carrying amount attributable to:					
New receivables originated or purchased	49,939,279	-	-	-	49,939,279
Total repayments of loans and loans repurchased by the Originator	(238,448,456)	-	-	-	(238,448,456)
Movement in interest accrued	(670,846)	-	-	-	(670,846)
Movement in the ECL of the underlying receivable portfolio	8,087,143	-	-	-	8,087,143
Gross carrying amount as at 31 December 2018	**402,186,260**	**-**	**-**	**-**	**402,186,260**

The deemed loan is classified as a stage 1 asset meaning the credit risk has not increased significantly from the prior year or from transition under IAS 39.

Notes to the financial statements *(continued)*

12 Deemed loan to originator *(continued)*

The credit quality of the Receivables Portfolio underlying the Deemed Loan to the Originator as at 31 December 2018 is summarised as follows:

Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI	Total
	€	€	€	€	€
Gross carrying amount	389,666,537	7,764,544	3,956,320	798,859	**402,186,260**
Less: ECL allowance for impairment losses	(1,350,404)	(248,735)	(535,444)	(1,545)	**(2,136,128)**
Total Net Loans	388,316,133	7,515,809	3,420,876	797,313	**400,050,132**

13 Accruals and other payables

	2018	2017
	€	€
Accruals in relation to expenses	**112,373**	**148,027**
Accrued in relation to new loans*	**-**	**540,030**
Accrued interest on notes	**2,084,860**	**2,604,467**
Accrued interest on Subordinated Loan	**3,654**	**6,204**
	2,200,887	**3,298,728**

*Accrued in relation to new loans refers to any accrued but unpaid interest, fees or other amounts in relation to the relevant new loans which were sold to the Company and is payable to the Originator.

14 Debt securities issued

2018	Current Nominal Issued €	Maturity Date	Interest rate
Class A1 Note	**122,388,823**	23 January 2040	1.671%
Class A2 Note	**24,477,764**	23 January 2040	1.671%
Class A3 Note	**9,791,106**	23 January 2040	1.671%
Class B Note	**100,000,000**	23 January 2040	2.171%
Class C Note	**220,000,000**	23 January 2040	2.671%
Total Notes	**476,657,693**	23 January 2040	

Notes to the financial statements *(continued)*

14 Debt securities issued *(continued)*

2017	Current Nominal Issued €	Maturity Date	Interest rate
Class A1 Note	**250,000,000**	23 January 2040	1.671%
Class A2 Note	**50,000,000**	23 January 2040	1.671%
Class A3 Note	**20,000,000**	23 January 2040	1.671%
Class B Note	**100,000,000**	23 January 2040	2.171%
Class C Note	**220,000,000**	23 January 2040	2.671%
Total Notes	**640,000,000**	23 January 2040	

	2018 €	2017 €
Opening balance	640,000,000	-
Notes issued	-	640,000,000
Notes redeemed	(163,342,307)	-
Closing balance	**476,657,693**	**640,000,000**

The Asset Backed Floating Rate Loan Notes due for repayment by January 2040 are listed on the Euronext , and are secured over a portfolio of loans originated by Alpha, in Greece (the 'Deemed Loan to Originator'). Interest on the floating rate loan notes is payable on a quarterly basis at the three month EURIBOR plus the margins of 2.00% for the Class A1, A2 and A3 loan notes, 2.50% for the Class B loan notes and 3.00% for the Class C loan notes. All of the floating rate loan notes are due to be repaid by January 2040. Class B and C loan note interest and principal is subordinated to the Class A loan note.

Under the terms of the offering circular, the Class A1, A2, A3, B and C loan notes will have limited recourse to the Company; however, the ability of the Company to meet its obligations under the loan notes will be directly or indirectly dependent primarily upon the receipt by it of principal and interest from the borrowers underpinning the Deemed Loan to Originator, the receipt of funds (if available to be drawn) under the subordinated loan agreement. Other than the foregoing and any interest earned by the Company in respect of the Company's bank accounts, the Company is not expected to have any other funds available to it to meet its obligations under the loan notes and/or any other payment obligation ranking in priority to, or pari passu with, the loan notes. Upon enforcement of the security for the loan notes, the trustee or any receiver and the Noteholders will have recourse only to the Deemed Loan to Originator, the Company's interest in the relevant ancillary rights and to any other assets of the Company then in existence as described in the offering circular.

The Company has not had any defaults on principal, interest or any other breaches with respect to their liabilities during the year.

15 Subordinated Loan

Year 2018

	Current Nominal Issued €	Maturity Date	Interest rate
Subordinated loan	**2,851,370**	23 January 2040	3 month Euribor plus 0.50 per cent

Notes to the financial statements *(continued)*

15 Subordinated Loan *(continued)*

Year 2017

	Current Nominal Issued €	Maturity Date	Interest rate
Subordinated loan	**23,677,650**	23 January 2040	3 month Euribor plus 0.50 per cent

The Company in relation to the Securitization Program entered into a Subordinated Loan Agreement with Alpha dated 22 December 2016. The Euro facility is for up to €31,775,840 plus further advances to be made at the end of each calendar month, on any New Loan Cut-Off Date or any Substitution Date to fund any shortfall in the Set-Off Reserve or the Commingling Reserve, as applicable, if the amounts standing to the credit of the Set-Off Reserve are less than the Set-Off Reserve Required Amount or if the amounts standing to the credit of the Commingling Reserve are less than the Commingling Reserve Required Amount.

The Commingling Reserve Account will hold the Commingling Reserve. The Commingling Reserve will be established on the Closing Date for the purposes of mitigating any potential loss arising from any shortfall deriving from the commingling between the Collections and the assets of the Servicer arising from the occurrence of a Commingling Event. The Commingling Reserve will be funded on the Closing Date up to an amount equal to the Commingling Reserve Required.

The Set-Off Reserve will hold the Set-Off Reserve. The Set-off Reserve will be established on the Closing Date for the purposes of mitigating any risk arising from the occurrence of a Set-Off Event and will be funded on the Closing Date up to an amount equal to the Set-Off Reserve Required Amount from the proceeds of the Subordinated Loan.

16 Called up share capital

	2018 €	2017 €
Authorised:		
100 ordinary shares of €1 each	**100**	**100**
Allotted, called up and fully paid:		
1 ordinary share of €1	**1**	**1**

17 Financial risk management

The principal risks and uncertainties are set out in the Directors' Report on page 2.

The Company's financial instruments comprise of a Deemed Loan to the Originator, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments is undertaken.

The directors have considered the financial risks affecting the Company and have included the relevant disclosures of interest rate, credit, and liquidity risks in the Directors' Report.

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Fair value of financial instruments and classification under IFRS 9

The fair values together with the carrying amounts shown in the balance sheet of the financial assets and financial liabilities are as follows:

	Note	Carrying amount 2018 €	Fair value 2018 €	Carrying amount 2017 €	Fair value 2017 €
Financial assets:					
Deemed Loan to Originator	**12**	**383,820,645**	**421,399,588**	**582,176,257**	**608,880,271**
Cash and cash equivalents	**11**	**93,643,957**	**93,643,957**	**80,885,854**	**80,885,854**
Other assets	**10**	**4,247,349**	**4,247,349**	**3,915,268**	**3,915,268**
Financial liabilities:					
Loan notes	**14**	**476,657,693**	**472,860,081**	**640,000,000**	**593,498,000**
Other liabilities	**15**	**2,851,370**	**2,851,370**	**23,677,650**	**23,677,650**

The fair value of the deemed loan to originator has been based on a discounted cash flows methodology applying market rates adjusted for the appropriate fair value credit spread. The Deemed Loan to the Originator was classified in Level 3 of the fair value hierarchy.

The fair value of the deemed loan to originator has been based on the discounted cash flows methodology applying market rates adjusted for the appropriate fair value credit spread. Deemed Loan to Originator was classified in Level 3 of the fair value hierarchy.

The table below presents the valuation methods used for the measurement of Level 3 financial instruments:

2018	**Total fair value €**	**Valuation method**	**Significant non-observable inputs**
Financial assets:			
Deemed Loan to Originator	**421,399,588**	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 17.88% of the loans	Valuation of reserve adequacy for payment of hybrid securities' dividends
Financial liabilities:		**Valuation method**	**Significant non-observable inputs**
Loan notes and borrowings	**472,860,081**	Discounted cash flows using the Bloomberg Swap S45 curve, plus the average CDS spread of 670.81bps	Valuation of reserve adequacy for payment of hybrid securities' dividends

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Fair value of financial instruments and classification under IFRS 9 *(continued)*

2017	**Total fair value €**	**Valuation method**	**Significant non-observable inputs**
Financial assets:			
Deemed Loan to Originator	**608,880,271**	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 17.88% of the loans	Valuation of reserve adequacy for payment of hybrid securities' dividends
Financial liabilities:		**Valuation method**	**Significant non-observable inputs**
Loan notes and borrowings	**593,498,000**	Discounted cash flows using the Bloomberg Swap S45 curve, plus the average CDS spread of 670.81bps	Valuation of reserve adequacy for payment of hybrid securities' dividends

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate and interest rates will affect the Company's income or the value of its holding of financial instruments and it also includes other price risks.

Interest rate risk

Interest rate risk arises from the mismatch between the mix of fixed, floating and variable rate interest received on the Deemed loan to Originator and the floating rate interest which it pays on the funding. Interest receivable and interest payable are both on floating rate. However the margin between the interest received and paid is considered sufficient to hedge risk of increases in floating rates.

	Variable 31 December 2018 €	**Total 31 December 2018 €**	**Variable 31 December 2017 €**	**Total 31 December 2017 €**
Class A1 Note	**(122,388,822)**	**(122,388,822)**	**(250,000,000)**	**(250,000,000)**
Class A2 Note	**(24,477,764)**	**(24,477,764)**	**(50,000,000)**	**(50,000,000)**
Class A3 Note	**(9,791,106)**	**(9,791,106)**	**(20,000,000)**	**(20,000,000)**
Class B Note	**(100,000,000)**	**(100,000,000)**	**(100,000,000)**	**(100,000,000)**
Class C Note	**(220,000,000)**	**(220,000,000)**	**(220,000,000)**	**(220,000,000)**
Subordinated loan	**(2,851,370)**	**(2,851,370)**	**(23,677,650)**	**(23,677,650)**
Cumulative interest risk	**(479,509,062)**	**(479,509,062)**	**(663,677,650)**	**(663,677,650)**

If interest rates had been 25 basis points higher and all other variables held constant, net interest income for the period ended 31 December 2018 would have been €1,006,592 (2017: €1,477,865) higher. If interest rates had been 25 basis points lower and all other variables held constant, net interest income for the year ended 31 December 2018 would have been lower by € €1,006,592 (2017:€1,477,865).

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Re-pricing analysis

The following table details the Company's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

At 31 December 2018	Within one year €	After one year €	Non-interest bearing €	Total €
Assets				
Gross Deemed Loan to Originator	398,462,611	3,723,647	-	402,186,258
Other assets	-	-	4,247,349	4,247,349
Cash and cash equivalents	93,643,957	-	-	93,643,957
Total assets	492,106,568	3,723,647	4,247,349	500,077,564
Liabilities				
Loan notes and borrowings	479,509,063	-	-	479,509,063
Other liabilities	-	-	2,200,887	2,200,887
Total liabilities	479,509,063	-	2,200,887	481,709,950

Sensitivity analysis
An increase of 100 basis points (bps) and a decrease of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
31 December 2018	**100 bps increase €'000**	**100 bps decrease €'000**	**100 bps increase €'000**	**100 bps decrease €'000**
Impact on result	**(4,795)**	**4,795**	**(4,795)**	**4,795**

	Profit or loss		Equity	
31 December 2017	**100 bps increase €'000**	**100 bps decrease €'000**	**100 bps increase €'000**	**100 bps decrease €'000**
Impact on result	**(6,637)**	**6,637**	**(6,637)**	**6,637**

Credit risk

The maximum exposure to Credit risk is considered by the directors to be the carrying value of the Deemed Loan to the Originator and the cash and cash equivalents which are also held by the Originator. The credit risk is ultimately borne by Alpha Bank AE as it retains the portfolio of underlying receivables on the Statement of Financial Position. The credit rating of Alpha Bank AE performed by three international credit ratings agencies is as follows:

Moodys: Caa2

Fitch Ratings: CCC+

Standard & Poor's: B-

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Credit Risk *(continued)*

The Originator has been affected by the high degree of uncertainty that characterises the Greek economic environment in recent years, as a result of the prolonged recession of the Greek economy, which led to a significant deterioration in the creditworthiness of corporate and individuals and therefore to the recognition of significant impairment losses by the Originator and by the Greek banking system in general. In August 2018 the Hellenic Republic officially exited the international bail-out programme and this is expected to contribute to the decrease of uncertainty and to the enhancement of business community and investors' confidence in Greece.

The Originator has developed and implemented, a Model Validation Framework ("MVF"), consisting of Policy, Methodologies and technical specifications, regarding the credit risk model and more particularly the IFRS 9 models. Credit loss impairment has been measured at amortised cost. Please refer to note 1 for more details on credit risk measurement.

The Originator calculates Expected Credit Losses based on the weighted probability of three alternative scenarios. More specifically, the Economic Research Division produces forecasts for the possible evolution of macroeconomic variables that affect the level of Expected Credit Losses of loan portfolios under a baseline and under two alternative macroeconomic scenarios (an upside and an adverse one) and also produces the cumulative probabilities associated with these scenarios. The macroeconomic variables affecting the level of expected credit losses are the Gross Domestic product (GDP), the unemployment rate and forward looking prices of residential and commercial real estates.

The cumulative probabilities of the macroeconomic scenarios for the Greek economy will indicate that the economy performs better or worse than forecasts of the baseline scenario and the alternative scenarios, i.e. the upside and downside scenario. For each one of the alternative scenarios, the expected credit loss is calculated and weighted against the probability of each scenario in order to calculate the weighted expected credit loss. The cumulative probability assigned to the base scenario is 60%, while cumulative probability assigned to the adverse and upside scenario is 20% for each of the scenario. If the assigned cumulative probability of the adverse scenario was increased from 20% to 40%, Expected Credit Losses would increase by €112,270.89. If the assigned cumulative probability of the upside scenario was increased from 20% to 40%, Expected Credit Losses would decrease by €112,270.89. In the event of such a scenario occurring there would still be sufficient Enhanced Credit to offset the increase losses.

The credit quality of underlying portfolio of loans (before Originator's retain interest) and IFRS 9 stage is summarised as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Not Past Due	**367,479,283**	**4,530,045**	**2,680,932**	**798,859**	**375,489,119**
Past due	**22,187,254**	**3,234,499**	**1,275,388**	**-**	**26,697,141**
Carrying amount (before provision for impairment losses)	**389,666,537**	**7,764,544**	**3,956,320**	**798,859**	**402,186,260**
Expected credit losses	**(1,350,404)**	**(248,735)**	**(535,444)**	**(1,545)**	**(2,136,128)**
Net carrying amount	**388,316,133**	**7,515,809**	**3,420,876**	**797,314**	**400,050,132**
Value of collateral	332,172,011	6,843,488	4,200,481	800,427	344,016,406

Past Due Exposures: An Exposure is past due if the counterparty's exposure is, materially, more than one day past due (sum of the principal, interests and charges/commissions due more than one day at an account level).

When loans are transferred from the Originator the collateral attached to the loans are also transferred.

The Company has exercised the option not to restate comparatives for the prior year as allowed by IFRS 9 and as a result the above analysis is not disclosed for the year ended 31 December 2017.

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Credit Risk *(continued)*

The analysis as at 31 December 2017 under IAS 39 is as follows:

	2017
	€
Neither past due nor impaired	**547,315,146**
Past due but not impaired	**43,933,430**
Impaired	**2,253,855**
	593,502,431
Less: allowance for impairment	**(6,491,681)**
	587,010,751

The credit quality of underlying portfolio of loans (before deferred consideration) and IFRS 9 stage is summarised as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Strong	104,854,352	-	-	-	104,854,352
Satisfactory	283,555,372	6,687,113	-	800,404	291,042,889
Watch list	2,607,217	1,326,165	-	-	3,933,382
Default	-	-	4,491,763	-	4,491,763
Carrying amount (before impairment)	391,017,137	8,013,278	4,491,763	800,404	404,322,582
Expected credit losses	(1,350,404)	(248,735)	(535,444)	(1,545)	(2,136,128)
Net carrying amount	**389,666,537**	**7,764,543**	**3,956,319**	**798,859**	**402,186,258**
Value of collateral	332,172,011	6,843,487	4,200,481	800,427	344,016,406

For presentation purposes of table "Loans by credit quality and IFRS 9 Stage", the classification in "Strong", "Satisfactory" and "Watchlist" categories, for Retail Banking loans is based on the twelve-month Probability of Default. The range of probabilities that determines this classification, has derived from an analysis aiming at optimisating discriminatory power between categories; therefore ranges might differ for each category as presented below:

Rating Classification	Mortgages	Small Business
Strong	up to 3%	up to 4.7%
Satisfactory	from 3% up to 16.5%	from 4.7% up to 17%
Watchlist	over 16.5%	over 17%

The Company has exercised the option not to restate comparatives for the prior year as allowed by IFRS 9 and as a result the above IFRS 9 staging analysis is not disclosed for the year ended 31 December 2017.

The analysis as at 31 December 2017 under IAS 39 is as follows:

Credit quality of loans that are neither past due nor impaired	2017 €
Satisfactory	**474,108,865**
Strong	**73,206,109**
Watch list	**172**
	547,315,146

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Credit Risk *(continued)*

Aging analysis by IFRS 9 stage

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Current	367,479,479	4,530,045	2,680,932	798,859	375,489,315
1-30 days	22,187,254	880,077	234,059	-	23,301,390
31- 60 days past due	-	532,591	-	-	532,591
61-90 days past due	-	1,821,831	-	-	1,821,831
91-180 days past due	-	-	-	-	-
181-360 days past due	-	-	1,017,124	-	1,017,124
>360 days past due	-	-	24,204	-	24,204
TOTAL	**389.666.733**	**7,764,544**	**3,956,319**	**798,859**	**402,186,455**
Value of collateral	332,172,011	6,843,488	4,200,481	800,427	344,016,406

The Company has exercised the option not to restate comparatives for the prior year as allowed by IFRS 9 and as a result the above analysis is not disclosed for the year ended 31 December 2017.

The portfolio of loans categorised as satisfactory are all performing loans but the underlying borrowers have mossed occasional scheduled payments.

Alpha Bank AE have repurchased loans from the company of €29,312,759 (2017: €22,945,159) during the year, which otherwise have become impaired.

As set out in the policy on going concern, the current economic conditions in Greece may have an impact on the credit quality of the portfolio of loans which could result in a significant additional impairment provision. However, the credit risk is ultimately borne by the Originator since the Notes are held by the Originator and the transaction is structured as limited recourse, such that the ability of the Company to meet its obligations under the loan notes will directly depend upon receipt of funds from the Originator, which is in turn dependent on the ability of underlying borrowers to service their loans.

The key assumptions for recoverability relates to the estimate of the probability of any account going into default, cash flow from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral.

The analysis as at 31 December 2017 under IAS 39 is as follows:

Ageing analysis of past due not impaired amounts	**2017 €**
Past due 1 – 29 days	**35,952,981**
Past due 30 – 89 days	**7,117,864**
Past due > 90 days	**862,586**
	43,933,431

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Credit risk (continued)

Movement of the ECL	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Balance as at 1.1.2018	(2,736,633)	(7,381,285)	(79,231)	(26,121)	**(10,223,270)**
Impairment losses for the period	1,386,229	7,132,550	(428,333)	10,873	**8,101,319**
Change in the present value of the allowance account	-	-	(27,879)	13,703	**(14,176)**
Balance as at 31.12.2018	**(1,350,404)**	**248,735**	**(535,443)**	**(1,545)**	**(2,136,127)**

As set out in the policy on going concern, the current economic conditions in Greece may have an impact on the credit quality of the portfolio of loan underlying the Deemed Loan to Originator which could result in a significant additional impairment provision. However, the credit risk is ultimately borne by the Originator since the Class B and Class C notes are held by the Originator and the transaction is structured as limited recourse, such that the ability of the company to meet its obligations under the loan notes will directly depend upon receipt of funds from the Originator, which is in turn dependant on the ability of underlying borrowers to service their loans.

The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flow from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observable date from historical patterns and are updated regularly by Alpha as new data becomes available.

In addition, the directors consider how appropriate past trends and patterns could impact the current economic climate and may make any adjustments they believe are necessary to reflect the current economic and market conditions.
The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes.

The receivables consist of loans receivable from Alpha which satisfy the eligibility criteria as set out in the Prospectus dated 21 December 2016.

The assets bearing credit risk are summarised below: (updated for year 2018)

	2018	2017
	€	€
Cash and cash equivalents	**93,643,957**	**80,885,854**
Other debtor	**4,247,349**	**3,915,268**
Loans receivables	**383,820,645**	**582,176,257**
Total assets bearing credit risks	**481,711,951**	**666,977,379**

In relation to cash and cash equivalents the Company monitors the long term issuer default ratings of the account bank ensuring that they continue to be eligible institutions. Should an account bank downgrade occur and the account bank ceases to be an eligible institution, the Company will transfer all funds to an account bank that is an eligible institution.

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Credit Risk (continued)

The long term credit rating of the relevant banks with whom the Company holds cash and cash equivalents are as follows:

Citibank N.A., London branch

Credit Rating - (S&P/Fitch/Moody's) A+/A+/A1

As at 31 December 2018, there are €4,491,763 (2017: €862,586) of loans defaulted. Defaulted loans are loans which are in arrears by 90 or more consecutive days or, on which the Borrower has been declared insolvent or bankrupt or is subject to insolvency proceedings or, which are written off or deemed uncollectable in accordance with the Seller's credit and collection policies.

Concentration risk

The following are the concentration tables showing positions as at 31 December 2018.

Direct Debtor Industry

	Number of Loans	% of Total	Balance €	% of Total
Agriculture, forestry and fishing	5	0.50	2,296,437	0.60
Mining and quarrying	3	0.30	1,487,477	0.40
Manufacturing	244	24.00	78,191,218	19.50
Electricity/Gas/Steam/AC supply	42	4.10	12,432,283	3.10
Water supply/Sewerage/Waste management and remediation	8	0.80	1,543,934	0.40
Construction	34	3.30	6,800,988	1.70
Wholesale and retail trade; repair of motor vehicles/motorcycles	287	28.20	92,045,837	23.00
Transporting and storage	39	3.80	14,311,605	3.60
Accommodation and food service	262	25.70	147,230,401	36.80
Information and communication	11	1.10	5,128,611	1.30
Real estate	32	3.10	21,015,912	5.20
Professional, scientific/technical	12	1.20	2,707,602	0.70
Administrative/support service	15	1.50	3,072,241	0.80
Education	4	0.40	1,694,499	0.40
Human health and social work	8	0.80	7,140,039	1.80
Arts, entertainment and recreation	7	0.70	2,710,826	0.70
Other services	5	0.50	790,124	0.18
Total	**1,018**	**100**	**400,600,034**	**100**

Secured/Unsecured Receivables

	Number of Loans	% of Total	Balance €	% of Total
Real, mortgage	747	73.40	323,628,616	80.80
Real, Financial collateral	70	6.90	19,960,365	5.00
Other	37	3.60	9,201,082	2.30
Unsecured	164	16.10	47,809,972	11.90
Total	**1,018**	**100**	**400,600,035**	**100**

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Concentration risk (continued)

The following are the concentration tables showing positions as at 31 December 2017.

Direct Debtor Industry

	Number of Loans	% of Total	Balance €	% of Total
Agriculture, forestry and fishing	8	0.62	2,852,786	0.49
Mining and quarrying	5	0.39	2,060,319	0.35
Manufacturing	335	25.93	131,021,267	22.30
Electricity/Gas/Steam/AC supply	52	4.02	19,266,089	3.28
Water supply/Sewerage/Waste management and remediation	11	0.85	2,036,488	0.35
Construction	49	3.79	15,730,480	2.68
Wholesale and retail trade; repair of motor vehicles/motorcycles	350	27.09	134,432,594	22.88
Transporting and storage	44	3.41	23,757,645	4.04
Accommodation and food service	310	23.99	191,074,762	32.52
Information and communication	16	1.24	8,423,408	1.43
Financial and insurance	1	0.08	138,889	0.02
Real estate	39	3.02	31,883,159	5.42
Professional, scientific/technical	12	0.93	3,988,471	0.68
Administrative/support service	27	2.09	5,356,799	0.91
Education	8	0.62	2,045,984	0.35
Human health and social work	10	0.77	9,128,629	1.55
Arts, entertainment and recreation	8	0.62	3,033,062	0.51
Other services	7	0.54	1,366,743	0.23
Total	**1,292**	**100**	**587,517,574**	**100**

Secured/Unsecured Receivables

	Number of Loans	% of Total	Balance €	% of Total
Real, mortgage	947	73.30	459,533,567	78.22
Real, Financial collateral	99	7.66	34,813,436	5.93
Other	54	4.18	26,039,031	4.43
Unsecured	192	14.86	67,131,540	11.43
Total	**1,292**	**100**	**587,517,574**	**100**

The Real, mortgage total can be further broken down into the Loan-to-Value buckets below:

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Concentration risk (continued)

LTV Distribution as at 31 December 2018

LTV	Number of Loans	% of Number of Loans	Balance	% of Balance
			€	
0%-20%	191	18.70	53,405,550	13.91
20%-30%	106	10.40	32,250,601	8.40
30%-40%	67	6.60	37,349,864	9.73
40%-50%	97	9.50	33,003,713	8.60
50%-60%	73	7.20	36,362,593	9.47
60%-70%	53	5.20	27,140,910	7.07
70%-80%	69	6.80	20,577,645	5.36
80%-90%	67	6.60	26,107,071	6.80
90%-100%	52	5.10	25,102,284	6.54
100%-130%	90	8.80	43,136,193	11.24
Above 130%	153	15.10	49,384,220	12.88
Total	**1,018**	**100**	**383,820,644**	**100**

LTV Distribution as at 31 December 2017

LTV	Number of Loans	% of Number of Loans	Balance	% of Balance
			€	
0%-20%	247	19.09	73,305,510	12.60
20%-30%	101	7.85	38,052,126	6.54
30%-40%	118	9.12	66,120,233	11.36
40%-50%	105	8.17	55,432,577	9.52
50%-60%	77	5.94	36,365,650	6.25
60%-70%	93	7.21	69,085,228	11.87
70%-80%	60	4.67	34,829,360	5.98
80%-90%	111	8.59	40,003,851	6.87
90%-100%	73	5.62	34,403,516	5.91
100%-130%	90	7.00	47,831,057	8.22
Above 130%	217	16.76	86,747,149	14.90
Total	**1,292**	**100**	**582,176,257**	**100**

Liquidity risk

The Company's policy is to manage liquidity risk through its use of its start-up loan and subordinated loan. As the length of the loan notes is designed to match the length of the loans portfolio, there are deemed to be limited liquidity risks facing the Company. Payments made by the Company are made in accordance with the priority of payments as set out in the offering circular issued in connection with the issue of the floating rate notes. Under these terms, payments are made quarterly on the 23rd day of January, April, July and October. The repayment of the loan notes is determined by the collection of the principal on the underlying secured assets.

The following table details the Company's liquidity analysis for its financial liabilities at 31 December 2018. The interest payable on the loan notes is estimated based on the outstanding principal and interest rates at the year end calculated up to the expected redemption date.

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Liquidity risk (continued)

Financial assets 2018	Less than 1 month €	Between 1 and 3 months €	Between 3 months and 1 year €	Between 1 and 5 years €	Over 5 years €	Total €
Loans receivable	**1,335,002**	**2,670,004**	**12,015,018**	**57,939,085**	**-**	**73,959,109**
Cash	**93,643,957**	**-**	**-**	**-**	**-**	**93,643,957**
Other debtor	**4,247,349**	**-**	**-**	**-**	**-**	**4,247,349**
	99,226,308	**2,670,004**	**12,015,018**	**57,939,085**	**-**	**171,850,415**

Financial liabilities 2018	Less than 1 month €	Between 1 and 3 months €	Between 3 months and 1 year €	Between 1 and 5 years €	Over 5 years €	Total €
Class A1 Note	**526,394**	**-**	**1,579,182**	**8,422,304**	**33,689,216**	**44,217,096**
Class A2 Note	**105,279**	**-**	**315,837**	**1,684,464**	**6,737,856**	**8,843,436**
Class A3 Note	**42,111**	**-**	**126,333**	**673,776**	**2,695,104**	**3,537,324**
Class B Note	**557,878**	**-**	**1,673,634**	**8,926,048**	**35,704,192**	**46,861,752**
Class C Note	**1,508,442**	**-**	**4,525,326**	**24,135,072**	**96,540,288**	**126,709,128**
Subordinated Loan	**5,218**	**-**	**15,654**	**83,488**	**333,953**	**438,313**
	2,745,322	**-**	**8,235,966**	**43,925,152**	**175,700,609**	**230,607,049**

The following table details the Company's liquidity analysis for its financial liabilities at 31 December 2017. The interest payable on the loan notes is estimated based on the outstanding principal and interest rates at the year end calculated up to the expected redemption date.

Financial assets 2017	Less than 1 month €	Between 1 and 3 months €	Between 3 months and 1 year €	Between 1 and 5 years €	Over 5 years €	Total €
Loans receivable	**24,499,483**	**-**	**73,498,449**	**391,991,725**	**1,665,964,833**	**2,155,954,490**
Cash	**80,885,854**	**-**	**-**	**-**	**-**	**80,885,854**
Other debtor	**3,915,268**	**-**	**-**	**-**	**-**	**3,915,268**
	109,300,605	**-**	**73,498,449**	**391,991,725**	**1,665,964,833**	**2,240,755,612**

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Liquidity risk (continued)

Financial liabilities 2017	Less than 1 month €	Between 1 and 3 months €	Between 3 months and 1 year €	Between 1 and 5 years €	Over 5 years €	Total €
Class A1 Note	**1,067,583**	**-**	**3,202,750**	**17,081,333**	**72,595,666**	**93,947,333**
Class A2 Note	**213,517**	**-**	**640,550**	**3,416,267**	**14,519,134**	**18,789,467**
Class A3 Note	**85,407**	**-**	**256,220**	**1,366,507**	**5,807,654**	**7,515,787**
Class B Note	**554,811**	**-**	**1,664,433**	**8,876,978**	**37,727,155**	**48,823,378**
Class C Note	**1,501,696**	**-**	**4,505,087**	**24,027,129**	**102,115,298**	**132,149,209**
	3,423,013	**-**	**10,269,040**	**54,768,213**	**232,764,907**	**301,225,174**

18 Related parties

Transactions with Wilmington Trust SP Services (Dublin) Limited

During the financial period, the Company purchased services to the value of €17,994 (2017: €28,974) from Wilmington Trust SP Services (Dublin) Limited ("WTD") in accordance with the Corporate Services Agreement dated 27 May 2017. Claudio Borza and Rhys Owens are Directors of Alpha Proodos Designated Activity Company. Claudio Borza is a director and Rhys Owens is an employee of Wilmington Trust SP Services (Dublin) Limited being the entity that acts as Administrator of the Company. These services were provided under normal commercial terms.

Transactions with Alpha

As of the initiation of the transaction in December 2016, the Company acquired a portfolio of loans for €785,893,737 from Alpha and under the terms of the securitisation transaction Alpha was appointed as the loans servicer to administer the portfolio of loans. Under the terms of the securitisation transaction, the Company is able to purchase additional loans during a revolving period under certain conditions. At the period/year end, the portfolio of loans balance was €402,186,258 (2017: €587,010,729). Alpha earned €60,000 (2017: €60,000) in servicing fees for acting as the servicer of the portfolio of loans. At 31 December 2018 €18,365,613 (2017: €4,834,472) was outstanding and included in accruals and deferred income.

Under the terms of the sale agreement relating to the portfolio of loans, Alpha earns deferred consideration. During the year/period this amounted to €17,265,204 (2017: €4,811,065) .No cash deferred consideration was paid to Alpha during the period. At 31 December 2018 €18,365,613 (2017: €4,834,472) was owed by Alpha Bank AE and is included within the Deemed Loan to Originator.

Transactions with Citigroup Global Markets Limited

During the financial year, there were no transactions with Citigroup Global Markets Limited. During the period of 2017, Citigroup Global Markets Limited acquired the Class A3 note in the sum of €20,000,000.

19 Ultimate parent company

The principal shareholder is Wilmington Trust SP Services (Dublin) Limited who holds 100% of the shares of the Company in trust for charity under the terms of a declaration of trust.

The trustee has appointed a Board of Directors to run the day to day activities of the Company. The Board have considered the issue as to who is the ultimate controlling party of the Company. It has determined that the control of the day to day activities rests with the Board. The Board is composed of two Directors Rhys Owens and Claudio Borza both of whom are employees of Wilmington Trust SP Services (Dublin) Limited, being the entity that acts as Administrator to the Company.

Notes to the financial statements *(continued)*

19 Ultimate parent company *(continued)*

Alpha has no direct ownership interest in the Company. However, in accordance with IFRS 10 the results of the Company are included in the consolidated financial statements of Alpha, a Company incorporated in Greece, whose principal place of business is 40 Stadiou, 102 52 Athens, Greece. It is the largest and smallest group into which the results of the Company are consolidated. The financial statements of Alpha can be obtained from www.alpha.gr.

20 Subsequent events

There were no material events after the reporting period, which necessitate revision of the figures included in the financial statements.

21 Capital management

The Directors view the Company's share capital as its capital. Share capital of €1 was issued in line with Irish Company Law and is not used for financing the investment of the Company. The Company is not subject to any other externally imposed capital requirements.

22 Approval of financial statements

The financial statements were approved by the Board of directors on 8 January 2020.