

Company Registration Number: 06828528

PRAXIS I FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



PRAXIS I FINANCE PLC

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FOR THE YEAR ENDED 31 DECEMBER 2017

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PRAXIS I FINANCE PLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors	M H Filer (Resigned 11 April 2017) M Clarke-Whelan D J Wynne (Appointed on 22 March 2017) Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company registration number	06828528
Registered office	Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Auditor	Deloitte LLP, Statutory Auditor London United Kingdom

PRAXIS I FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report of Praxis I Finance Plc for the year ended 31 December 2017.

GENERAL

PRINCIPAL ACTIVITY

The Company is a special purpose entity, set up to acquire a portfolio of amortising consumer loans in Greece (the “Receivables Portfolio”) originated by Piraeus Bank S.A., financed primarily through the issue of €725m Asset Backed Fixed and Floating Rate Loan Notes due 2026

The Originator has retained substantially all the risks and rewards of ownership of the Receivables Portfolio and therefore its transfer to the Company was accounted for as a financing transaction (“a deemed loan”), notwithstanding that it was a sale from a legal perspective. The sale of the receivable portfolio to the Company is considered to fail the derecognition criteria of IAS 39, Financial Instruments: recognition and measurement, in the books of Piraeus Bank 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.

The Notes were issued by the Company on 29 April 2009 as described in the Offering Circular and are listed on the Irish Stock Exchange. The Notes are in bearer form and consist of €493,000,000 Class A Notes and €232,000,000 Class B Notes as at 31 December 2016 and are now subject to redemption in full, at the option of the Company on any Interest Payment Date on receipt of sufficient amounts from the Originator to enable the company to make payments for the outstanding loan notes. The directors have no intention to exercise the option. On 18 January 2011, certain parts of the transactions were restructured. The restructuring included €22,000,000 in face amount of Class A Notes held by Class A Notes holder being re-designated as Class B Notes and having all rights attaching to the Class B Notes. During the year ended 31 December 2017, €4,400,122 of class A notes were redeemed (2016: €51,928,260), and €36,053,781 of class B notes were redeemed.

Interest on the Notes is paid monthly in arrears on the 28th of each month (each an “Interest Payment Date”):

- (i) on the Class A Notes, at an annual rate of 2.90%; and
- (ii) on the Class B Notes, at an annual rate of one-month EURIBOR.

The Company only retains revenue receipts from its interest in the Receivables Portfolio necessary to cover its expenses and make a small profit before any fair value movements.

For the purpose of financial reporting, the company’s results are consolidated into the financial statements of Piraeus Bank.

REVIEW OF THE BUSINESS

RESULTS

The Company’s results for the year and its financial position at the year-end are shown in the attached financial statements. The profit before tax for the year is €1,973 (2016: €2,204). As at year end the carrying value of the Deemed Loan to Originator was €234,448,040 (2016: €254,693,703). Loan notes at the year-end amounted to €249,599,878 (2016: €290,053,782). As of 31 December 2017, cash and cash equivalents, including reserve funds, were €15,276,477 (2016: €35,496,436).

The Company’s only sources of funds for the payment of principal and interest due on the Notes are the principal and interest collections which the Company is entitled to receive from the Receivables Portfolio. The directors have reviewed information relating to the credit quality of the assets underlying the deemed loan to the Originator up to the date of approval of the financial statements and are satisfied that the level of impairment does not exceed the amount of credit enhancement supplied to the Company by the Originator.

FUTURE DEVELOPMENTS

The future performance of the Company depends on the performance of the Receivables Portfolio. The directors do not expect there to be any significant change in the Company’s principal activity in the foreseeable future.

PRAXIS I FINANCE PLC

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

KEY PERFORMANCE INDICATORS

As all the notes are held by the Originator, the Directors consider the key financial performance indicators of the business to be the net interest margin of 40% (2016: 18%) and the credit quality of the underlying Receivables as detailed in note 7. Performance criteria include that on the calculation date the reserve account is capable of being replenished from available Funds in an amount such that amounts standing to the credit of the Reserve Account will be equal to the Required Reserve Fund amount as at the immediately preceding Interest Payment Date; the default ratio is less than 8.5%; the class A credit enhancement ratio is equal to or exceeds two times the class A credit enhancement ratio as at the closing date and the arrears ratio is less than 6%. Details of other performance indicators are included in the Investor reports which are publicly available on the following website: www.piraeusbank.com. The directors of the Company monitor compliance with the performance criteria on a monthly basis.

Under the terms of the securitisation transaction, the Company is able to purchase additional portfolio of loans during a revolving period under certain conditions. During 2017, €32,238,830 (2016: €32,155,814) of additional portfolio of loans was acquired. Loans purchased during the year have all met the eligibility criteria as defined by transaction documents. In addition, during 2017 the Originator repurchased €31,165,711 (2016: €30,836,635) of non – performing loans in order to protect credit enhancement.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks affecting the Company and its management are set out in Note 13 to the financial statements. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose challenges to the borrowers with whom the Company has exposure through the deemed loan to the Originator. A detailed consideration of the risk factors relevant to the securitisation transaction is included in the section "Risk Factors" of the Offering Circular.

On 23 June 2016, the UK voted to leave the EU. Subsequently, the triggering of Article 50 took place on 29 March 2017. At the date of signing these financial statements the Directors do not foresee any immediate risks crystallising, however, they acknowledge the uncertainty that continues to exist. The directors will continue to keep this under review.

GOING CONCERN

As explained in more detail in Note 1 to the financial statements, the directors have undertaken a detailed assessment of the Company and have made extensive enquiries of the management of the Originator. Given the details set out in Note 1, 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.

TAX STRATEGY

The Company is committed to fulfilling its UK tax obligations. Compliance for the Company means paying the appropriate amount of tax at the right time. It involves disclosing all relevant facts and circumstances to the UK tax authorities and claiming reliefs and incentives where available.

Overall responsibility for the Company's compliance with UK tax requirements and for the management of UK tax risks rests with the Directors of the Company. The Company's governance around tax matters follows formal procedures which are in line with other approved governance procedures implemented and maintains strong governance in respect of the management of its UK tax affairs. All tax compliance arrangements are subject to external review by advisors along with further advice from advisors in respect of any law changes, changes of approach or tax authority enquiries.

Local UK tax laws are managed by the Company and if there is wide-scale changes or complexities that impact the Company these are raised with the Board.

PRAXIS I FINANCE PLC

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

TAX STRATEGY (continued)

In arranging or structuring its commercial activities the Company will consider, amongst other things, relevant tax laws, with a view to maximising value on a sustainable basis for its stakeholders. The Company is committed to ensuring that Praxis I Finance Plc continues to meet the conditions to be able to be taxed in accordance with the special tax rules for securitisation companies. In certain cases, where there is significant uncertainty or complexity in relation to a tax position, external advice is sought.

In situations where applicable tax law is unclear or subject to interpretation, or a tax result or position is not free from doubt, the Company's aim to consider, among other things, the commercial and other non-tax drivers and (when appropriate) guidance from and communications with the relevant tax authority. The Company intends to adopt tax positions that are supported by applicable tax law and legislative intent.

The Company is committed to the principles of openness and transparency in their approach to dealing with HMRC, and in particular the Company commits to:

- Make fair, accurate and timely disclosures in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise, work with HMRC to resolve issues by agreement where possible.
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner.

This tax strategy statement is intended to meet the requirements of Section 19 (2) of Schedule 19 of the 2016 Finance Act to publish an external tax strategy.

On behalf of the Board



Mignon Clarke-Whelan
On behalf of Wilmington Trust SP Services (London) Limited
Director
31 July 2018

PRAXIS I FINANCE PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of Praxis I Finance PLC (the “Company” or the “Issuer”) for the year ended 31 December 2017 with comparatives for the year ended 31 December 2016.

The Company is incorporated as a public limited company, limited by shares, and domiciled in England and Wales, United Kingdom. In accordance with IFRSs, the Company is considered to be controlled by Piraeus Bank S.A. (the “Transferor” or the “Originator” or the “Servicer”), a bank incorporated in Greece. In addition to the information in the Strategic Report regarding the Securitisation Transaction, the directors manage the Company’s affairs in accordance with the Transaction Documents as summarised in the Offering Circular dated 29 April 2009 as amended by the Deed of Amendment dated 15 April 2011 which can be obtained from the Originator at www.piraeusbank.gr.

The principal activities of the Company, results, future developments, KPIs, principal risks and uncertainties, and going concern are detailed in the Strategic Report.

CORPORATE GOVERNANCE STATEMENT

The Directors are responsible for the Company’s internal control environment and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with its regulatory obligations. For further details, refer to notes to the financial statements particularly Note 13 on financial risk management.

Due to the nature of the securities which have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and 7.2 corporate governance statements (save for DTR 7.2.5 a requiring description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement

DIRECTORS

The directors who served the Company during the year and up to the date of signing the financial statements were:

M H Filer (Resigned 11 April 2017)

M Clarke-Whelan

D J Wynne (Appointed on 22 March 2017)

Wilmington Trust SP Services (London) Limited

The directors received no remuneration during the year (2016: £nil).

THIRD PARTY INDEMNITIES

Third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements. No third party indemnities were enforced for the directors of Praxis I Finance Plc or Piraeus Bank S.A.

DIVIDENDS

The directors have not recommended a dividend (2016: nil).

FUTURE DEVELOPMENTS

Information on future developments is included in the “Future Developments” section of the Strategic report.

PRAXIS I FINANCE PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL RISK MANAGEMENT

Information on Financial Risk Management is included in the "Principal Risks And Uncertainties" section of the Strategic report.

POLITICAL DONATIONS

There have been no political donations during the year (2016: £nil)

POST YEAR END EVENTS

There have been no subsequent events since the balance sheet date.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that 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's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

APPOINTMENT OF AUDITORS

PWC LLP resigned as auditors during the year, Deloitte LLP were appointed as auditors for the current year. A resolution to appoint Deloitte LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006.

On behalf of the Board



Mignon Clarke-Whelan
On behalf of Wilmington Trust SP Services (London) Limited
Director
31 July 2018

PRAXIS I FINANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

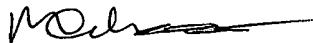
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

Approved by the Board of Directors and authorised for issue on its behalf by:



Mignon Clarke-Whelan for and on behalf of Wilmington Trust SP Services (London) Limited
Director

31 July 2018

INDEPENDENT AUDITOR'S REPORT TO PRAXIS I FINANCE PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Praxis I Finance PLC (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 16.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

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 year were: <ul style="list-style-type: none">• Loan loss provisioning; and• Revenue recognition.
Materiality	The materiality that we used in the current year was €2,278,580 which was determined on the basis of 1% of the Gross Deemed Loan to the Originator.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team and for certain audit procedures, by Deloitte Certified Public Accountants S.A. in Greece ('Deloitte Greece'), under the direction and supervision of the UK audit engagement team.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO PRAXIS I FINANCE PLC (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

Loan loss provisioning

Key audit matter description



As disclosed in Note 7, the company holds a deemed loan asset of €235m, receivable from Piraeus Bank S.A. (the 'Originator' or 'Seller') relating to a portfolio of consumer loans in Greece (the 'loan portfolio'), to which the company has acquired a beneficial interest.

The deemed loan is measured at amortised cost which is established by reference to the loan portfolio. IAS 39 Financial Instruments ('IAS 39') requires an assessment, at the end of each reporting period, as to whether there is any objective evidence that a financial asset or group of financial assets is impaired.

As the originator is required to repurchase loans that do not meet certain eligibility criteria the key audit matter relates to the identification of a loss event on the loan portfolio.

The impairment identification on the loan portfolio is derived from a model that incorporates subjective judgements including the probability of default of the underlying borrowers of the loans and the value of collateral.

Given the significant amount of management judgement involved in the assumptions used in the impairment assessment, we identified it as a potential area susceptible to fraud.





How the scope of our audit responded to the key audit matter



Based on our risk assessment process, we evaluated the appropriateness of the methodologies and policies chosen by management in relation to the identification of a loss event. We performed, among others, the following procedures:

- Obtained an understanding of management's impairment assessment process and assessed the design and implementation of relevant key controls;
- Evaluated management's methodology and the reasonableness of judgements in performing their impairment assessment;
- Reviewed the payment history of a sample of the borrowers of the loan portfolio during the year and post year-end to identify potential impairment triggers;
- Assessed the collateral quality of the loan portfolio analysing the loan to value (LTV) ratio;
- Reviewed collective impairment models used by Piraeus Bank S.A. on the consumer portfolio held as collateral to assess whether these models are in line with IAS 39 requirements; and

INDEPENDENT AUDITOR'S REPORT TO PRAXIS I FINANCE PLC (continued)

	<ul style="list-style-type: none"> Assessed the credit enhancement provided by the Originator by means of the loan portfolio meeting certain eligibility criteria and the provision of the deferred consideration reserve.
Key observations 	<p>From the work performed, we concur with management's approach to loan loss provisioning as at 31 December 2017.</p>
Revenue recognition	
Key audit matter description 	<p>Revenue recognised in the company of €961,508 arises from interest on the Deemed Loan to the Originator. For interest income the key judgement is the application of the Effective Interest Rate ('EIR') method. Management's assessment of EIR is based on the assumption that there are no transaction costs and therefore that the applicable floating interest rate equals the effective interest rate at each reporting period.</p> <p>Management have described the recognition basis for revenue in Note 1 to the financial statements.</p>
How the scope of our audit responded to the key audit matter 	<p>We performed, among others, the following procedures:</p> <ul style="list-style-type: none"> Obtained an understanding of management's revenue recognition process and assessed the design and implementation of relevant key controls; Assessed management's calculation of the EIR and compared this to the contractual terms governing the underlying loan portfolio; Reviewed a sample of loan agreements from the loan portfolio to ensure no transaction costs were paid at the origination stage; Recalculated the interest income using the applicable interest rate; and Traced interest income receipts to bank statements.
Key observations 	<p>From the work performed, we concur with management's approach to the recognition of interest income using EIR as at 31 December 2017.</p>

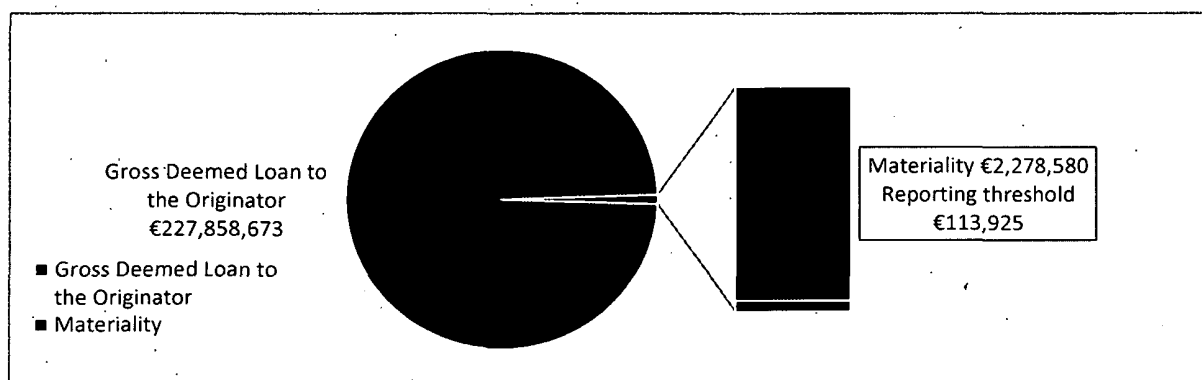
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

INDEPENDENT AUDITOR'S REPORT TO PRAXIS I FINANCE PLC (continued)

Materiality	€2,278,580
Basis for determining materiality	1% of the Gross Deemed Loan to the Originator
Rationale for the benchmark applied	The sole purpose of the company is to acquire and hold loan portfolios, which are financed by the issue of loan notes. The underlying Deemed Loan to Originator is the key driver of the company's results and is therefore the key focus of the users of the financial statements.



We agreed with those charged with governance that we would report to the directors all audit differences in excess of €113,925, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors 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 was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team and for certain audit procedures, by Deloitte Greece under the direction and supervision of the UK audit engagement team. We performed our scoping on the basis of whether we determined the balance to be material, whether quantitatively or qualitatively.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

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.

INDEPENDENT AUDITOR'S REPORT TO PRAXIS I FINANCE PLC (continued)

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO PRAXIS I FINANCE PLC (continued)

Other matters

Auditor tenure

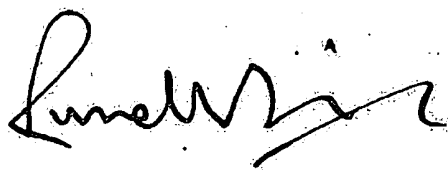
We were appointed by the Board of directors on 24 October 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The total uninterrupted engagement of the firm is one year.

Consistency of the audit report with the additional report to those charged with governance

Our audit opinion is consistent with the additional report to those charged with governance that we are required to provide in accordance with ISAs (UK).

Use of our report

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



Russell Davis, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 July 2018

PRAXIS I FINANCE PLC**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2017**

CONTINUING OPERATIONS	Note	2017 €	2016 €
Interest income	3	961,508	2,413,657
Interest expense	4	<u>(575,327)</u>	<u>(1,970,361)</u>
Net interest income		386,181	443,296
Administrative expenses		<u>(384,208)</u>	<u>(441,092)</u>
Profit before tax	5	1,973	2,204
Income tax charge	6	<u>(347)</u>	<u>(401)</u>
Profit for the year		<u>1,626</u>	<u>1,803</u>
Total comprehensive income for the year		<u>1,626</u>	<u>1,803</u>

There is no other comprehensive income for the year and prior year. All the Company's income is derived from continuing operations.

The notes on pages 18 to 30 form part of these financial statements.

PRAXIS I FINANCE PLC**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

	Note	2017 €	2016 €
Non-current assets			
Deemed Loan to the Originator	7	<u>234,448,040</u>	<u>254,693,703</u>
Current assets			
Other receivables	8	3,328	2,685
Cash and cash equivalents	9	<u>15,276,477</u>	<u>35,496,436</u>
		<u>15,279,805</u>	<u>35,499,121</u>
Total assets		<u>249,727,845</u>	<u>290,192,824</u>
Equity			
Share capital	10	13,479	13,479
Retained earnings		<u>31,427</u>	<u>29,800</u>
Total equity		<u>44,906</u>	<u>43,279</u>
Non-current liabilities			
Loan notes	11	<u>249,599,878</u>	<u>290,053,782</u>
Current liabilities			
Other payables	12	82,681	95,322
Current income tax liability		<u>380</u>	<u>441</u>
		<u>83,061</u>	<u>95,763</u>
Total liabilities		<u>249,682,939</u>	<u>290,149,545</u>
Total equity and liabilities		<u>249,727,845</u>	<u>290,192,824</u>

These financial statements of Praxis I Finance PLC, company registration number 06828528, on pages 14 to 30 were approved by the Board of Directors on 31 July 2018 and are signed on its behalf by:



Mignon Clarke-Whelan
On behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 18 to 30 form part of these financial statements.

PRAXIS I FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share Capital €	Retained Earnings €	Total equity €
At 1 January 2016	10	13,479	27,997	41,476
Profit for the year		-	<u>1,803</u>	<u>1,803</u>
At 31 December 2016		13,479	29,800	43,279
Profit for the year		-	<u>1,626</u>	<u>1,626</u>
At 31 December 2017		<u>13,479</u>	<u>31,426</u>	<u>44,905</u>

The notes on pages 18 to 30 form part of these financial statements.

PRAXIS I FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 €	2016 €
Cash flows from operating activities		
Profit before tax	1,973	2,204
<i>Adjustments for:</i>		
Interest income	(961,508)	(2,413,657)
Interest expense	575,327	1,970,361
Movement in other receivables	(643)	9,050
Movement in accrued administrative expenses	(3,925)	(38,164)
Tax paid	<u>(408)</u>	<u>(1,392)</u>
Net cash used in operating activities	<u>(389,184)</u>	<u>(471,598)</u>
 Cash flows from investing activities		
Repayments of Deemed Loan to the Originator	20,245,664	29,574,322
Interest received	<u>961,508</u>	<u>5,162,855</u>
Net cash generated from investing activities	<u>21,207,172</u>	<u>34,737,177</u>
 Cash flows from financing activities		
Repayment of Loan notes	(40,453,903)	(51,928,260)
Interest paid	<u>(584,040)</u>	<u>(1,982,910)</u>
Net cash used in financing activities	<u>(41,037,943)</u>	<u>(53,911,170)</u>
 Net decrease in cash and cash equivalents	(20,219,959)	(19,645,591)
Cash and cash equivalents at start of the year	<u>35,496,436</u>	<u>55,142,027</u>
Cash and cash equivalents at end of the year	<u>15,276,477</u>	<u>35,496,436</u>

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements.

The notes on pages 18 to 30 form part of these financial statements.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES

General information

Praxis I Finance PLC (the “Company” or the “Issuer”) is a public limited company incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a special purpose entity to facilitate the securitisation of a portfolio of amortising consumer loans originated by Piraeus Bank S.A., with borrowers in Greece.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company mainly transacts in Euros (“€”) and therefore, the Euro is its functional and presentational currency.

Going Concern

The annual financial statements have been prepared on a going concern basis, which the Board of the Directors considered as appropriate and have undertaken an assessment of the Company’s on-going business model.

The financial position of the Company, its cash flows, liquidity position and Loan notes are set out in the financial statements.

At the balance sheet date the Company is showing a net asset position of €44,906 (2016: €43,279). The liquidity position of the company is dependent on cash receipts on the underlying receivables to the deemed loan. The loans are serviced by Piraeus Bank and therefore there is dependency on the originator passing on related cash flows. Notwithstanding this the obligations of the Company to pay interest and principal on the loan notes are limited to the application of receipts on the underlying receivables in accordance with the priority of payments as set out in the terms and conditions of the notes. The notes are subject to redemption in full, at the option of the Company on any interest payment date on receipt of sufficient amounts from the Originator to enable the company to make payments for the outstanding loan notes.

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.

Macroeconomic environment

In 2017, significant developments in the Greek economy show a picture of stability to the side of the fiscal adjustment, and also recovery of confidence and trust in the market side.

In the framework of the 3rd financial adjustment programme in 2017, a range of short-term debt relief measures were implemented, the second review was completed with success, while in the 1st quarter of 2018 the completion of the third review was achieved. Moreover, in the beginning of 2018 Moody’s, S&P and Fitch raised Greece’s credit risk rating to “B3”, “B” and “B” respectively maintaining the positive outlook.

In 2017, according to the seasonally adjusted data, and the Greek real GDP increased by 1.3%, versus a decline of 0.1% in 2016. Moreover, the economic sentiment indicator improved to 96.8 points against 91.8 points in 2016, at the highest level in the last three years. In addition, ESI is in an upward trend, at 103 points on average, in the first two months of 2018. In 2017, the consumer price index rose 1.1% (2016: negative 0.8%), with the Greek economy returning to a positive inflation level after four years of deflation. Moreover, based on the average non-seasonally adjusted data, the unemployment rate, in 2017, fell to 21.5% from 23.5% in 2016. Furthermore, 2017 is a new tourism record year, as travel receipts rose to €14.6 billion (2016: €14.1 billion).

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Macroeconomic environment (continued)

In 2017, the state budget deficit, in a modified cash basis, stood at €-4.3 billion, against the target that has been incorporated in the 2018 Budget introductory report, of deficit €5.1 billion. The state budget primary balance amounted to a surplus of €1.9 billion.

The maintenance of the fiscal stability, the gradual strengthening of the international confidence in the sustainability of the country's public finances, as well as the positive effects on economic activity from the boosted domestic credibility, that will be greatly reinforced by focusing economic policy to the necessary reforms for development, will ensure the growth trajectory of the Greek economy.

The economic and political situation in Greece remains the prime risk factor for the domestic banking sector in general and for Piraeus Bank in particular. To this end, adverse developments regarding the implementation of the country's economic adjustment program would potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or losing deposits, reducing repo interbank transactions with third parties, downgrading of securities of the Greek State that are used for liquidity purposes from the Eurosystem, increasing funding through ELA mechanism) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio, possible negative assessment of the credit risk of the Greek State in which the Greek banks have significant direct and indirect exposure).

Piraeus Bank's Management closely monitors the developments and assesses periodically the negative impact that might have in its operations.

Capital adequacy

The Comprehensive Assessment ("CA" i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) in the second half of 2015 in order to quantify the capital shortfalls, after the legal framework was applied (i.e. transposition of the Bank Recovery and Resolution Directive). The announcement of the outcome of the CA by the relevant European regulatory authorities (ECB/ SSM), was made on October 31, 2015.

The Bank completed its share capital increase of € 4.6 billion in December 2015, aiming at:

- the cover of its capital needs, as determined by the Comprehensive Assessment conducted by the ECB,
- the significant strengthening of its capital base,
- the enhancement of the Bank's position, thus contributing towards the expected recovery for a part of outflow of deposits in Greece during the first half of 2015 and the reduction of the funding from Eurosystem and more specifically from the ELA.

The SSM inspection regarding the accuracy of the capital adequacy ratios calculation has been completed with insignificant impact on the Group's capital adequacy ratios. SSM's recommendations are being addressed by Bank's management through the enhancement of the internal control functions.

2018 EBA EU-Wide Stress Test

On 31 January 2018, the European Banking authority (EBA), in coordination with the SSM, launched the 2018 EU-wide stress test (2018 ST), which incorporates IFRS 9 accounting standards. No pass-fail capital threshold has been included, as the results of the exercise are designed to serve as an input to the Supervisory Review and Evaluation Process (SREP).

The 2018 ST covers Piraeus Bank S.A. as a consolidated group, including all subsidiaries and branches, both domestic and international. The 2018 ST captures risks at various levels, ranging from portfolios, obligors, to exposures and transactions. All applicable risk groups as per the 2018 EBA ST Methodology are covered in the Bank's stress test results, including net interest income, credit risk, market risk, conduct risk and other operational risks, as well as other pertinent P&L and capital risks.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Capital adequacy (continued)

As of 31 December 2017, the Group had a phase-in CET1 capital ratio of 15.1% and total risk weighted assets of €51.0 billion. On a restated basis (after taking into account the IFRS 9 one-off estimated impact of €1.6 billion, with transitional arrangements of 5% for 2018), the Bank's phase-in CET1 ratio amounted to 14.9%, as of 1 January 2018, which is the starting point for the 2018 ST. The minimum CET1 capital ratio is 4.5% and the Tier 1 ratio is 6.0%, whereas the CAD ratio is 8.0%. The relevant CET1 ratio starting point as of 30 June 2015 was 10.8% (4.1 ppts negative difference).

Liquidity

During 2017, domestic market deposits (private and public sector, on a comparative basis adjusted for Consignments and Loans Fund deposits) increased by 4% and amounted to € 137.8 billion (2016: €139.1 billion). The exposure of all Greek banks in the Eurosystem reduced from €67 billion at the end of December 2017 (2016: €108 billion) to €34 billion at the end of December 2017 (2016: €67 billion), of which about €22 billion, was covered by the Emergency Liquidity Assistance "ELA" (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB), and €12.1 billion from ECB's Main Refinancing Operations and ECB's Targeted Longer-Term Refinancing Operations II ("TLTRO II").

During the year 2017, Piraeus Bank's Group exposure to the Eurosystem reduced by €11.2 billion (2016: €11.8 billion) to €9.7 billion (2016: €20.9 billion), mainly assisted by access to international repo markets, further deleveraging of the loan portfolio, the Bank's participation in the ECB's program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional amount €0.7 billion during the 1st quarter of 2017 and its participation in ESM's bond exchange program with cash (€10.9 billion). Piraeus Bank's financing through the ELA was reduced by €6.2 billion during the year 2017 (2016: €4.8 billion) and amounted to €5.7 billion at the end of December 2017 (2016: €11.9 billion). It is noted that during 2017, the deposits of Piraeus Bank Group increased by €1.6 billion (2016: €3.0 billion) or 4% (2016: 7%).

The Company's responsibility to make payments against the Notes is limited to the funds available to it and accordingly. The contractual maturity of the notes is 2026. Based on the contractual maturity date, the Notes are all repayable in greater than 5 years

In January 2017 the governing bodies of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) approved the implementation of a set of short term measures for the relief of Greek public debt that was agreed on 25 May 2016. Among the aforementioned set of measures, a bond exchange scheme was also included, where floating rate notes disbursed by ESM and EFSF to Greece for recapitalization of Greek banks and funding gaps stemming from acquisitions / mergers were exchanged for fixed coupon notes or cash. During 2017 a notional amount of notes totaling €10.9 billion held by Piraeus Bank, was exchanged for cash and another €1.5 billion for fixed coupon notes, which were subsequently exchanged for cash on 17 January 2018, raising the total amount exchanged to €12.4 billion. Following the exchange on 17 January 2018, the bond exchange scheme has been concluded.

Furthermore, Greek banks can participate in the ECB's Targeted Longer-Term Refinancing Operations ("TLTRO"), getting the benefit associated with the new TLTRO II programme announced on 10 March 2016 by the ECB, subject to sufficient eligible collateral. The duration of the new TLTRO II is four years. Piraeus Bank participated only in the first auction on 23 June 2016 with €4 billion, shifting at the same time the €2.7 billion of TLTRO I to TLTRO II.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Standards affecting presentation and disclosure

A summary of new standards, amendments to standards and interpretations of existing standards which are expected to affect the presentation and disclosure of the financial statements are detailed below:

- IFRS 9, 'Financial Instruments' (effective 1 January 2018)

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application was before 1 February 2015.

The most significant impact on the Company's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements of its Receivables portfolio, but no impact of the Company's financial liabilities. However, the Company's directors are not yet in a position to estimate reliably the expected impact, since the Originator is in the process of building models, assembling data and calibrating the impairment stage transfer criteria.

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Company's Statement of Financial Position on the date of transition on 1 January 2018. The Company intends to apply the exemption not to restate comparative figures for prior periods, therefore the Company's 2017 comparatives will be presented on an IAS 39 basis.

- IFRS 15 Revenue from Contracts with Customers

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

According to the new standard, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The adoption of IFRS 15 is not expected to have any impact on the financial statements of the Company since the Company does not have any contracts with customers within the scope of IFRS 15.

- IAS 7 Statement of Cash Flows: Disclosure Initiative

Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

The Company has adopted the amendments to IAS 7 for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company's liabilities arising from financing activities consist of borrowings. A reconciliation between the opening and closing balances of these items is provided in the cash flow statement. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior year. Apart from the additional disclosure in the cash flow statement, the application of these amendments has had no impact on the Company's financial statements.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Early adoption of standards

The directors consider that there are no new standards, amendments and interpretations issued and available for early adoption for the financial year beginning 1 January 2016 that are relevant to the Company.

Financial assets

The Deemed Loan to the Originator and cash and cash equivalents are carried at amortised cost using the effective interest method as explained below.

The deemed loan and loan notes are considered by the directors to be non-current, based on the final maturity date of the. In accordance with the priority of payments set out in the Transaction Documents, repayment of the loan notes is required following receipt of cash flows under the deemed loan which, in certain circumstances may be within 12 months of the year end date. However, no part of the deemed loan or loan notes has been categorised as current on the basis that the directors consider it impossible to accurately determine what, if any, of the deemed loan and therefore loan notes may be repaid within 12 months of the year end date.

Deemed loan to the Originator

Under IAS 39 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 of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised Receivables and as a consequence, the Company does not recognise the Receivables on its Statement of Financial Position but rather a Deemed loan to the Originator.

The deemed loan to the Originator initially represents the consideration paid by the Company in respect of the acquisition of an interest in the securitised Receivables and is subsequently adjusted due to repayments made by the Originator to the Company. The deemed loan is carried at amortised cost using the effective interest method. The directors of the Company consider that the subordinated loan does not meet the definition of a liability as the Company will repay the subordinated loan to the Originator only if it first receives an equivalent amount from the Originator.

In addition to the subordinated loan, 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 of one another, they relate to the same risk and there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction.

In the Statement of Comprehensive Income the deferred consideration charge is netted off against interest income as it represents income that the Company is not entitled to retain.

The Company regularly reviews the underlying collateral in relation to the deemed loan to the Originator to assess for impairment. The methodology applied is further discussed below.

Deferred consideration receivable from or payable to the Originator

Under the terms of the securitisation, the Company retains the right of 0.01% available revenue receipts from the beneficial interest in the Receivables portfolio. Income in excess of 0.01% is payable to Piraeus Bank and treated as a component of the effective interest on the Deemed Loan to Originator. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised.

Cash and cash equivalents

Cash and cash equivalents represent deposits and reserves held with banks. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the Offering Circular and as such the cash and cash equivalents are not freely available to be used for other purposes.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment losses on deemed loan to the Originator

The recoverability of the deemed loan to the Originator is dependent on the collections from the underlying Receivables. The Receivables are 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.

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.

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 (subordinated loan and deferred consideration) and therefore the cash flows from the underlying Receivables are still expected to be sufficient to meet obligations under the deemed loan.

The Company assesses at each balance sheet date whether there is objective evidence that the deemed loan to the Originator is impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event (or events) has an impact on the future cash flows of the loan that can be reliably estimated.

The amount of the loss is measured as the difference between the carrying amount of the deemed loan to the Originator and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted with the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Loan notes

Loan notes were initially recognised at fair value being equal to the issue proceeds net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method. The issue costs have been borne by the Originator.

Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised on an accruals basis within 'interest income' and 'interest expense' in the Statement of Comprehensive Income using the effective interest rate method.

Effective interest rates

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when 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 (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Taxation

Current tax is recognised at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the year end date. The Company is taxed under The Taxation of Securitisation Companies Regulations 2006 (the "Permanent Tax Regime") under which the Company is taxed by reference to its retained profit as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)".

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Segmental Analysis

The Company's operations are carried out in Greece only. Its results and net assets are derived solely from its acquisition of the Loans, so therefore the directors only report one business and one geographic segment.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 1, 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 ongoing 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.

Impairment losses of financial assets

The Company, when performing impairment tests on deemed loan to originator, takes into account the performance of the Originator. The Originator in turn analyses its loans and advances to customers, makes estimates regarding the amount and timing of future cash flows. Given that these estimates are affected by a number of factors such as the financial position of the borrower, the net realizable value of any collateral or the historical loss ratios per portfolio, actual results may differ from those estimated. There was no impairment provision for the year.

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).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. INTEREST INCOME

	2017	2016
	€	€
Net interest on Deemed Loan to the Originator	<u>961,508</u>	<u>2,413,657</u>

Interest paid/payable on the subordinated loan from the Originator of €69,303 (2016: €63,088) is offset against the interest on the deemed loan to the Originator.

4. INTEREST EXPENSE

	2017	2016
	€	€
Interest on loan notes	<u>575,327</u>	<u>1,970,361</u>

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

5. PROFIT BEFORE TAX

Profit before taxation is stated after charging:

	2017	2016
	€	€
Servicing fees	270,463	317,819
Auditors' remuneration – audit of the statutory financial statements of the Company	40,400	49,720
Corporate service and accountancy fees	44,356	41,723
Other expense	19,363	23,000
Tax compliance services fees	<u>2,026</u>	<u>8,830</u>
	<u>384,208</u>	<u>441,092</u>

The Company has no employees (2016: no employees). Other than the corporate services fees paid to Wilmington Trust SP Services (London) Limited as set out above, the directors received no remuneration during the year (2016: £nil).

6. INCOME TAX CHARGE

a) Analysis of tax charge for the year:

	2017	2016
	€	€
Current tax:		
UK Corporation tax	<u>347</u>	<u>401</u>

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 19.25% (2016: 20%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

b) Reconciliation of effective tax rate

The tax for the year is different from the standard rate of corporation tax in the UK of 19% (2016: 20%) applied to the profit before income tax.

	2017	2016
	€	€
Profit before income tax	<u>1,973</u>	<u>2,204</u>
Tax at the UK corporation tax rate of 19.25% (2016: 20%)	380	441
Prior year adjustment	<u>(33)</u>	<u>(40)</u>
Total income tax credit	<u>347</u>	<u>401</u>

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

6. INCOME TAX CHARGE (continued)

b) Reconciliation of effective tax rate (continued)

Under the powers conferred by Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)". Therefore the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction and as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)".

The directors are satisfied that the Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

7. DEEMED LOAN TO THE ORIGINATOR

	2017	2016
	€	€
Gross Deemed Loan to the Originator	246,177,244	266,422,907
Subordinated loan from the Originator	(11,729,204)	(11,729,204)
Net Deemed Loan to the Originator	<u>234,448,040</u>	<u>254,693,703</u>

New subordinated loans (net) from the Originator were increased by €nil (2016: €nil) during 2017.

The Deemed Loan to the Originator is secured with a portfolio of Euro denominated Greek amortising consumer loans (the "Receivables Portfolio"). The deemed loan to the Originator is not considered to be impaired at 31 December 2017. The credit quality of the Receivables Portfolio underlying the deemed loan to the Originator is summarised as follows:

	2017	2016
	€	€
Neither past due nor impaired	162,072,804	188,048,729
Past due but not impaired	58,738,440	72,570,577
Impaired	<u>5,397,880</u>	<u>7,300,783</u>
	226,209,124	267,920,089
Less: allowance for impairment	<u>(12,029,768)</u>	<u>(15,857,532)</u>
	<u>214,179,356</u>	<u>252,062,557</u>

Under the terms of the securitisation transaction, under certain conditions the Originator will repurchase certain non-performing loans. During 2017, €31,165,711 (2016: €30,836,635) of non-performing loans were repurchased by the Originator. In addition, the Company is able to purchase additional loans during a revolving period. During 2017, €32,238,830 (2016: €32,155,814) of additional loans were acquired. Loans purchased during the year have all met the eligibility criteria as defined in the transaction documents.

As explained under the going concern paragraph in Note 1 the current economic conditions in Greece raise uncertainties on the future timing and levels of collections from the Receivables Portfolio which may result in increased future impairment losses.

In order to provide additional credit enhancement, the unpaid deferred purchase consideration is offset against the gross deemed loan balance.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

8. OTHER RECEIVABLES

	2017	2016
	€	€
Prepayments and accrued income	<u>3,328</u>	<u>2,685</u>
	<u>3,328</u>	<u>2,685</u>

9. CASH AND CASH EQUIVALENTS

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements. All cash of the Company is held with the Originator and Citibank N.A. The short term credit rating of Citibank N.A. as at 19th December 2016 was A-1.

	2017	2016
	€	€
Bank current accounts	24,494	22,971
Bank deposit accounts	<u>15,251,983</u>	<u>35,473,465</u>
	<u>15,276,477</u>	<u>35,496,436</u>

The bank deposit accounts are available on demand. The balance above contains reserve funds totalling €10,710,652 (2016: €29,080,879), as required under the transaction documentation.

10. SHARE CAPITAL

	2017	2016
	€	€
Issued share capital:		
2 (2016: 2) fully paid ordinary shares at £1 each	2	2
49,998 (2016: 49,998) quarter paid ordinary shares at £1 each	<u>13,477</u>	<u>13,477</u>
	<u>13,479</u>	<u>13,479</u>

The issued share capital is reflected in the financial statements based on the prevailing €/\$ exchange rate at the time of issue which was £/€1.078.

11. LOAN NOTES

The Notes are listed on the Irish Stock Exchange and are due for repayment by June 2026. They are repaid according to the repayments received from the Receivables Portfolio and their repayment in full depends on the funds generated by the Receivables Portfolio being sufficient. The Notes outstanding at the year-end were as follows:

	2017	2016
	€	€
Class A Notes	-	36,053,782
Class B Notes	<u>249,599,878</u>	<u>254,000,000</u>
	<u>249,599,878</u>	<u>290,053,782</u>

The Company has not had any defaults or any other breaches with respect to the Notes. During the year, €4,400,122 of class A notes (2016: €51,928,260) and €36,053,782 of class B notes were redeemed.

The Notes are due to mature in 2026 and interest is paid monthly in arrears on the 28th of each month (each an "Interest Payment Date"):

- (i) on the Class A Notes, at an annual rate of 2.90%; and
- (ii) on the Class B Notes, at an annual rate of one-month EURIBOR.

For the fair value of the Notes please refer to Note 13.

12. OTHER PAYABLES

	2017	2016
	€	€
Interest payable	-	8,713
Accrued administrative expenses	<u>82,681</u>	<u>86,609</u>

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise of the Deemed loan to the Originator, the Notes, cash and various other receivables and payables that arise directly from its operations.

It is, and has been throughout the financial year under review, the Company's policy that no trading in financial instruments is undertaken.

The Originator manages the Receivables Portfolio under the servicer agreement with the Company. In managing the Receivables Portfolio, the Originator applies its own risk management infrastructure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

Credit risk

The maximum exposure to credit risk is considered to be the carrying amount of the relevant financial instruments as detailed below:

	2017 €	2016 €
Deemed Loan to Originator	234,448,040	254,693,703
Cash and cash equivalents	15,276,477	35,496,436
Maximum credit risk exposure	249,724,517	290,190,139

The Receivables Portfolio underlying the deemed loan consists of consumer loans originated by Piraeus Bank S.A., with borrowers in Greece. Refer also to Note 7 for information on the credit quality of the Receivables Portfolio. Cash and cash equivalents represents cash held with the Originator.

Interest rate risk

The Company is exposed to interest rate risk in relation to the assets. However, this risk is mitigated from the transaction structure through the credit enhancement. Due to the nature of the receivables and the regular reprising of the floating rate notes, there is significant differential between interest paid and interest received, therefore interest rate risk increases. However this risk is mitigated through the securitisation transaction as a result of the deferred purchase consideration mechanism and the credit enhancement provided by the Originator.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due. The Company's responsibility to make payments against the Notes is limited to the funds available to it and accordingly, the Company is insulated from liquidity risk as experienced in the financial markets and prepayment risk. The contractual maturity of the notes is 2026. Based on the contractual maturity date, the Notes are all repayable in greater than 5 years.

Fair values of financial assets and liabilities

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Category		Carrying amount 2017 €	Fair value 2017 €	Carrying amount 2016 €	Fair value 2016 €
Financial assets					
Deemed Loan to the Originator	Amortised Cost	234,448,040	125,230,421	254,693,703	101,671,000
Cash and cash equivalents	Amortised Cost	15,276,477	15,276,477	35,496,436	35,496,436
Financial liabilities					
Loan notes	Amortised Cost	249,599,878	133,322,667	290,053,782	137,058,000
Other payables	Amortised Cost	82,681	82,681	95,322	95,322

Determining fair value is dependent on many factors and can only be an estimate of what value may be obtained in the open market at any point in time.

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

13. FINANCIAL RISK MANAGEMENT (continued)

Fair values of financial assets and liabilities (continued)

The majority of the fair values of the Company's financial instruments are not based on observable prices quoted in active markets, but are arrived at using valuation techniques. These valuation techniques (for example, models) are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are checked before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. The fair value of the deemed loan to the Originator is calculated by reference to the fair value of the loan notes. The fair value of the deemed loan is classified as Level 2.

The fair value of the loan notes has been estimated based on the price quoted by the European Central Bank for accepting the underlying securities as collateral for lending to the Originator. The fair value of the loan notes is classified as Level 2. The notes are listed on the Irish Stock Exchange.

The directors note the significant shortfall between the carrying amount and fair value of the notes (and of the deemed loan). The low fair value is due to the markets pricing of the risks associated with Greece in general whilst in practice the ability to repay the issued notes depends primarily on the quality of the underlying receivables and their servicing by the Originator (see Note 7).

Foreign currency risk

The majority of the Company's assets and liabilities are denominated in Euro and therefore currently there is minimal foreign currency risk.

Fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 - valued using quoted prices in active markets for identical assets or liabilities

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data. The valuation techniques used by the Company are explained in the accounting policies note.

The valuation techniques used by the company are explained in note 2. There has been no movement in classification of levels during the year.

The Company has no financial instruments included in its balance sheet that are measured at fair value. The fair value the Loans and Notes are categorised as level 2.

Capital management

The Company considers its capital to comprise its ordinary share capital and its accumulated retained earnings. There have been no changes in what the Company considers to be its capital since the previous year. The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances with the Originator which are identified throughout the financial statements, the following transactions are also required to be disclosed under IAS 24 Related Party Disclosures.

During the year corporate and accounting services were provided by Wilmington Trust SP Services (London) Limited to the Company for which Wilmington Trust SP Services (London) Limited earned €44,356 (2016: €41,723) including value added tax and expenses.

The Notes held by the Originator at 31 December 2017 amounted to €249,599,878 (2016: €290,053,782).

PRAXIS I FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

15. ULTIMATE CONTROLLING PARTY

The shares in the Company are 99.99% held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes. The remaining 0.01% of the shares is held under a nominee Declaration of Trust for charitable purposes. Piraeus Bank S.A. has no direct ownership interest in the Company. However, in accordance with IFRS, and particularly IFRS 10, the results of the Company are included in the consolidated financial statements of Piraeus Bank S.A., a company incorporated in Greece, whose principal place of business is 4 Amerikis St, 105 64 Athens, Greece. It is the largest and smallest group into which the results of the Company are consolidated. The Company's ultimate controlling party is considered to be Piraeus Bank S.A. The consolidated financial statements of Piraeus Bank S.A. can be obtained at www.piraeusbank.gr.

16. SUBSEQUENT EVENT

The portfolios of receivables amounting to €17,246,453 have been redeemed since the year end. The Company has not acquired any further purchases to the receivables portfolio since the year end. There are no subsequent events that require adjustments in the financial statements.