Company Registration Number: 07140938

PISTI 2010-1 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS	PAGE

PISTI 2010-1 PLC

CORPORATE INFORMATION

Directors	Mrs M Clarke-Whelan Mr R Sutton Mr I Kyriakopoulos Mr D J Wynne Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	07140938
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arm Yard London EC2R 7AF
Auditor	Deloitte LLP, Statutory auditor London United Kingdom
Servicer	Alpha Bank AE 40 Stadiou 102 52 Athens Greece

PISTI 2010-1 PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report of Pisti 2010-1 Plc (the "Company") for the year ended 31 December 2018.

GENERAL

PRINCIPAL ACTIVITIES

The Company was incorporated as a Public Limited Company on 29 January 2010. The principal activities of the Company are those of a special purpose vehicle, set up to acquire a portfolio of loans and Credit Card Accounts (the "Receivables"), and to finance such activities by issuing securities, entering into financial instruments and derivative contracts, borrowing and lending money with or without security subject to and in accordance with the terms of the relevant transaction documents.

In accordance with a securitisation prospectus dated 25 February 2010, on 25 February 2010 the Company issued €602,400,000 Series 2010-1 Class A Asset Backed Fixed Rate Notes and €353,900,000 Series 2010-1 Class B Asset Backed Floating Rate Notes due February 2021 in order to purchase a portfolio of loans (Open Loan Account and Credit Card Account) from Alpha Bank AE (the "Originator") in Greece. The fixed and floating rate loan notes are due to mature in February 2021 and are listed on the Irish Stock Exchange (main market). On 20 June 2018, Series 2010-1 Class A and B Notes final maturity date was extended to February 2026.

The sale of the Receivables to the Company is considered to fail the derecognition criteria of IFRS 9 Financial Instruments, in the books of Alpha Bank AE and therefore they are retained on the Statement of Financial Position of Alpha Bank AE, (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.

REVIEW OF THE BUSINESS

KEY PERFORMANCE INDICATORS AND RESULTS

The Company's financial position at the year-end is shown in the attached financial statements. The profit on ordinary activities after taxation for the year was €3,888 (2017: €3,876). As at year end the carrying value of the Deemed the Loan to Originator was €399,385,156 (2017: €418,373,505). Loan notes and borrowings held at the year-end were amounted to €580,059,720 (2017: €577,225,744). As of 31 December 2018 cash and cash equivalents, including reserve funds, were €181,103,650 (2017: €159,237,474). The key performance indicators of the Company are net interest income and impairment losses. During 2018 net interest income was €77,600,728 (2017: €74,296,077). The impact of the impairment charge to the results of the Company is offset through deferred purchase consideration as explained further in note 1.

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

As at 1 January 2018 the IFRS 9 FTA impact on the carrying value of the receivables portfolio was a decrease of €66,756,544. However, this has no impact on the total equity as the increase in the impairment provision on the underlying Receivables Portfolio was offset by deferred purchase consideration (credit enhancement) available within the structure. Accordingly, no provision was recognised against the Deemed Loan to the Originator. Please refer to note 1 for more details on the IFRS 9 FTA impact.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the Strategic Report. In addition, Note 14 to the financial statements includes the Company's financial risk management objectives and its exposures to market risk, credit risk and liquidity risk. As at year end carrying value of the Deemed Loan to Originator was €399,385,156 (2017: €418,373,505). Loan notes and borrowings held at the year end amounted to €580,059,720 (2017: €577,225,744). As of 31 December 2018, cash and cash equivalents, including reserve funds, were €181,103,650 (2017: €159,237,747). The Company' made a profit of €3,888 in the current year (2017: €3,876) and at year end Shareholder funds were €47,053 (2017: €43,165).

The directors have undertaken a detailed assessment of the Company's on-going business model, in view of the importance of the recovery of the deemed loan to the Originator ('Alpha Bank AE' or 'the Group') in being able to repay its liabilities on the loan notes. Under the terms of the loan notes issued by the Company and associated arrangements, amounts due are only payable and limited to the extent that there are sufficient receipts from the Deemed Loan to the Originator.

Under the terms of the prospectus, the Class A and Class B loan notes are limited-recourse debt obligations of the Company. The ability of the Company to meet its obligations under the loan notes will be directly dependent primarily upon the receipt by it of principal and interest from the obligors under the Deemed Loan to the Originator. Other than any interest earned by the Company in respect of the Company bank accounts, the Company is not expected to have any other funds available to it to meet its obligations under the loan notes and/or any other payment obligation ranking in priority to, or pari passu with, the loan notes. Upon enforcement of the security for the loan notes, the Trustee or any receiver and the loan notes holders will have recourse only to the purchased loans, the Company's interest in the relevant related security and to any other assets of the Company then in existence as described in this document. If there are insufficient amounts available from the Open Loan Account and Credit Card Accounts to pay in full the Company's secured liabilities, then the secured creditors shall have no further claim against the Company in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

On 20 June 2018, Series 2010-1 Class A and B Notes final maturity date was extended to February 2026.

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

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

MANAGEMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors expect that the present level of activity will be sustained in the foreseeable future and the activities of the Company are limited to those of the holding and management of the portfolio of loans acquired from Alpha Bank AE.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Company is exposed to a range of business risks and a detailed consideration of the risk factors relevant to the Securitisation Transaction is included in the section "Risk Factors" of the Offering Circular and they are summarised below. Further information on the Company's financial risks and the management of these are set out in note 14 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT (CONTINUED)

Market Risk
Market risk exists where changes in the economic environment in which the Company operates may negatively impact the Company's performance. The Company is exposed to a range of market risks which includes market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to the underlying borrowers with whom the Company has exposure through the deemed loan to the Originator. Conditions may deteriorate further due to the continued financial and economic uncertainty in Greece. However, based on the terms of transaction documents, the risk for the Company in being able to pay off its obligation is limited to the receipt of funds from the Originator.

Operational risk
The principal operational risk to the Company is the ability of the Company to meet its obligations to pay principal and interest on the Loan notes and its operating and administrative expenses. The Company's cash flows are derived from the Deemed Loan to the originator which in turn is derived from the underlying loan portfolio.

If there are insufficient funds available as a result of such deficiencies, then the Company may not be able, after making the payments to be made in priority thereto, to pay, in full or at all, amounts of interest and principal due to holders of, firstly, the Class B Notes and secondly, the Class A Notes. In this situation, there may not be sufficient funds to redeem each class of the Notes on or prior to the final maturity date.

In addition, over reliance on the servicer and underperformance of the servicer could materially impact cash flows, income and profitability and therefore adversely impact the Company's result.

Compliance risk
Compliance risk exists where failure to comply with applicable legislation and regulatory requirements within the geographies and markets the Company operates and potential breaches may result in reputational damage fines which may impact the Company's ability to remain competitive in the market.

The Company has appointed a servicer and a corporate service provider in order to keep up to date with any changes to any regulatory environment which could adversely impact the Company.

Brexit Risk
23 June 2016, the UK voted to exit the European Union. The UK is currently scheduled to leave the EU on 31 January 2020. As no exit deal has been currently reached, it is difficult to determine the likely economic financial impact at this stage. However, general market conditions may slow in the short to medium term which could impact the performance of the Deemed Loan to the Originator. This is not expected to have any effect on the Company's ability to continue as a going concern, given the credit enhancement in the structure and the limited recourse nature of the Company's debt. In addition, although the directors of the Company are based in the UK, the underlying collateral is in the European Union. At the date of signing these financial statements, the Directors do not foresee any immediate risks crystallising. However, the directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

Interest rate risk
The Company is exposed to interest rate risk as interest rates on the portfolio of receivables will not necessarily match the rate of interest payable on the loan notes. The interest rate on the portfolio of loans is set by Alpha Bank AE on behalf of the Company, whereas interest on loan notes is fixed or calculated by reference to a margin over one month EURIBOR.

PISTI 2010-1 PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT (CONTINUED)

Credit risk
The Company is exposed to credit risk, in relation to defaults from repayments of the portfolio of receivables underpinning the Deemed Loan to the Originator. At the time of acquisition, the portfolio of loans was carefully selected to meet certain criteria, as set out in the offering circular issued in connection with the issue of the fixed and floating rate loan notes. These criteria and the day to day management of the portfolio of loans are undertaken by Alpha Bank AE which actively manages the collection of the outstanding amounts. During the year Alpha Bank AE have repurchased default loans. As noted above, the issues prevalent in Greece could impact on the ability of the borrower to repay the loans. However, the transaction is structured as limited recourse, such that the ability of the Company to meet its obligations under the loan notes will directly depend upon receipt of funds from the Originator, which is in turn dependent on the ability of underlying borrowers to service their loans. During 2018 Alpha Bank AE has repurchased Receivables from the Company of €18,153,935 (2017: €18,838,818), which might otherwise have become impaired. As at the signing date of the Financial Statements Alpha Bank AE has repurchased €36,429,242 since the year end.

Liquidity risk
Notwithstanding the factors noted above in relation to the risks associated with collecting amounts due from the Deemed Loan to the Originator, the liquidity risk is not regarded as significant, given that the entity is only obliged to make payments to the loan notes holders from amounts collected from the portfolio of loans. The Company holds a large cash balance which helps it in managing the liquidity risk.

Foreign currency risk
The Company's assets and liabilities are denominated in Euros and are not exposed to any material currency fluctuations to any material transactions that are denominated in currencies other than Euros. Accordingly, the currency risk for the Company as a whole is considered to be low.

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

I Kyriakopoulos
Director
19 December 2019

PISTI 2010-1 PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of Pisti 2010-1 Plc (the "Company") for the year ended 31 December 2018 with comparatives for the year ended 31 December 2017.

THE DIRECTORS
The directors who served the Company during the year and up to the date, of signing of the financial statements, except as a noted, are as follows:

Mrs M Clarke-Whelan (Resigned 1 October 2018)
Mr D J Wynne
Mr I Kyriakopoulos (Appointed on March 2019)
Mr R Sutton (Appointed 1 October 2018 and resigned 26 March 2019)
Wilmington Trust SP Services (London) Limited

DIVIDENDS
The directors have not recommended a dividend (2017: €nil).

DONATIONS
The Company made no political or charitable donations during the year under review (2017: €nil).

THIRD PARTY INDEMNITIES
Qualifying 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 Strategic Report, Directors' Report and financial statements.

CORPORATE GOVERNANCE

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that 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 whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued on the Irish Stock Exchange, the directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is largely exempt from the disclosure requirements of the provisions of the UK Code Corporate Governance.

CAPITAL STRUCTURE
Details of the issued share capital, together with details of holders of shares are shown in Note 12 and Note 16 to the financial statements. There are 50,000 authorised ordinary shares of £1 each. The issued share capital consists of 2 fully paid ordinary shares and 49,998 quarter paid ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders. 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 the minimum requirement.

PISTI 2010-1 PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

RISK MANAGEMENT
The directors have carried out an assessment of the principal risks facing to the Company and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the Company and its management are discussed in the strategic report and further information on the Company's financial risks management are set out in note 16, "Financial Risk Management" to the financial statements.

FUTURE DEVELOPMENTS
Future Developments are discussed in detail in the strategic report.

POST BALANCE SHEET EVENTS
Loans amounting to €36,429,242 have been redeemed since the year end. The Company has also acquired loans amounting to €45,708,043 since the year end. There were no other significant balance sheet events.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is 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
In accordance to section 485 of the Companies Act 2006, the Board of Directors has proposed the appointment of Macintyre Hudson LLP as the statutory Auditor of the Company who have expressed willingness to accept the engagement.

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

I Kyriakopoulos
Director
19 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual 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 are required 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 accounts 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PISTI 2010-1 PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pisti 2010-1 plc (the 'company'):

- **give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its 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 17.

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: • Loan loss provisioning, valuation of deferred consideration; and • Revenue recognition of interest income on stage 3 loans in the underlying portfolio.
Materiality	The materiality that we used in the current year was €6,907,973 (2017:€4,000,000), which was determined on the basis of 1% of the preliminary gross underlying receivables balance.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There were no significant changes in scope in the current year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PISTI 2010-1 PLC (CONTINUED)

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.**

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: Valuation of deferred consideration	
Key audit matter description	As disclosed in Note 8 and Note 1, the company's Deemed Loan balance of €424,688,355 (2017: €418,373,505) is underpinned by a portfolio of corporate bonds and terms loans originated by Alpha Bank AE (the 'underlying receivables'). On 1 January 2018, the company implemented IFRS 9 'Financial Instruments' ('IFRS 9'), which introduced a loan loss provisioning methodology based on expected credit losses ('ECL'), replacing the previous incurred loss model under IAS 39. Performance of the Deemed Loan is derived from the performance of the Receivables Portfolio, combined with the credit enhancements provided by the Originator in respect of the Deemed Loan. Credit enhancement is a deferred payable to the parent Alpha Bank A.E which therefore partially protects the company against credit risk on the deemed loan from the parent.

<table>
<tr><td>How the scope of our audit responded to the key audit matter</td><td>Based on our risk assessment process, we evaluated valuation of the deferred consideration liability as our key audit matter, as it is netted with the impairment provision no impairment number is disclosed on the statement of financial position. The value of impairment is a significant source of judgement; as the deferred consideration figure causes this number to not be stated on the balance sheet, it is valuation of this number which forms the significant risk.

We performed, among others, the following procedures:
Obtained an understanding of management's deferred consideration calculation process and assessed the design and implementation of relevant key controls;
Assessed this against the offering circular which describes how deferred consideration must be calculated;
Checked IFRS 9 requirements for calculation and disclosure;
Recalculated deferred consideration expense and liability at year end to determine the level of credit enhancement;
Compare credit enhancement available with expected credit losses to assess whether there is sufficient coverage; and
Traced cash movements to bank statements.</td></tr>
<tr><td>Key observations</td><td>From the work performed, we concur with management's approach to valuation of deferred consideration as at 31 December 2018.</td></tr>
<tr><td colspan="2">Revenue recognition of interest income on stage 3 loans in the underlying portfolio</td></tr>
<tr><td>Key audit matter description</td><td>Revenue recognised in the Company of €12,166,443 (2017: 87,644,895) arises from interest on the Deemed Loan. For interest income the key judgement is the application of the Effective Interest Rate ('EIR') method.

Given the judgment involved in the assumptions used, for example the period over which fees are amortised, and the fact that for stage 3 loans interest is only charged on the balance net of impairment, we identified revenue recognition as a potential area susceptible to fraud.

Management have described the recognition basis for revenue in Note 1 and Note 3 to the financial statements.</td></tr>
<tr><td>How the scope of our audit responded to the key audit matter</td><td>We performed, among others, the following procedures:
Obtained an understanding of management's revenue recognition process, assessed this against accounting requirements 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 loan;
Performed work on the automated control of interest rate calculation;</td></tr>
</table>

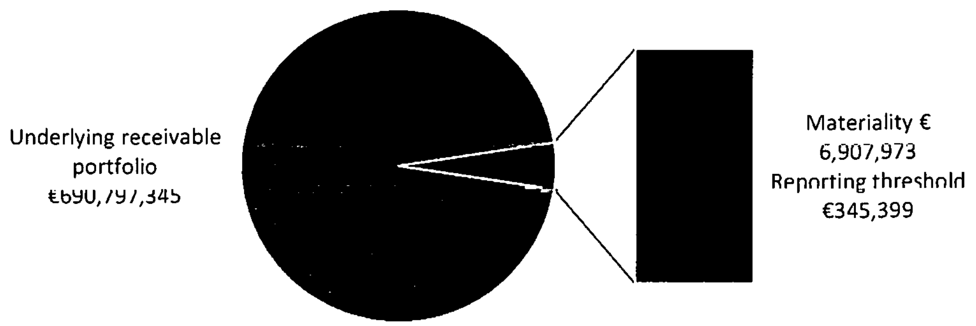
	• Assessed whether accurate flow through of the interest income amounts per loan on a sample basis through to the SPV.
Key observations	From the work performed, we concur with management's approach to the recognition of interest income as at 31 December 2018.

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:

Materiality	€6,907,973 (2017:€4,000,000).
Basis for determining materiality	1% of the preliminary gross underlying receivable balance (2017: 1% of the preliminary gross underlying receivable balance), which forms the Deemed Loan prior to impairment and deferred consideration. We have assessed that updating the materiality to use the final figure would not cause a material impact on the testing.
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 receivables balance forms the Deemed Loan value prior to impairment which 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 the management that we would report to the management all audit differences in excess of €345,399 (2017: €200,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the management 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, due to the fact that certain functions are located in head office in Greece, work on certain areas are performed by a member firm based in Greece. We performed out 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.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including IT and IFRS 9 specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, loan loss provisioning; and
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included the UK Companies Act 2006, Listing Rules and the UK Securitisation Tax Regime.

Audit response to risks identified
As a result of performing the above, we identified loan loss provisioning and revenue recognition as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and

evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Other matters

Auditor tenure

Following the recommendation of the Alpha Bank A.E audit committee, we were appointed by the Board of directors on 22 November 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 2017 to 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee 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.

Simon Stephens, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 December 2019

PISTI 2010-1 PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
Interest income	3	12,166,443	87,644,895
Interest expense	4	(12,015,184)	(13,348,818)
Net interest income		151,259	74,296,077
Impairment charge	3,8	-	1,894,578
Deferred consideration expense	7	-	(76,046,079)
Administrative expenses	5	(146,459)	(139,776)
Profit before tax for the year		4,800	4,800
Tax charge	6	(912)	(924)
Profit for the year		3,888	3,876
Other comprehensive income		-	-
Total comprehensive income	11	3,888	3,876

All the Company's income and expenses arise from continuing operations.

The notes on pages 21 to 39 form part of these financial statements.

PISTI 2010-1 PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 €	2017 €
Assets			
Cash and cash equivalents	10	**181,103,650**	159,237,474
Deemed Loan to Originator	8	**424,688,355**	418,373,505
Other assets	9	**4,094**	4,094
Total assets		**605,796,099**	577,615,073
Equity			
Issued capital	11	**14,283**	14,283
Retained earnings	11	**32,770**	28,882
Total equity		**47,053**	43,165
Liabilities			
Other liabilities	13	**385,215**	345,240
Tax payable		**912**	924
Deferred consideration payable	8	**25,303,199**	-
Loan notes and borrowings	12	**580,059,720**	577,225,744
Total liabilities		**605,749,046**	577,571,908
Total equity and liabilities		**605,796,099**	577,615,073

These financial statements for Pisti 2010-1 Plc, Company registration 07140938, on pages 17 to 39 were approved and authorised for issue by the directors on 19 December 2019 and are signed on their behalf by:

I Kyriakopoulos
Director

The notes on pages 21 to 39 form part of these financial statements.

PISTI 2010-1 PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital	Retained earnings	Total
		€	€	€
Balance at 1 January 2018		**14,283**	**28,882**	**43,165**
Profit for the year	**11**	**-**	**3,888**	**3,888**
Balance attributable to equity holders as at 31 December 2018		**14,283**	**32,770**	**47,053**

	Notes	Share capital	Retained earnings	Total
		€	€	€
Balance at 1 January 2017		14,283	25,006	39,289
Profit for the year	11	-	3,876	3,876
Balance attributable to equity holders as at 31 December 2017		14,283	28,882	43,165

The notes on pages 21 to 39 form part of these financial statements.

PISTI 2010-1 PLC

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018	31 December 2017
Cash flows from operating activities		€	€
Profit before tax for the year		4,800	4,800
Adjustments for:			
Interest income	3	(89,615,912)	(87,644,895)
Interest expense	4	12,015,184	13,348,818
Deferred consideration expense		77,449,469	76,046,079
Reversal in impairment		-	(1,894,578)
Increase/ (decrease) in accruals and deferred income		19,587	(15,638)
Tax paid		(924)	(960)
Net cash used in operating activities		(127,796)	(156,374)
Cash flows from investing activities			
New receivables originated or purchased		(1,590,728,186)	(1,381,989,957)
Repayments of loans and loans repurchased by originator		1,555,976,904	1,390,495,397
Interest income received		90,173,583	87,752,016
Net cash generated from investing activities		55,422,302	96,257,456
Cash flows from financing activities			
Interest paid		(9,155,563)	(9,206,854)
Transferor interest paid		(24,272,767)	(75,480,498)
Net cash used in financing activities		(33,428,330)	(84,687,352)
Net increase in cash and cash equivalents		21,866,176	11,413,730
Cash and cash equivalents at the start of the year		159,237,474	147,823,744
Cash and cash equivalents at the end of the year		181,103,650	159,237,474

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

The notes on pages 21 to 39 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Pisti 2010-1 Plc is a Public Limited Company incorporated and domiciled in England and Wales with registered number 07140938.

Statement of compliance
These financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU) ("IFRS").

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

The financial statements of the Company are prepared on a going concern basis, under the historical cost convention as modified by revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU).

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

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the Strategic Report. In addition, note 14 to the financial statements includes the Company's financial risk management objectives and its exposures to market risk, credit risk and liquidity risk. As at year end carrying value of the Deemed Loan to Originator was €399,385,156 (2017: €418,373,505). Loan notes and borrowings held at the year end amounted to €580,059,720 (2017: €577,225,744). As of 31 December 2018, cash and cash equivalents, including reserve funds, were €181,103,650 (2017: €159,237,474). The Company' made a profit of €3,888 in the current year (2017: €3,878) and at year end Shareholder funds were €47,053 (2017: €43,165).

The directors have undertaken a detailed assessment of the Company's on-going business model, in view of the importance of the recovery of the deemed loan to the Originator ('Alpha Bank AE' or 'the Group') in being able to repay its liabilities on the loan notes. Under the terms of the loan notes issued by the Company and associated arrangements, amounts due are only payable and limited to the extent that there are sufficient receipts from the Deemed Loan to the Originator.

Under the terms of the prospectus, the Class A and Class B loan notes are limited-recourse debt obligations of the Company. The ability of the Company to meet its obligations under the loan notes will be directly dependent primarily upon the receipt by it of principal and interest from the obligors under the Deemed Loan to the Originator, Other than any interest earned by the Company in respect of the Company bank accounts, the Company is not expected to have any other funds available to it to meet its obligations under the loan notes and/or any other payment obligation ranking in priority to, or pari passu with, the loan notes. Upon enforcement of the security for the loan notes, the Trustee or any receiver and the loan notes holders will have recourse only to the purchased loans, the Company's interest in the relevant related security and to any other assets of the Company then in existence as described in this document. If there are insufficient amounts available Open Loan Account and Credit Card Accounts full the Company's secured liabilities, then the secured creditors shall have no further claim against the Company in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

The directors believe the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

Financial Instruments
The Company recognises a financial asset or a financial liability at the time it becomes a party to a contract because that is the point at which it has contractual rights or obligations. Financial assets are initially recognised at fair value and are subsequently carried at amortised cost using effective interest method. The financial liabilities are initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Standards affecting presentation and disclosure

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

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

The new standards that are issued but not yet effective including IFRS 16: Leases are not considered to have a material impact on the Company's financial statements in the period of the initial application and in the long term.

Changes in accounting policies

On 1 January 2018, the Company implemented IFRS 9 'Financial Instruments'. As permitted by IFRS 9, comparative information for previous periods has not been restated. The impact on the Company's financial position of applying IFRS 9 requirements is set out in note 8.

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

Classification and measurement of financial assets and financial liabilities

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed the financial instruments held by the Company and determined whether reclassification was needed under IFRS 9. The financial assets and financial liabilities of the Company comprise the Deemed Loan to the Originator, other assets, cash, Loan notes and other liabilities. These are measured at amortised cost and there is no change in classification under IFRS 9 from IAS 39. Refer to note 8 for further detail.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI) and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Impact on the financial statements

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

Implementation of IFRS 9 impacted the carrying value of receivables portfolio with a decrease of €66,756,544. However, this has no impact on the total equity as the increase in the impairment provision on the underlying Receivables Portfolio was offset by the deferred purchase consideration (credit enhancement) available within the structure. Accordingly, no provision was recognised against the Deemed Loan to the Originator. There has been no change in the carrying amount of financial instruments on the basis of their measurement categories. All adjustments have arisen solely due to a replacement of the IAS 39 incurred loss impairment approach with an expected credit loss (ECL) approach.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impact on the financial statements (continued)
The adoption of IFRS 9 had no impact on the opening retained earnings of the Company.

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

	Note	31 December 2017 As originally presented	IFRS 9 adjustment – Classification and measurement	IFRS 9 adjustment – Expected credit losses	1 January 2018 Restated
Non - Current assets					
Carrying value of receivables portfolio	8	634,131,866	-	**(66,756,544)**	567,375,322
Deferred purchase consideration	8	(215,758,361)	-	**66,756,544**	(149,001,817)
Total		**418,373,505**	-	-	**418,373,505**

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

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

	1 January 2018	31 December 2017
Closing retained earnings – IAS 39	**28,882**	28,882
Decrease in gross Deemed Loan to the Originator	**(66,756,544)**	-
Decrease in deferred purchase consideration	**66,756,544**	-
Opening retained earnings - IFRS 9	**28,882**	28,882

There is no impact on the retained profit as the increase in the impairment provision, on the underlying Receivables Portfolio, is offset by deferred purchase consideration (credit enhancement) available within the structure. Thus the increase of the impairment in the underlying Receivables Portfolio is netted against the deferred purchase consideration on the Statement of Financial Position.

Presentation change to Balance Sheet and P&L as a result of IFRS 9
Due to the implementation of IFRS 9, there were presentation changes in both the balance sheet and P&L as follows:

- reclassification of the deferred consideration amount that will be settled in cash subsequent to year-end as a financial liability in the statement of the financial position; and
- netting of the deferred consideration charge and impairment gain/ (charge) against interest income on the statement of comprehensive income as at 31 December 2018.

There is no change in presentation of the deemed loan net of the deferred consideration on the balance sheet. There is no change in presentation for the year 2017 due to qualitative factors given that the cash flows are only due to a single party.

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

Derecognition of Financial Instruments

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

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

(i) the consideration received (including any new asset obtained less any new liability assumed); and
(ii) any cumulative gain or loss that had been recognised in other comprehensive income

is recognised in Statement of profit & loss and other comprehensive income. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

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

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

Deemed Loan to the Originator

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

The Deemed Loan is composed of the underlying Receivables Portfolio and any credit enhancements. Credit enhancements include the transferor interest and deferred purchase consideration, representing the excess of the Company's collections regarding the Receivables Portfolio over the Company's payments as determined by the

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

Under the terms of the securitisation, on each interest payment date after the closing date, the Company makes payments to the Originator as Transferor deferred Purchase Price (the "Deferred Purchase Consideration") as calculated by the cash manager as further consideration for the portfolio of loans that have been sold and assigned to the Company. This is comprised of transferor interest (the "Transferor Interest") and deferred cash payments to be made on each interest payment date ("IPD") equal to any remaining cash available for investment not otherwise utilised in the reduction of the Transferor Interest. The Transferor Interest consists of an amount equal to the aggregate amount of all loans purchased by the Issuer at the year end, less all payments made as at the year end and deferred cash payments. The Deferred Purchase Consideration is included within Deemed Loan to the Originator.

Deferred Purchase Consideration payable to the Originator
Under the term of the securitisation, the Company retains €400 at each IPD from the beneficial interest in the loans. Income in excess of €400 per each IPD is payable to Alpha Bank AE and treated as a component of the Deemed Loan to the Originator. The payments of Deferred Purchase Consideration is strictly governed by the priority of payments that sets out how cash can be utilised.

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

The Company recognises expected credit loss impairment on the Deemed Loan to the Originator at amortised cost when it is estimated that it will not be in a position to receive all payments due. At each reporting date, an impairment loss equal to 12-month expected credit losses (allocated to stage 1) is recognised for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets that there is a significant increase in credit risk since their initial recognition (allocated to Stage 2), and that are credit impaired (allocated to stage 3) an impairment loss equal to lifetime expected credit losses will be recognised.

The recoverability of the Deemed Loan to the Originator is dependent on the collections from the underlying Receivables Portfolio and the credit enhancement available in the structure. If there is no enhanced credit available within the entity, (deferred purchase consideration as a balance payable to the Originator), this would result in the Deemed Loan to the Originator to be classified as Stage 2. It will be classified as stage 3 when the credit rating agencies downgrade Alpha Bank AE to a default rating. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and which is are updated regularly and reviewed by management as new data becomes available.

IFRS 9 does not include a definition of what constitutes a significant increase in credit risk ("SICR"). An assessment of whether credit risk has increased significantly since the initial recognition of the Deemed Loan to the Originator is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the Deemed Loan to the Originator. The Company assess whether a SICR has occurred since the initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of management judgement.

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

The default of the deemed loan is 90 days in arrears or any qualitative factors that the borrowers are unlikely to pay. For the Company, the directors will review the availability of credit enhancement and assess whether the deemed loan is in default (90 days in arrears) or any qualitative factors that the borrower are unlikely to pay.

The ECL calculation on the Deemed Loan to the Originator is based on the ECL calculation on the Underlying Receivables underpinning the Deemed Loan to the Originator after taking into account any deferred consideration payable to the Originator.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment losses on Deemed Loan to the Originator (continued)

The accuracy of impairment calculations would be affected by the probability of default, significant increase in credit risk, loss given default and the macroeconomic factors. The assessment on the probability of default is performed on each reporting period taking into account the movement in their credit rating, assessment of their financial position and other qualitative factors. Loss given default is the percentage of the total exposure that the Company estimates as unlikely to recover at the time of the default.

The macroeconomic factors such as GDP, unemployment rates, house price index evolution, bankruptcy trends, loan product features, the level of interest rate, account management policies and practices, changes in laws and regulations and other influences in customer payment patterns which are used as independent variables for optimum predictive capability, are incorporated in the risk parameter models are used to calculate the ECL of the underlying Receivables Portfolio which is then assessed against the deferred purchase consideration. As a result of the available credit enhancement at 31 December 2018, the macroeconomic conditions do not have any material effect on the Deemed Loan to the Originator as at the year end.

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

Loan notes and borrowings

Loans notes and borrowings comprise of loan notes issued by the Company through its prospectus dated 25 February 2010. Loan notes are initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method.

Cash and cash equivalents

For the purposes of the Statement of Cash flows, cash and cash equivalents comprise balances with less than 3 months to maturity. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

Segmental Reporting

An operating segment is a component of a Company that engages in business activities from which it may earn revenues and incur expenses. The principal asset of the Company is portfolio of loans underpinning the Deemed Loan to the Originator, originated in Greece which generates the Company's revenue, which is managed by the board in the United Kingdom, funded by floating rate loan notes issued and listed on Irish Stock Exchange. The Board believes that the Company has only one operating segment and operates in only one geographical area being Europe.

Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method. 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 year. 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 that the Company may be exposed to.

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, transferor interest payable to Originator, transaction costs and all other premiums or discounts. For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset. Under IFRS 9, interest income on stage 3 impaired loans are calculated based on the net carrying amount of the loans using the effective interest rate method

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation
The Company has elected to be taxed under the "permanent" tax regime for securitisation companies (contained in Statutory Instrument 2006/3296), under which the Company is taxed broadly by reference to its net cash flows during the period, and not by reference to its accounting profits, to the extent that these differ.

Expenditure
Expenses are included in the statement of profit & loss on an accrual basis.

Share Capital
Share capital is issued in Sterling and has been classified as equity.

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

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

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

Critical accounting judgements
The assessment of their Probability of Default, "PD", is calculated as part of the annual financial reporting and is based on criteria such as any changes in their credit rating, their financial position and qualitative factors.

The expected credit losses ("ECL") measurement for impairment requires the Company to apply a high degree of judgement in determining the allowance for impairment losses and for the assessment of the significant increase in credit risk ("SICR").

IFRS 9 does not include a definition of what constitutes a SICR. An assessment of whether credit risk has increased significantly since the initial recognition of the deemed loan is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the Deemed Loan to the Originator. The Company assess whether a SICR has occurred since the initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of management judgment. In the portfolio of receivables, a default refers to a loan which is 90 days in arrears, further detail on a SICR of the Deemed Loan to Originator is detailed in note 1.

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

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

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

enhancement, on 31.12.2018 there was a decrease in the expected credit losses on the underlying Receivables Portfolio held as collateral by €20,002,237. As a result, it is assumed that there has been an improvement in the credit risk of the Deemed loan to the Originator which, as at 31 December 2018, is classified in stage 1.

An asset moves to stage 2 when its credit risk has increased significantly relative to credit risk at initial recognition. In assessing the stage at which the Deemed Loan to the Originator has been classified, the Company assesses the movement in the ECL of the underlying Receivables Portfolio against the enhanced credit available. If there is no enhanced credit available within the entity this would result in the Deemed Loan to the Originator to be classified as Stage 2. It will be classified as stage 3 when the credit rating agencies have downgraded Alpha Bank AE to a default rating.

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

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

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

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

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

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

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

3. INTEREST INCOME

	2018	2017
	€	€
Interest income on Deemed Loan to the Originator	12,166,443	87,644,895

For 2018, the net interest on the Deemed Loan to the Originator arises from gross interest income on the Deemed loan to the Originator after it offsets the deferred purchase consideration and impairment charge. The deferred purchase consideration charge and the impairment gain amounted to €97,451,706 and €20,002,237. The gross interest income on the Deemed loan to the Originator amounted to €89,615,912. There is no change in presentation for the year 2017 due to qualitative factors given that the cash flows are only due to a single party.

4. INTEREST EXPENSE

	2018	2017
	€	€
Contractual interest on loan notes	**9,181,209**	9,206,854
Amortisation of premium on loan notes	**2,833,975**	4,141,964
	12,015,184	13,348,818

5. ADMINISTRATIVE EXPENSES

	2018	2017
	€	€
Auditors remuneration - audit of the statutory financial statements of the Company	**22,368**	21,948
Tax compliance	**1,912**	(4,015)
Corporate service and accountancy fees	**24,937**	26,408
Other fees	**37,808**	36,001
Servicing fees	**59,434**	59,434
	146,459	139,776

The Company has no employees (2017: nil) and, other than the corporate services fees paid to Wilmington Trust SP Services (London) Limited as set out above and in note 15, the directors received no remuneration during the year (2017: €nil). Fees charged for statutory audit services for the year is €22,368 (2017: €22,368) and €nil (2017: €420) was reversed from the prior year charge. In addition, fees payable for tax services for the year is €1,912 (2017: €2,102) and €nil, (2017: €6,117) was reversed for the prior year charge due to reduction in tax fees.

6. TAXATION

(a) Analysis of charge in the year:

	2018	2017
	€	€
Current tax:		
Corporation tax charge for the year at 19% (2017: 19.25%)	**912**	924

The UK corporation tax rate was reduced from 21% to 20% in April 2016. Further reductions to 19% (effective from 01 April 2017) were substantively enacted at the reporting date. This will reduce current tax charges accordingly. Subsequently the UK government announced that the UK corporation tax rate will reduce further to 17% from 01 April 2020. It has not been possible to quantify the full anticipated effect of the announced further rate reduction, although this will reduce the Company's future current tax charge accordingly.

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is equal to the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018	2017
	€	€
Profit on ordinary activities before tax	**4,800**	4,800
Current tax charge at 19% (2017:19.25%)	**(912)**	(924)
Accounting profits/ (losses) not taxed in accordance with SI 2006/3296	**-**	-
	(912)	(924)

The directors are satisfied that this 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. As at 31 December 2018, there are no tax-related contingent assets or contingent liabilities in accordance with International Accounting Standard No. 37 'Provisions, Contingent Liabilities and Contingent Assets' (IAS 37).

7. DEFERRED CONSIDERATION EXPENSE

	2018	2017
	€	€
Deferred Consideration expense paid to the Originator	**77,449,469**	76,046,079

8. DEEMED LOAN TO THE ORIGINATOR

	2018	2017
	€	€
Carrying value of receivables portfolio	**621,571,170**	634,131,866
Deferred Purchase Consideration	**(196,882,815)**	(215,758,361)
Deemed Loan to the Originator	**424,688,355**	418,373,505

The Deemed Loan to the Originator is underpinned by the Receivables Portfolio of loans originally acquired on 25 February 2010 and subsequent acquisitions since. The portfolios of loans are due to be repaid at various points before February 2021.

Under the terms of the offering circular, the Company can continue to purchase additional loans subject to meeting the criteria in the offering circular.

Under the term of the securitisation, the Company retains €400 at each interest payment date ("IPD") from the beneficial interest in the loans. Income in excess of €400 per each IPD is payable to Alpha Bank AE and treated as a component of the effective interest on the Deemed Loan to the Originator.

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

Deemed Loan to the Originator	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2018	**418,373,505**	-	-	**418,373,505**
IFRS ECL transition adjustment	(66,756,544)	-	-	(66,756,544)
Changes in the gross carrying amount attributable to:				
- Transfer from stage 1 to 2	-	-	-	-
- Transfer from stage 1 to 3	-	-	-	-
- Transfers from stage 2 to 1	-	-	-	-
- Transfers from stage 2 to 3	-	-	-	-
- Transfers from stage 3 to 2	-	-	-	-
- Transfers from stage 3 to 1	-	-	-	-
- Write offs	-	-	-	-
New receivables originated or purchased	1,718,771,709	-	-	1,718,771,709
Total repayments of loans and loans repurchased by the Originator	(1,685,135,781)	-	-	(1,685,135,781)
Movement in Deferred Consideration	(6,427,653)	-	-	(6,427,653)
Movement in interest accrued	557,683	-	-	557,683
Reclassification of deferred consideration to be settled in cash subsequent to year-end	25,303,199			25,303,199
Movement in the ECL of the underlying receivable portfolio	20,002,237	-	-	20,002,237
Gross carrying amount as at 31 December 2018	**424,688,355**	-	-	**424,688,355**

8. DEEMED LOAN TO THE ORIGINATOR (CONTINUED)

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI	Total
	€	€	€	€	€
Loans					
Gross carrying amount	554,765,312	83,879,260	48,322,405	3,830,379	690,797,356
Less: ECL allowance for impairment losses	(10,876,782)	(23,132,674)	(33,636,054)	(1,580,676)	(69,226,186)
Total Net Loans	543,888,530	60,746,586	14,686,351	2,249,703	621,571,170

The Deemed Loan to the Originator was not impaired as at 31 December 2018 (2017: €nil) as the ECL balance is offset against the deferred purchase consideration. As at 31 December 2018, deferred consideration to be settled in cash subsequent to year-end amounting to €25,303,199, has been classified as a financial liability entitled "deferred consideration payable" in the statement of financial position.

9. OTHER ASSETS

	2018	2017
	€	€
Amount due from Parent Company	4,094	4,094
	4,094	4,094

10. 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.

	2018	2017
	€	€
Cash and bank current accounts	34,880	31,015
Reserve account	19,277,470	19,277,470
Bank deposit accounts	161,791,300	139,928,989
	181,103,650	159,237,474

The bank accounts are held with Alpha Bank AE as detailed in note 14.

11. TOTAL EQUITY

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Total
	€	€	€
Balance at 1 January 2017	14,283	25,006	39,289
Profit for the year	-	3,876	3,876
Balance attributable to equity holders as at 31 December 2017	14,283	28,882	43,165
Profit for the year	-	3,888	3,888
Balance attributable to equity holders as at 31 December 2018	14,283	32,770	47,053

11. TOTAL EQUITY (CONTINUED)

There are 50,000 authorised ordinary shares of £1 each. The issued share capital consists of 2 fully paid ordinary shares and 49,998 quarter paid ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.
Pisti Holdings Limited holds 49,999 shares in the Company. Wilmington Trust SP Services (London) Limited holds the entire share capital in Pisti Holdings Limited under a declaration of trust for charitable purposes. Alpha Bank AE has no direct ownership interest in the Company, however, in accordance with IFRS the Company is considered to be controlled by Alpha Bank AE. Accordingly the results of the Company are included in the consolidated financial statements of Alpha Bank AE, being the controlling party.

12. LOAN NOTES AND BORROWINGS

	2018	2017
Non-current liabilities	**€**	€
Series 2010-1 Class A Asset Backed Fixed Rate Notes	**369,300,000**	369,300,000
Series 2010-1 Class B Asset Backed Floating Rate Notes	**216,900,000**	216,900,000
Unamortised premium on loan notes	**(6,140,280)**	(8,974,256)
	580,059,720	577,225,744

On 25 February 2010, €956,300,000 of Fixed and Floating Rate Loan Notes were issued to Alpha Bank AE. At 31 December 2018 Loan Notes held by Alpha Bank AE are €586,200,000 (2017: €586,200,000). As the coupon on the Class A and B loan notes was below the market rate at the time of issue, the initial fair value of the loan notes was less than the proceeds received. This 'discount on loan notes' is being amortised to the statement of comprehensive income as an adjustment to the effective interest expense on the loan notes.

The Asset Backed Fixed and Floating Rate Loan Notes due for repayment by February 2021 are listed on the Irish Stock Exchange and are secured over a portfolio of receivables (Open Loan Account and Credit Card Account) originated by Alpha Bank AE in Greece (the 'Deemed Loan to the Originator'). Interest on the Series 2010-1 Class A Asset Backed Fixed Rate Loan Notes and Series 2010-1 Class B Asset Backed Floating Rate Loan Notes are 2.50% payable on a Monthly basis. Class B loan note interest and principal is subordinated to Class A loan note.

Under the terms of the prospectus, the Class A and Class B loan notes are limited-recourse debt obligations of the Company. The ability of the Company to meet its obligations under the loan notes will be directly dependent primarily upon the receipt by it of principal and interest from the obligors under the Deemed Loan to the Originator. Other than any interest earned by the Company in respect of the Company bank accounts, the Company is not expected to have any other funds available to it to meet its obligations under the loan notes and/or any other payment obligation ranking in priority to, or pari passu with, the loan notes. Upon enforcement of the security for the loan notes, the trustee or any receiver and the loan notes holders will have recourse only to the Deemed Loan to the Originator, the Company's interest in the relevant related Security and to any other assets of the Company then in existence as described in this document.

If there are insufficient amounts available from the Open Loan Account and Credit Card Account to pay in full the Company's secured liabilities, then the secured creditors shall have no further claim against the Company in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

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

During the year, a total of €nil (2017: €nil) loans and borrowings were repaid.

13. OTHER LIABILITIES

	2018	2017
	€	€
Interest payable	**102,583**	76,938
Accruals and deferred income	**46,049**	26,460
Levy and insurance accruals	**231,535**	236,794
Service fee accruals	**5,048**	5,048
	385,215	345,240

14. FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties are set out in the Strategic Report.

The Company's financial instruments comprise of Deemed Loan to the Originator, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations.

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

Interest rate risk
Interest rate risk arises when the interest is received on a fixed rate on the Deemed Loan to the Originator and paid on a floating rate to the loan notes holders or vice versa. The Company is exposed to interest rate risk as interest rates on the portfolio of loans will not necessarily match the rate of interest payable on the loan notes. The interest rates on the portfolio of loans is set by Alpha Bank AE on behalf of the Company, whereas interest on loan notes is either fixed or calculated by reference to a margin over one month EURIBOR.

Interest rate sensitivity
The sensitivity analysis below has been determined on the Company's exposure to interest rates for interest bearing assets and liabilities at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates and has been based on management assessment of the possible changes in interest rates.

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the Company only retains €4,800 of available revenue receipts from the beneficial interest in the portfolio of loans with the resulting fluctuations being taken up by the transferor interest due to Alpha Bank AE If interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the period ended 31 December 2018 would have been €14,278 higher. If interest rates had been 25 basis points lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2018 would have been lower by €14,278.

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

	Note	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
		€	€	€	€
Financial assets:					
Deemed Loan to the Originator	8	**399,385,156**	**439,603,242**	418,373,505	530,790,466
Other assets	9	**4,094**	**4,094**	4,094	4,094
Cash and cash equivalents	10	**181,103,650**	**181,103,650**	159,237,474	159,237,474
Financial liabilities:					
Loan notes	12	**580,059,720**	**530,068,230**	577,225,744	515,396,370
Other liabilities	13	**385,216**	**385,216**	345,240	345,240

The fair value of the Deemed Loan to the Originator has been based on the discounted cash flows methodology applying market rates adjusted for the appropriate fair value credit spread.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

The fair value of Class A and B Notes is calculated using the relevant Bloomberg Swap curve, plus the average appropriate CDS spread for discounting the note's projected cash flows. Loan Notes and borrowings were classified in Level 3 of the fair value hierarchy.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

2018	**Total fair value €**	**Valuation method**	**Significant non-observable inputs**
Financial assets:			
Deemed Loan to the Originator	**439,603,242**	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 9.98% of the loans	Valuation of reserve adequacy for payment of hybrid securities' dividends
Financial liabilities:			
Loan notes and borrowings	**530,068,230**	Discounted cash flows using the Bloomberg Swap S232 curve, plus the average CDS spread of 324.73 bps	Valuation of reserve adequacy for payment of hybrid securities' dividends

2017	Total fair value €	Valuation method	Significant non-observable inputs
Financial assets:			
Deemed Loan to the Originator	530,790,466	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 3.25% of the loans	Valuation of reserve adequacy for payment of hybrid securities' dividends
Financial liabilities:			
Loan notes and borrowings	515,396,370	Discounted cash flows using the Bloomberg Swap S232 curve, plus the average CDS spread of 670.81 bps	Valuation of reserve adequacy for payment of hybrid securities' dividends

Re-pricing analysis

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

At 31 December 2018	**Within one year €**	**After one year €**	**Non - interest bearing €**	**Total €**
Assets				
Deemed Loan to the Originator	**160,731**	**399,224,425**	**-**	**399,385,156**
Other assets	**-**	**-**	**4,094**	**4,094**
Cash and cash equivalents	**-**	**181,103,650**	**-**	**181,103,650**
Total assets	**160,731**	**580,328,075**	**4,094**	**580,492,900**
Liabilities				
Loan notes and borrowings	**210,759,720**	**369,300,000**	**-**	**580,059,720**
Other liabilities	**-**	**-**	**345,240**	**345,240**
Total liabilities	**210,759,720**	**369,300,000**	**345,240**	**580,404,960**

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2017	Within one year €	After one year €	Non - interest bearing €	Total €
Assets				
Deemed Loan to the Originator	418,373,505	-	-	418,373,505
Other assets	-	-	4,094	4,094
Cash and cash equivalents	-	159,237,474	-	159,237,474
Total assets	418,373,505	159,237,474	4,094	577,615,073
Liabilities				
Loan notes and borrowings	207,925,744	369,300,000	-	577,225,744
Other liabilities	-	-	385,215	385,215
Total liabilities	207,925,744	369,300,000	385,215	577,610,959

Foreign currency risk
The Company's assets and liabilities are denominated in Euros and are not exposed to any material currency fluctuations. Accordingly, the currency risk for the Company as a whole is considered to be low. Hence no sensitivity analysis has been presented.

Liquidity risk
The Company's policy is to manage liquidity risk through its use of cash balances. As the length of the loan notes is designed to match the length of the Receivables Portfolio, there are deemed to be limited liquidity risks facing the Company. Payments made by the Company are made in accordance with the priority of payments as set out in the offering circular issued in connection with the issue of the fixed and floating rate loan notes. Under these terms, payments are made on monthly basis. The repayment of the loan notes is determined by the collection of the principal on the underlying receivables.

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

At 31 December 2018 Liabilities	**Carrying Amount €**	**Gross nominal outflow €**	**Less than 1 month €**	**1 to 3 months €**	**3 to 12 months €**	**1 to 5 years €**	**More than 5 years €**
Loan notes	**580,059,720**	**586,200,000**	-	-	-	**586,200,000**	-
Interest payable	**102,583**	**17,290,433**	**758,836**	**1,441,788**	**6,728,342**	**8,361,467**	-
Accruals and deferred income	**282,633**	**282,633**	-	-	**282,633**	-	-
Total liabilities	**580,444,936**	**603,773,066**	**758,836**	**1,441,788**	**7,010,975**	**594,561,467**	-

At 31 December 2017 Liabilities	Carrying Amount €	Gross nominal outflow €	Less than 1 month €	1 to 3 months €	3 to 12 months €	1 to 5 years €	More than 5 years €
Loan notes	577,225,744	586,200,000	-	990,434	4,456,954	580,752,612	-
Interest payable	76,938	27,590,728	784,130	1,440,770	6,674,140	18,691,688	-
Accruals and deferred income	268,302	268,302	-	-	268,302	-	-
Total liabilities	577,570,984	614,059,030	784,130	2,431,204	11,399,396	599,444,300	-

The maturity analysis in the table above assumes no Event of Default during the life of the loan notes. If an Event of Default is triggered, then the loan notes, under the terms of the offering circular, may become due and

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

payable. The key Event of Default triggers are if the payment of principal or interest delayed for more than seven business days.

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

Moodys: Caa2

Fitch Ratings: CCC+

Standard & Poor's: B-

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

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

The Originator calculates Expected Credit Losses based on the weighted probability of three alternative scenarios. More specifically, the Economic Research Division produces forecasts for the possible evolution of macroeconomic variables that affect the level of Expected Credit Losses of loan portfolios under a baseline and under two alternative macroeconomic scenarios (an upside and an adverse one) and also produces the cumulative probabilities associated with these scenarios. The macroeconomic variables affecting the level of expected credit losses are the Gross Domestic product (GDP), the unemployment rate and forward looking prices of residential and commercial real estates.
The cumulative probabilities of the macroeconomic scenarios for the Greek economy will indicate that the economy performs better or worse than forecasts of the baseline scenario and the alternative scenarios, i.e. the upside and downside scenario. For each one of the alternative scenarios, the expected credit loss is calculated and weighted against the probability of each scenario in order to calculate the weighted expected credit loss. The cumulative probability assigned to the base scenario is 60%, while cumulative probability assigned to the adverse and upside scenario is 20% for each of the scenario. If the assigned cumulative probability of the adverse scenario was increased from 20% to 40%, Expected Credit Losses would increase by €1,536,316. If the assigned cumulative probability of the upside scenario was increased from 20% to 40%, Expected Credit Losses would decrease by €1,536,306. In the event of such a scenario occurring there would still be sufficient Enhanced Credit available to offset the increased losses.

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

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Not Past Due	539,009,254	36,873,723	7,772,343	1,380,845	585,036,165
Past due	15,756,058	47,005,537	40,550,062	2,449,534	105,761,191
Carrying amount (before provision for impairment losses)	554,765,312	83,879,260	48,322,405	3,830,379	690,797,356
Expected credit losses	(10,876,782)	(23,132,674)	(33,636,054)	(1,580,676)	(69,226,186)
Net carrying amount	543,888,530	60,746,586	14,686,351	2,249,703	621,571,170
Value of collateral	24,064 829	818,723	342,332	10,845	25,236,729

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Ageing analysis of loans that are neither past due nor impaired

	2017
	€
Neither past due nor impaired	544,530,483
Past due but not impaired	68,956,228
Impaired	43,117,034
	656,603,745
Less: allowance for impairment	(22,471,879)
	634,131,866

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

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Strong	354,234,606	1,440,472	-	385,345	356,060,423
Satisfactory	200,520,202	44,942,000	-	844,546	246,306,748
Watch list	10,504	37,496,788	-	760,466	38,267,758
Default	-	-	48,322,405	1,840,022	50,162,427
Carrying amount (before impairment)	554,765,312	83,879,260	48,322,405	3,830,379	690,797,356
Expected credit losses	(10,876,782)	(23,132,674)	(33,636,054)	(1,580,676)	(69,226,186)
Net carrying amount	**543,888,530**	**60,746,586**	**14,686,351**	**2,249,703**	**621,571,170**
Value of collateral	24,064,829	818,723	342,332	10,845	25,236,729

The categories strong, satisfactory and watch list are based on a 12 month probability of default which is derived from a range of probabilities and calculated by the Originator. Receivables on the watchlist have a probability of default of 16% and above.

Ageing analysis by IFRS 9 stage

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Current	528,656,134	27,831,843	2,476,004	1,061,739	560,025,720
1-29 days	15,232,396	22,758,714	2,455,386	489,236	40,935,732
30- 89 days past due	-	10,156,029	2,988,618	360,884	13,505,531
> 90 days past due	-	-	6,766,343	337,844	7,104,187
TOTAL	**543,888,530**	**60,746,586**	**14,686,351**	**2,249,703**	**621,571,170**
Value of collateral	24,064,829	818,723	342,332	10,845	25,236,729

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

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

Alpha Bank AE have repurchased loans from the Company of €18,153,935 (2017: €18,838,818) during the year, which might otherwise have become impaired.

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

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

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

In addition, the directors consider how appropriate past trends and patterns could impact the current economic climate and may make any adjustments they believe are necessary to reflect the current economic and market conditions.

The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes.

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders. 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 the minimum requirement.

15. RELATED PARTY TRANSACTIONS

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 Related Party Disclosures.

During the year, administration and accounting services were provided by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €22,368 (2017: €21,948) including irrecoverable VAT and expenses. Mr D J Wynne, a director of the Company is also a director of Wilmington Trust SP Services (London) Limited.

Under the terms of the securitisation transaction Alpha Bank AE was appointed as the loans servicer to administer the portfolio of loans. Under the terms of the securitisation transaction, the Company is able to purchase additional portfolio of loans during a revolving period under certain conditions. During 2018, €1,590,728,186 (2017: €1,381,989,955) of additional portfolio of loans was acquired and €18,153,935 of loans were repurchased (2017: €18,838,818).

During 2018 Alpha Bank AE earned €59,434, (2017: €59,434) in servicing fees for acting as the portfolio of loans servicer of which €5,048, (2017: €5,048) was outstanding at 31 December 2018 and included in accruals and deferred income.

Given the details set out in note 12, Loan Notes held by Alpha Bank AE are €586,200,000 as at 31 December 2018 (2017: €586,200,000). During 2018, €9,181,209 (2017: €9,206,854) of interest on Loan Notes was payable to Alpha Bank A.E of which €102,583 (2017: €76,938) was outstanding at year end.

Under the terms of the sale agreement relating to portfolio of loans, Alpha Bank AE has a residual interest in the portfolio of loan comprising Retained Interest and transferor interest. At 31 December 2018 €361,199,666 (2017: €315,812,725) and €139,013,652 (receivables) (2017: €100,054,364) of Retained Interest and transferor interest respectively was retained by Alpha Bank AE and is included within the Deemed Loan to the Originator.

PISTI Holdings Limited is a related party by virtue of being parent of the Company. At 31 December 2018, an amount of €4,094 (2017: €4,094) was receivable from the parent.

Cash and cash equivalents include balance of €181,103,650 (2017: €159,185,009) in bank account held with Alpha Bank AE as at year end.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Pisti Holdings Limited holds 49,999 shares in the Company. The remaining one share is held under a nominee Declaration of Trust for charitable purposes. Wilmington Trust SP Services (London) Limited holds the entire share capital in Pisti Holdings Limited under a declaration of trust for charitable purposes. Alpha Bank AE has no direct ownership interest in the Company. However, in accordance with IFRS 10 the results of the Company are included in the consolidated financial statements of Alpha Bank AE, a Company incorporated in Greece, whose principal place of business is 40 Stadiou, 102 52 Athens, Greece. It is the largest and smallest group into which the results of the Company are consolidated. The financial statement of Alpha Bank AE can be obtained from www.alpha.gr.

17. POST BALANCE SHEET EVENT

Loans amounting to €36,429,242 have been redeemed since the year end. The Company has also acquired loans amounting to €45,708,043 since the year end. There were no other significant balance sheet events.