



ALPHA BANK

EMPORIKI GROUP FINANCE PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

31 December 2015

Registered number
5052675

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Company Particulars

Board of Directors

Martin J. Waghorn
W. Lindsay Mackay
Graham Ballantyne
John Coxon
Monika Ahmed

Company Secretary

Ricardo Yacoob

Registered Office

66 Cannon Street
London EC4N 6EP
Tel: 020 7332 6767
Fax: 020 7329 6022

Independent Auditor

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

Registered number

5052675 (England and Wales)

Date of incorporation

23rd February 2004

Strategic Report

Business review, business strategy, business environment and future outlook

Emporiki Group Finance PLC (the “Company”) issued Euro Medium Term Notes (“EMTNs”) under a €9.2 billion Programme guaranteed by Alpha Bank A.E. (“Alpha Bank”), the Company’s parent. No new issues have been made since 2012 and in November 2015 Alpha Bank and the Company signed a Substitution Deed effecting the substitution of Alpha Bank for the Company as issuer of all EMTNs then outstanding. This meant that Alpha Bank took on the obligations of the Company’s eleven debt instruments in issue at the time.

This decision was linked to economic and political developments in Greece. The snap general election in September 2015 had returned the existing coalition government to power, ratifying a third Greek bailout programme, agreed in August 2015 between Greece and the “institutions” (i.e. European Union, the European Central Bank, the European Stability Mechanism and the International Monetary Fund). This included measures to recapitalise Greece’s four systematic banks following an asset quality review and stress test (known as the “Comprehensive Assessment”) to be carried out by the European Central Bank. The Directorate General for Competition had made it known that if further EU State Aid was required from the Hellenic Financial Stability Fund (“HFSF”) in the context of the recapitalisation of the four systematic banks, on the basis of the outcome of the Comprehensive Assessment, private sector burden-sharing would need to be achieved to the maximum extent possible through mandatory contributions by holders of equity, hybrid capital and subordinated debt as a prior condition to receiving State Aid. This was reflected also in an amendment to the Greek law 3864/2010 governing the operations of the HFSF, which was enacted early in November 2015. This amendment, however, extended the scope of instruments, subjected to the said mandatory burden-sharing, by including also senior debt notes issued by the Greek banks.

In common with other Greek financial institutions, Alpha Bank saw an outflow of deposits in the first six months of the year due to economic and political uncertainty in the country. There was a reduction of €10.3 billion in customer deposits up to the imposition of capital controls.

In July Alpha Bank announced a preliminary agreement to sell its banking operations in Bulgaria to Eurobank’s Bulgarian subsidiary (“Postbank”). The transaction was fully in line with the restructuring plans of Alpha Bank and Eurobank agreed with the EU Commission in 2014, which specified that each bank should focus its operations on its core markets.

In October 2015 Alpha Bank launched exchange offers on its outstanding subordinated debt and senior bonds, including the EMTNs (the “Exchange Offers”). The Exchange Offers were part of Alpha Bank’s capital generation measures in order to address its €2.56 billion capital shortfall identified in the context of the Comprehensive Assessment by the European Central Bank in the stress test adverse scenario. The Exchange Offers raised €1.01 billion (out of a possible €1.086 billion). As part of the same capital generation measures, a share capital raising was completed by Alpha Bank in late November 2015 which covered the remaining shortfall and avoided Alpha Bank requiring further State Aid. In the event, it resulted in a dilution of the HFSF’s shareholding in Alpha Bank from 66% to 11%.

The Company paid an interim dividend of €34 million in late November, and, as the Company holds sufficient assets to pay all known liabilities, the directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

At the year-end, key performance indicators are not considered relevant as the Company had no debt instruments in issue.

On behalf of the Board



John Coxon
Director

66 Cannon Street
London
EC4N 6EP

13 April 2016

Company Registration Number: 5052675 (England and Wales)

Directors' Report

The directors of Emporiki Group Finance PLC (the "Company") present their annual report together with the audited financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the Company are acting as a financial intermediary and raising finance for its parent company, Alpha Bank A. E. ("Alpha Bank"), which is resident in Greece.

Principal risks and uncertainties facing the Company

As noted in the Strategic Report on page 2, the Company has no debt instruments in issue. The principal risks affecting the Company's operations are set out in Note 16 of these financial statements.

Results and dividends

These annual financial statements are the first the Company has prepared in accordance with International Financial Reporting Standards ("IFRS"). For all years up to and including 31 December 2014, the Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

The results for the year ended 31 December 2015 are shown on page 7. The profit for the year after taxation attributable to the owners is €39,000 (2014: €186,000).

General administrative expenses increased by 13% from €189,000 in 2014 to €213,000 in 2015, mainly due to higher personnel costs offset slightly by lower professional fees.

The company paid an interim dividend of €34,000,000 (2014: nil). The directors do not recommend the payment of a final dividend (2014: nil).

Corporate governance

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

Directors

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

Martin J. Waghorn
Alex Gibb (resigned 24th April 2015)
John Coxon
Monika Ahmed
Graham Ballantyne (appointed 23rd April 2015)
W. Lindsay Mackay (appointed on 22nd October 2015)

Directors' interests

None of the directors has or had any notifiable interest.

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

Directors' remuneration

Details of directors' remuneration are shown in Note 8.

Creditor payment policy

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

Donations

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

Directors' Report *(continued)*

Directors' responsibility regarding disclosure of information to auditor

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

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Ricardo Yacoob
Company Secretary

66 Cannon Street
London
EC4N 6EP

13 April 2016

Company Registration Number: 5052675 (England and Wales)

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

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

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union; 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 are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors represent that, in accordance with the EU Transparency Directive, to the best of their knowledge and belief:

- (i) the Company's financial statements give a true and fair view of the assets, liabilities, financial position and financial result for the year ended 31 December 2015; and
- (ii) the Strategic Report and the Directors' Report and information referenced therein, taken together, include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



John Coxon
Director

13 April 2016

Independent Auditor's Report to the Members of Emporiki Group Finance PLC

We have audited the financial statements of Emporiki Group Finance PLC for the year ended 31 December 2015 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Suvro Dutta (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London, E14 5GL

13 April 2016

Statement of Comprehensive Income

For the year ended 31 December 2015

		2015	2014
			<i>Restated*</i>
	Note	€000's	€000's
Interest receivable and similar income		23,902	22,862
Interest payable and similar charges		(23,668)	(22,472)
Net interest income	3	234	390
Gains less losses on financial transactions	4	(3)	-
Other operating income	5	2	3
Operating income		233	393
General administrative expenses		(213)	(189)
Profit before tax		20	204
Income tax credit / (expense)	9	19	(18)
Profit after tax		39	186
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		39	186

* The comparative data for the year ended 31 December 2014 has been restated to provide relevant and consistent data with that for the year ended 31 December 2015. Further information regarding these restatements is set out in Note 1 of these financial statements.

The notes on pages 11 to 23 form an integral part of these financial statements.

Statement of Financial Position

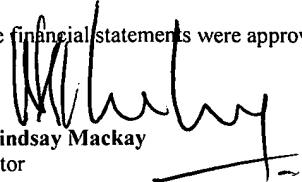
As at 31 December 2015

	Note	2015 €000's	2014 Restated* €000's	01.01.2014 Restated* €000's
Assets				
Non-current Assets				
Derivative financial assets		-	22,519	12,525
Due from banks	10	-	377,758	384,563
		-	400,277	397,088
Current Assets				
Cash and cash equivalents		1,421	48,572	46,450
Derivative financial assets		-	29	-
Due from banks	10	-	11,596	45,415
Current tax asset		210	179	-
Other assets		-	-	28
		1,631	60,376	91,893
Total Assets		1,631	460,653	488,981
Equity				
Equity attributable to the owners of the Company				
Called-up share capital	13	18	18	18
Retained earnings	14	1,541	35,502	35,316
		1,559	35,520	35,334
Liabilities				
Non-current liabilities				
Derivative financial liabilities		-	-	167
Due to customers	12	-	416,040	410,589
		-	416,040	410,756
Current Liabilities				
Due to customers	11	-	9,014	42,795
Current tax liability		-	-	42
Other liabilities		72	79	54
		72	9,093	42,891
Total Equity and Liabilities		1,631	460,653	488,981

* The comparative data as at 31 December 2014 and 1 January 2014 has been restated to provide relevant and consistent data with that as at 31 December 2015. Further information regarding these restatements is set out in Note 1 of these financial statements. The date of transition from United Kingdom Generally Accepted Accounting Practice ("UK GAAP") to International Financial Reporting Standards ("IFRS") can be identified as 1 January 2014.

The notes on pages 11 to 23 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 13 April 2016 and were signed on its behalf by:


W. Lindsay Mackay
Director


John Coxon
Director

Company Registration Number: 5052675 (England and Wales)

Statement of Changes in Equity

For the year ended 31 December 2015

Note	Share Capital €000's	Retained Earnings €000's	Total Equity €000's
Balance as at 1 January 2015	18	35,502	35,520
Total comprehensive income for the year			
Profit after tax	-	39	39
Total	-	39	39
Transactions with owners, recognised directly in equity			
Dividend paid	-	(34,000)	(34,000)
Total	-	(34,000)	(34,000)
Balance attributable to owners as at 31 December 2015	18	1,541	1,559

	Share Capital €000's	Retained Earnings €000's	Total Equity €000's
Balance as at 1 January 2014	18	35,316	35,334
Total comprehensive income for the year			
Profit after tax	-	186	186
Total	-	186	186
Transactions with owners, recognised directly in equity			
Dividend paid	-	-	-
Total	-	-	-
Balance attributable to owners as at 31 December 2014	18	35,502	35,520

The notes on pages 11 to 23 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 €000's	2014 <i>Restated*</i> €000's
Cash flows from operating activities			
Profit before tax		20	204
<i>Adjustment to-reconcile net profit before tax to cash flow from operating activities:</i>			
Loss / (gain) on fair value of derivative financial assets		22,548	(10,024)
(Gain) / loss on fair value of embedded derivative financial liabilities		(22,548)	10,024
Amortisation of discounts		15,034	2,080
		<u>15,054</u>	<u>2,284</u>
<i>Net decrease in assets relating to operating activities:</i>			
Due from banks	10	389,354	40,625
Other assets		-	28
<i>Net (decrease) / increase in liabilities relating to operating activities:</i>			
Due to customers	11,12	(417,540)	(40,601)
Other liabilities		(7)	25
		<u>(13,139)</u>	<u>2,361</u>
<i>Net cash outflow from operating activities before taxes:</i>			
Income taxes paid	9	(12)	(239)
Net cash flows used from operating activities		<u>(13,151)</u>	<u>2,122</u>
Net cash flows used from investing activities		<u>-</u>	<u>-</u>
<i>Net cash outflow from financing activities:</i>			
Dividend paid		(34,000)	-
Net cash flows used from financing activities		<u>(34,000)</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(47,151)</u>	<u>2,122</u>
Cash and cash equivalents at beginning of the year		48,572	46,450
Cash and cash equivalents at the end of the year		<u>1,421</u>	<u>48,572</u>

* The comparative data for the year ended 31 December 2014 has been restated to provide relevant and consistent data with that for the year ended 31 December 2015. Further information regarding these restatements is set out in Note 1 of these financial statements.

The notes on pages 11 to 23 form an integral part of these financial statements.

Notes to the Financial Statements

1: Accounting policies

Basis of presentation and principle activities

The financial statements of Emporiki Group Finance PLC, a company domiciled and incorporated in the UK (hereafter the "Company"), have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the special provisions of Part VII of the Companies Act 2006, as at and for the year ended 31 December 2015. They are presented in Euros, rounded to the nearest thousand unless otherwise indicated, and are prepared on the historical cost basis except for derivatives which are carried at fair value through profit or loss.

Comparatives

For all years up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

First time adoption of IFRS

These annual financial statements are the first the Company has prepared in accordance with IFRS. The Company has prepared these financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with comparative data as at and for the year ended 31 December 2014 also in accordance with IFRS. The Company's opening Statement of Financial Position under IFRS was prepared as at 1 January 2014 which can be identified as the Company's date of transition.

It is a requirement upon first time adoption of IFRS to present reconciliations between the financial statements that were previously prepared under UK GAAP and those that are now prepared under IFRS. There have been no changes in accounting treatment as a result of the transition to IFRS and therefore no impact on equity as at 1 January 2014 and subsequent years presented. However, upon initial application of IFRS it was decided appropriate to make changes in the presentation of certain items in these financial statements. The comparative data within these financial statements as at and for the periods ended 31 December 2014 and 1 January 2014 has been restated to provide relevant and consistent data with that as at and for the year ended 31 December 2015. The notes and reconciliations below explain these restatements.

a) Statement of Comprehensive Income

For the year ended 31 December 2014 interest expense on embedded derivative financial liabilities was netted against interest income on derivative financial assets. It is now reported within 'Interest expense and similar charges'. Furthermore, for the year ended 31 December 2014 foreign exchange gains/losses were netted in 'General administrative expenses'. They are now reported as 'Other operating income/expense'.

Reconciliation of Comprehensive Income:

	31.12.14		
	Per UK GAAP €000's	Adjustment €000's	Per IFRS €000's
Interest and similar income	19,416	3,446	22,862
Interest expense and similar charges	(19,026)	(3,446)	(22,472)
Net interest income	390	-	390
Other operating income/ (expense)	-	3	3
Operating income	-	3	393
General administrative expenses	(186)	(3)	(189)
Profit before tax	204	-	204
Income tax expense	(18)	-	(18)
Profit/(loss) after tax	186	-	186
Total comprehensive income for the period attributable to owners	186	-	186

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

b) Statement of Financial Position

As at 31 December 2014 and 1 January 2014 embedded derivative financial liabilities were netted against derivative financial assets. They have now been reported separately. Furthermore, total unamortised discounts were reported as 'Non-current'. One year's worth of amortisation is now reported as 'Current' and the remaining balance remains as 'Non-current'.

Reconciliation of Financial Position:

	Per UK GAAP €000's	31.12.2014 Adjustment €000's	Per IFRS €000's	Per UK GAAP €000's	01.01.2014 Adjustment €000's	Per IFRS €000's
Assets						
Non-current Assets						
Derivative financial instruments	22,519	-	22,519	12,358	167	12,525
Due from banks	377,758	-	377,758	384,563	-	384,563
	400,277	-	400,277	396,921	167	397,088
Current Assets						
Cash and cash equivalents	48,572	-	48,572	46,450	-	46,450
Derivative financial instruments	29	-	29	-	-	-
Due from banks	11,596	-	11,596	45,415	-	45,415
Current tax asset	179	-	179	-	-	-
Other assets	-	-	-	28	-	28
	60,376	-	60,376	91,893	-	91,893
Total Assets	460,653	-	460,653	488,814	167	488,981
Equity						
Equity attributable to the owners of the Company						
Called-up share capital	18	-	18	18	-	18
Retained earnings	35,502	-	35,502	35,316	-	35,316
	35,520	-	35,520	35,334	-	35,334
Liabilities						
Non-current Liabilities						
Derivative financial liabilities	-	-	-	-	167	167
Due to customers	413,945	2,095	416,040	408,509	2,080	410,589
	413,945	2,095	416,040	408,509	2,247	410,756
Current Liabilities						
Due to customers	11,109	(2,095)	9,014	44,875	(2,080)	42,795
Current tax liability	-	-	-	42	-	42
Other liabilities	79	-	79	54	-	54
	11,188	(2,095)	9,093	44,971	(2,080)	42,891
Total Equity and Liabilities	460,653	-	460,653	488,814	167	488,981

c) Statement of Cash Flows

For the year ended 31 December 2014 some cash flows were reported under 'Financing activities'. Due to the activity of the Company – the issue of debt instruments in order to raise finance for its parent company – it was deemed more appropriate that these cash flows should be reported under 'Operating activities'. Furthermore, the amortisation of discounts is no longer recognised as a cash flow.

Notes to the Financial Statements *(continued)*

1. Accounting policies *(continued)*

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2. In addition, Note 16 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

At 31 December 2015 the Company has no EMTNs in issue and a positive equity position. Its main asset is a nostro balance with its parent company Alpha Bank A.E. ("Alpha Bank"). Following the successful capital raising exercise of the parent and after reviewing the going concern note in the Alpha Bank financial statements for the year ended 31 December 2015, the directors are of the opinion that the balance due from the parent is fully recoverable and that these financial statements may continue to be prepared on the going concern basis.

Functional and presentational currency

The Company's functional and presentational currency is the Euro.

Foreign currency

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

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

Interest income and expense

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

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

Fees and commission income and expense

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

Taxation

Income tax expense consists of current tax and deferred tax. It is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years.

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

Notes to the Financial Statements *(continued)*

1. Accounting policies *(continued)*

Financial liabilities

Financial liabilities of the company consist of debt. Debt is initially stated at fair value, that is the amount of the net proceeds after the deduction of issue costs, and subsequently measured at its amortised cost using the effective interest rate method. The Company currently has no debt instruments outstanding.

Cash and cash equivalents

Cash and cash equivalents consist of nostro balances with banks.

Classification and measurement of financial assets and liabilities

The Company classifies its assets and liabilities at amortised cost or fair value through profit or loss.

Loans and receivables, which consist of balances due from banks, are carried at amortised cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction following re-estimation of cashflows.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, if market prices are not available. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income.

Certain derivatives embedded in other financial instruments such as the option, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not carried at fair value through the Statement of Comprehensive Income. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

Impairment losses on financial assets

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the Statement of Comprehensive Income and reflected in an allowance account against amounts due from banks. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income. Assets are assessed for impairment when there has been an impairment trigger, including the non-payment of loan interest due on the payment date.

At each reporting date, an assessment is made as to whether a collective provision is required across the entire portfolio of loans and advances. Given that there have been no losses historically and through management's experienced judgment on the current economic and credit conditions, it has been deemed that no collective provision is required.

Use of estimates and judgements

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

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

During the year, management made the following estimates:

- In calculating deferred tax, estimates were based on current tax recoveries;
- Assessing whether the Company is considered a going concern (as set out above);
- In assessing the carrying value of assets and liabilities and/or impairment, estimates were based on the discounted future cash flows;
- Valuation of embedded derivatives attached to issued debt is considered to equate to the fair value of embedded derivatives attached to the loans.

Notes to the Financial Statements (*continued*)

1. Accounting policies (*continued*)

The Company measures fair values using the following fair value hierarchy based on the significance of the inputs used in making the measurements as follows:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data having a significant effect on the instrument's valuation. This category also includes instruments that are valued based on observable inputs that require significant adjustments based on unobservable inputs.

Valuation techniques include net present value and discounted cash flow models, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity index prices and expected price volatilities and correlations. The aim of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Future accounting developments

At 31 December 2015 a number of standards and interpretations, and amendments thereto, had been issued by the International Accounting Standards Board, which are not effective for the Company's financial statements as at 31 December 2015. However IFRS 9 "Financial Instruments" may have an impact on the Company's financial statements in the future.

IFRS 9

This standard is effective for annual periods beginning on or after 1 January 2018.

On 24 July 2014, the International Accounting Standards Board ("IASB") completed the issuance of the final text of IFRS 9 "Financial Instruments", which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, at initial recognition, at either amortised cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

- The entity's business model for managing financial assets; and
- The contractual cash flow characteristics of the financial assets.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contract contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contract should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to the existing IAS 39, under which an entity recognises only incurred credit losses, the new standard requires the recognition of lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, 12-month expected credit losses shall be recognised.

Notes to the Financial Statements *(continued)*

1. Accounting policies *(continued)*

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarised below:

- More items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- The requirement for hedge effectiveness tests to be within the range of 80% - 125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- In case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging. The IASB intends to replace the macro fair value model in IAS 39 with an alternative macro hedging model which will have a wider applicability to other risks. A discussion paper was published in April 2014 and a further discussion paper is expected in 2016.

The Company will evaluate the impact from the adoption of IFRS 9 on its financial statements should any debt instruments be issued.

2. Segment information

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

INCOME STATEMENT

Interest income and expense relates to various loans made to the parent, notes issued to various counterparties, derivative financial instruments and the amortisation of discounts and fees charged upon the issue of notes under the EMTN programme by the dealer of the issue which the Company then recharges to its parent, Alpha Bank.

3. Net interest income

	2015 €000's	2014 €000's
Interest income	23,902	22,862
Total interest and similar income	23,902	22,862
Interest expense	(23,668)	(22,472)
Total interest expense and similar charges	(23,668)	(22,472)
Net interest income	234	390

4. Gains less losses on financial transactions

As a result of the substitution of Alpha Bank for the Company in all outstanding EMTN issues, all remaining unamortised loan fees and EMTN fees were fully realised.

Notes to the Financial Statements *(continued)*

5. Other operating income

	2015 €000's	2014 €000's
Foreign exchange gain	2	3
Total other operating income	2	3

6. General administrative expenses

	2015 €000's	2014 €000's
<i>These include:</i>		
Auditor's remuneration:		
Audit of these financial statements pursuant to legislation	33	33
Audit related assurance services	3	3

7. Staff

The Company employed no staff during the year and none in the preceding year. Staff costs borne by Alpha Bank London Limited, a fellow group undertaking, are apportioned to the Company. They are based on the time spent by employees on matters relating to the Company and amounted to €147,000 (2014: €52,000). Of this amount €100,000 (2014: €31,000) related directly to salaries recharged and €15,000 (2014: €5,000) to pensions which form part of a defined contribution plan. In the prior year until September 2014, operations were undertaken by an external management agency with the expense being treated as professional fees.

8. Directors' remuneration and transactions

	2015 €000's	2014 €000's
The remuneration of the directors is as follows:		
Directors' emoluments	35	9
Company contributions to a defined contribution scheme	5	2
Total	40	11

	2015 €000's	2014 €000's
The above amounts for remuneration include the following in respect of the highest paid director:		
Directors' emoluments	12	2
Company contributions to a defined contribution scheme	2	-
Total	14	2

In the prior year until September 2014, the directors received no remuneration from the Company in respect of qualifying services rendered during the year.

9. Income tax

	2015 €000's	2014 €000's
Current tax		
UK corporation tax at 20.25% (2014: 21.5%)	4	44
Adjustments in respect of prior periods	(23)	(133)
Withholding tax	-	107
Total tax (credit) / charge	(19)	18

Notes to the Financial Statements *(continued)*

9. Income tax *(continued)*

Factors affecting the tax charge for the year:

	20	204
Profit on ordinary activities before taxation	4	44
Current tax on the above at 20.25% (2014: 21.5%)	(23)	(133)
Adjustments in respect of prior periods	-	107
Withholding tax	(19)	18
Total tax (credit) / charge		

The main rate of corporation tax will remain at 20% from 1 April 2016.

BALANCE SHEET

10. Due from banks

	2015 €000's	2014 €000's
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	-	11,596
	-	11,596
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	-	377,758
	-	377,758
Total	-	389,354

As at 31 December 2015, no collective provision is required (2014: nil).

As a result of the issuer substitution made effective on 11 November 2015, there are no loans outstanding relating to EMTNs (2014: twelve loans outstanding, with interest rates ranging between 0.498% and 7.68% in EUR).

11. Current liabilities – due to customers

	2015 €000's	2014 €000's
Unsubordinated notes:		
- Euro Medium Term Notes	-	6,805
- Discounts upon issue of Euro Medium Term Notes	-	(2,095)
Interest payable on unsubordinated notes:		
- Euro Medium Term Notes	-	4,275
Embedded derivatives carried at fair value through profit or loss	-	29
Total	-	9,014

12. Non-current liabilities – due to customers

	2015 €000's	2014 €000's
Unsubordinated notes:		
- Euro Medium Term Notes	-	406,460
- Discounts upon issue of Euro Medium Term Notes	-	(12,939)
Embedded derivatives carried at fair value through profit or loss	-	22,519
Total	-	416,040

Notes to the Financial Statements *(continued)*

12. Non-current liabilities – due to customers *(continued)*

All EMTNs were issued under the EMTN Programme of €9,200,000,000 and were fully guaranteed by the parent company, Alpha Bank.

As a result of the issuer substitution made effective on 11 November 2015, there are no EMTNs outstanding (2014: *twelve EMTNs outstanding, with interest rates ranging between 0% and 6% in EUR*).

As at 31 December 2015 the discount on EMTNs was fully amortised (2014: *unamortised discount of €15,034,000*).

13. Share capital

	2015	2014
	£000's	£000's
Authorised		
50,000 (2014: 50,000) ordinary shares of £1 each	50	50
Called up and allotted and partly paid		
50,000 (2014: 50,000) ordinary shares of £1 each – 25 pence paid	18	18

The issued share capital represents the amount of £12,500 translated into Euro using the exchange rate ruling at the date of issue.

An interim dividend of €34,000,000 was paid during 2015 (2014: *nil*).

14. Retained earnings

	2015	2014
	€000's	€000's
At 1 January	35,502	35,316
Profit for the year	39	186
Dividend paid	(34,000)	-
At 31 December	1,541	35,502

OFF - BALANCE SHEET

15. Contingent liabilities and commitments

a) Legal issues

There are no pending legal cases in progress which may have a material impact on the financial statements of the Company (2014: *nil*).

b) Operating leases

The Company has no operating leases (2014: *nil*).

RISK MANAGEMENT

16. Financial instruments and risk management

The Company's financial instruments comprise borrowings in the form of unsubordinated EMTNs, loans to its parent company and various other items that arise directly from its operations. The main purpose of the EMTNs is to raise finance for the parent company. The Company has ceased issuing notes and so the Programme under which the existing EMTNs are issued is no longer renewed.

No drawings were made under the Programme during the year. One maturity occurred of value €6,805,000 and the remaining eleven EMTNs of value €406,460,000 were substituted to the parent company as issuer (2014: *No drawings and two maturities of value €42,000,000*).

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

Notes to the Financial Statements *(continued)*

16. Financial instruments and risk management *(continued)*

16.1 Credit Risk

The Company is a special purpose vehicle of Alpha Bank (a company incorporated in Greece) and all lending is to Alpha Bank.

Credit risk concentration relates to the lending to Alpha Bank. As there is no longer any lending to Alpha Bank, the credit risk exposure stands at nil as at 31 December 2015 (2014: €411,902,000).

According to external ratings (using S&P)

Rating:	Due from banks	
	2015 €000's	2014 €000's
AAA to BBB-	-	-
BB+ to BB	-	-
BB- to B-	-	-
CCC+ to C	-	411,902
DDD to D	-	-
Unrated	-	-
Total	-	411,902

16.2 Market Risk

The Company's exposure to market price risk comprises interest rate risk, currency risk and fair value risk. The Company's policy towards these risks is explained below.

The Company finances the operations of Alpha Bank through an EMTN Programme. The Company borrows in Euro at primarily floating rates of interest and then lends to its parent company at a higher variable rate of interest for the same period. Where the Company issues Notes at fixed or index-linked rates of interest, interest rate and equity index-linked swaps are used to hedge the mismatch risk that arises. It is, and has been throughout the year, the Company's policy that no trading in financial instruments shall be undertaken.

16.2.1 Foreign Exchange Position

2015

	GBP €000's	EUR €000's	Total €000's
Due from banks	-	-	-
Derivative financial assets	-	-	-
Cash and cash equivalents	13	1,408	1,421
Other assets	-	210	210
Total assets	13	1,618	1,631
Due to customers	-	-	-
Other liabilities	-	72	72
Shareholders' funds	-	1,559	1,559
Total liabilities	-	1,631	1,631
Net on-balance sheet position	13	(13)	-

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

Notes to the Financial Statements (continued)

16. Financial instruments and risk management (continued)

16.2 Market Risk (continued)

16.2.1 Foreign Exchange Position (continued)

2014	GBP €000's	EUR €000's	Total €000's
Due from banks	-	389,354	389,354
Derivative financial assets	-	22,548	22,548
Cash and cash equivalents	36	48,536	48,572
Other assets	-	179	179
Total assets	36	460,617	460,653
Due to customers	-	425,054	425,054
Other liabilities	-	79	79
Shareholders' funds	-	35,520	35,250
Total liabilities	-	460,653	460,653
Net on-balance sheet position	36	(36)	-

16.3 Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet the obligations or commitments associated with its financial instruments. The Company's exposure to liquidity risk is managed by matching all assets with liabilities, thereby ensuring that all cash outflows are matched or exceeded by cash inflows.

2015

	Carrying Amount €000's	Gross Nominal Inflow/ (Outflow) €000's	Less than 1 Month €000's	1-3 Months €000's	3 Months to 1 year €000's	1-5 Years €000's	More than 5 Years €000's
Notes	-	-	-	-	-	-	-
Interest rate and Equity Index-linked Swaps	-	-	-	-	-	-	-
Other liabilities	72	(72)	-	(72)	-	-	-
Total liabilities	72	(72)	-	(72)	-	-	-

2014

	Carrying Amount €000's	Gross Nominal Inflow/ (Outflow) €000's	Less than 1 Month €000's	1-3 Months €000's	3 Months to 1 year €000's	1-5 Years €000's	More than 5 Years €000's
Notes	402,282	(501,641)	175	349	(20,483)	(120,992)	(360,690)
Interest rate and Equity Index-linked Swaps	22,773	(32,295)	(110)	(392)	(1,218)	(13,999)	(16,576)
Other liabilities	79	(79)	-	(79)	-	-	-
Total liabilities	425,134	(534,015)	65	(122)	(21,701)	(134,991)	(377,266)

Notes to the Financial Statements *(continued)*

16. Financial instruments and risk management *(continued)*

16.4 Capital management

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

16.5 Fair values of financial assets and financial liabilities

As a result of the issuer substitution, there were no financial assets and liabilities remaining as at 31 December 2015 and therefore no balances to report. Set out below is a comparison by category of book values and fair values of the Company's financial assets and liabilities for the previous year.

2014	Book Value €000's	Fair Value €000's	Level 1 €000's	Level 2 €000's	Level 3 €000's
Assets					
Loans to Alpha Bank	389,354	268,416	-	268,416	-
Interest rate and Equity Index-linked Swaps	22,548	22,548	-	22,548	-
Total	411,902	290,964	-	290,964	-
Liabilities					
Notes	402,506	287,582	-	287,582	-
Embedded derivatives	22,548	22,548	-	22,548	-
Total	425,054	310,130	-	310,130	-

Notes to the Financial Statements *(continued)*

17. Related party transactions

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

	2015 €000's	2014 €000's
<u>Assets:</u>		
Loans to Alpha Bank	-	384,563
Interest accrued on loans to Alpha Bank	-	3,025
Derivative financial assets with Alpha Bank	-	22,549
Interest accrued on derivative financial assets with Alpha Bank	-	1,765
Current accounts held with Alpha Bank	1,408	47,878
Current accounts held with Alpha Bank London Limited	13	37
<u>Liabilities:</u>		
Embedded derivative financial liabilities with Alpha Bank	-	22,549
Interest accrued on embedded derivative financial liabilities with Alpha Bank	-	224
<u>Income:</u>		
Interest received on loans to Alpha Bank	13,036	17,180
Interest received on derivative financial assets with Alpha Bank	8,773	5,598
Interest received on current accounts held with Alpha Bank	-	84
Gains less losses on financial transactions	13,287	-
<u>Expense:</u>		
Interest paid on embedded derivative financial liabilities with Alpha Bank	1,116	3,446
Management charge paid to Alpha Bank London Limited	145	52
<u>Off Balance Sheet:</u>		
Guarantee received from Alpha Bank	-	426,596

Lending to Alpha Bank is unsecured. Under the Deed of Guarantee, Alpha Bank irrevocably guarantees the payment of all sums expressed to be payable from time to time by the Company in respect of the Notes and under the Deed of Covenant. Furthermore, the obligations expressed to be assumed by Alpha Bank shall not be discharged, impaired or otherwise affected by the winding up, liquidation or dissolution of the Company. There are no key management personnel other than the directors whose transactions have been shown in Note 8.

18. Ultimate parent undertaking and controlling party

The smallest and largest group in which the results of the Company are consolidated is that headed by Alpha Bank A. E., a company incorporated in Greece, whose principal place of business is 40 Stadiou Street, 102 52 Athens, Greece. The consolidated financial statements of the group are available to the public and may be obtained from the above address, or from their internet site at www.alpha.gr.

19. Events after the reporting period

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