

**Company Registration Number: 07140938**

**PISTI 2010-1 PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



**PISTI 2010-1 PLC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>CONTENTS</b>	<b>PAGE</b>
Corporate information	1
Strategic report	2 to 6
Directors' report	7 to 8
Statement of Directors' responsibilities	9
Independent auditor's report to the members	10 to 15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Statement of cash flows	19
Notes to the financial statements	20 to 39

## **PISTI 2010-1 PLC**

### **CORPORATE INFORMATION**

<b>Directors</b>	Mr I Kyriakopoulos Mr D J Wynne Wilmington Trust SP Services (London) Limited
<b>Company secretary</b>	Wilmington Trust SP Services (London) Limited
<b>Company number</b>	07140938
<b>Registered office</b>	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arm Yard London EC2R 7AF
<b>Independent auditor</b>	MHA MacIntyre Hudson 2 London Wall Place, Barbican, London EC2Y 5AU
<b>Servicer</b>	Alpha Bank SA 40 Stadiou 102 52 Athens Greece

# **PISTI 2010-1 PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their strategic report of Pisti 2010-1 Plc (the “Company”) for the year ended 31 December 2021.

#### **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 SA (the “Originator”) in Greece. The fixed and floating rate loan notes are due to mature in February 2026 and are listed on the Euronext Dublin Stock Exchange (main market). On 25 May 2021, the Company partially redeemed €75,090,000 Class A Notes, and €44,110,000 Class B Notes.

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 SA and therefore they are retained on the Statement of Financial Position of Alpha Bank SA, (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 (2020: €3,888). As at year end the carrying value of the Deemed the Loan to Originator was €280,321,415 (2020: €434,409,303). Loan notes and borrowings held at the year-end were amounted to €465,833,069 (2020: €584,060,626). As of 31 December 2021, cash and cash equivalents, including reserve funds, were €209,168,032 (2020: €180,489,700). The key performance indicators of the Company are net interest income and impairment losses. During 2021 net interest income was €176,263 (2020: €162,717). The impact of the impairment charge to the results of the Company is offset through deferred purchase consideration as explained further in note 1.

#### **SECTION 172 STATEMENT**

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company’s stakeholders, including the impact of its activities on the community, the environment and the Company’s reputation, when making decisions.

As a securitisation vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors consider what is most likely to promote the success of the Company in the long term. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term: Transaction Documentation has been set up to achieve the Company’s purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and as disclosed under basis of preparation in Note 1 and in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**SECTION 172 STATEMENT (CONTINUED)**

- Due to the nature of the entity it has no employees therefore subsection (b) is not relevant.
- The Company operates within the parameters laid out by the transaction documents which governs how all the parties involved in the transaction interact, therefore subsection (c) and (e) is not relevant.
- Subsection (d) is not relevant as the Company's operations have no impact on the community or environment.
- The Company ownership structure is arranged such that subsection (f) has no 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 13 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 €280,321,415 (2020: €434,409,303). Loan notes and borrowings held at the year end amounted to €465,833,069 (2020: €584,060,626). As of 31 December 2021, cash and cash equivalents, including reserve funds, were €209,168,032 (2020: €184,489,700). The Company made a profit of €3,888 in the current year (2020: €3,888) and at year end Shareholder funds were €58,717 (2020: €54,829).

During the year the Originator repurchased €3,011,369 of the underlying receivables which included credit impaired accounts. Additionally, there was a reversal of €30,414,423 in the estimated credit losses ("ECL") which is offset against the deferred purchase consideration further strengthening the credit enhancement within the structure. This demonstrates that there has been an improvement in the credit risk of the Receivables portfolio further underlining the Directors assessment that the entity is a going concern.

The directors have undertaken a detailed assessment of the Company's ongoing business model, in view of the importance of the recovery of the Deemed loan to the Originator ('Alpha Bank SA' or 'the Group') in being able to repay its liabilities on the loan notes. During the year, the Originator completed the demerger of Alpha Bank AE through the business banking sector's hive down and the establishment of a new company-credit institution under the corporate name "Alpha Bank SA" and successfully completed an increase of share capital, raising new capital of € 800 mil during the year. The Originator is well placed to manage its business risks successfully and is considered to be a going concern. 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 the transaction documents. 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 main factors causing uncertainty to the application of the Going Concern principle relate to the economic environment in Greece and the effects of the spread of coronavirus pandemic (COVID-19) in Europe along with the geopolitical tensions following the Russian military invasion of Ukraine.

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**GOING CONCERN (CONTINUED)**

In early 2020, the emergence and rapid spread of the Covid-19 pandemic overturned the growth prospects of the global and the Greek economy. Many governments, in an effort to boost the resilience of their national economies, have taken to an unprecedented extent emergency fiscal measure to support national health systems and ensure employment and entrepreneurship. The fiscal support policy that the government has followed mitigated, in part, the adverse effects of the recession that reached 9% on an annual basis in 2020. The swift and strong recovery of economic activity in the first nine months of 2021, recouped a significant part of the losses registered because of the recession of the previous year, as GDP at constant prices increased by 8.3% on an annual basis based on the adjusted criteria.

The steep rebound of GDP in 2021 can be attributed, firstly, to the private consumption, which increased by 7.8%, on an annual basis, contributing by 5.5 points on GDP growth and which was driven by the sharp increase in savings and the rise in employment. Investments have marked the second greater positive contribution to the GDP increase in 2021 (2.3 percentage points), as they increased by 19.6%, which amongst individual categories was mainly attributed to the rise of investment in machinery and technological equipment (+34.5% on an annual basis). The good performance of exports of services, and especially the remarkable recovery of tourism in 2021, have resulted in the positive contribution of net exports to the GDP increase, by 0.9 percentage points. Finally, public consumption has increased by 3.7% in 2021, in comparison to 2020, contributing to GDP increase by 0.8 percentage points, as a result of fiscal interventions addressing the negative impacts of the pandemic, as well as other fiscal support measures for the strengthening of households and businesses, which include, amongst others, the provision of subsidies for heating, electricity, and petroleum. On the contrary, inventories have significantly decreased, during the previous year, deducting 1.1 percentage points from the GDP rise.

Some particularly favourable indications that the recovery of the Greek economy will be strong are the following: first, conditions for the change of the composition of the economic growth are put in place, which is expected to derive mainly from investment expenditure. The increase of investment in the short-term will be determined by the evolution of the country's sovereign credit rating towards the so-called "investment grade", the disbursement of funds in the context of the Recovery and Resilience Facility (RRF), as well as the implementation of structural reforms that will establish a business-friendly environment. The RRF funding can be demonstrated a stable basis for a strong continued growth of the Greek economy and is expected to mobilize new investments and sustainable growth rates. The funds, according to the National Recovery and Resilience Plan (NRRP), are expected to mobilize new investments of around EUR 57.5 billion in 2021-2026, covering to a large extent the investment gap that was created in Greece in the previous decade. Secondly, in the estimation for new increase of tourist arrivals and proceeds from tourism, the significant recovery of turnover of businesses and finally, the gradual stabilisation of the Economic Sentiment Indicator (ESI).

Despite the positive expectations, the challenges and uncertainties are retained with regards to the evolution of the disease Covid-19 and its mutations, as well as the potential impacts of permanent nature in productivity, employment, behaviour of households, resilience of businesses and risks of financing the economically weak economies. In addition, inflation, as measured by the harmonized index of consumer prices, has increased the second half of 2021 primarily due to the rising energy prices globally, the supply chains disruptions and shortages of raw materials. In December 2021 the harmonized index of consumer prices increased by 4.4%, compared to -2.4% in the respective month of 2020, while the average ratio increased in 2021 by 0.6% compared to the previous year. In 2022, the harmonized index is expected to amount to 3.1% according to the Organisation for Economic Co-operation and Development (World Economic Outlook, December 2021) and to 3% according to the European Central Bank (Eurosystem staff macroeconomic projections for the euro area countries, December 2021).

Finally, the economic implications of the full-scale invasion from Russia to Ukraine at the beginning of the year, as well as the sanctions against Russia, are basically related with a longer period of inflation tensions in Eurozone. These tensions are fuelled by gas, oil and food prices which are expected to remain high over the medium term, as well as from increased uncertainty from the disruption in financial markets. As a result, the impact of high energy prices on households' real incomes as well as on industries supply lines, is expected to weaken the increase in private consumption. Consequently, the three basic channels through which it is expected that the geopolitical developments will affect the Greek economy are the energy prices, tourism, and a potential disruption of financial markets. The potential economic or non-economic impact of these conditions on the Group depends on the manner that the crisis is going to unfold. This crisis and its impact on the domestic and global economic conditions could

# **PISTI 2010-1 PLC**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **GOING CONCERN (CONTINUED)**

affect the capacity of the Group to generate income or satisfy financial targets, increase expenses, or result in higher expected credit losses.

It is also important that the European Central Bank, in its decisions in March, April and December 2020, accepted the securities of the Hellenic Republic as collateral for liquidity operations. The Hellenic Republic is taking steps to gradually recover its access to the financial markets to meet its financing needs.

The Originator, in its capacity as servicer of the Company, also actively repurchases receivables when they are deemed to become uncollectible. Also considering the credit enhancement available within the structure, in the form of deferred purchase consideration and the cash at bank balances the Company has sufficient liquidity to continue to meet its obligations of the interest due on the Loan Notes for a period of at least 12 months.

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 SA.

#### **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 13 to the financial statements.

##### **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 SA on behalf of the Company, whereas interest on loan notes is fixed or calculated by reference to a margin over one month EURIBOR.

##### **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.

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT (CONTINUED)**

**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 and geopolitical risk**

Greece currently faces significant economic uncertainty. This uncertainty is greater than historical levels of uncertainty, due to COVID-19, Brexit and geopolitical tensions (heightened following the Russian military invasion of Ukraine). This has resulted in a significant and ongoing increase in cost inflation. All of these factors result in increased pressure on affordability and a heightened risk that borrowers may ultimately default on their loan. However, given the credit enhancement in the structure and the limited recourse nature of the Company's debt, the Company is not ultimately exposed if the underlying obligors are unable to repay the receivables. The Directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

**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.

**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 SA which actively manages the collection of the outstanding amounts. During the year Alpha Bank SA 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 2021 Alpha Bank SA has repurchased Receivables from the Company of €3,011,369 (2020: €35,909,251). As at the signing date of the Financial Statements Alpha Bank SA has repurchased €9,361,310 since the year end.

**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:



**Ioannis Kyriakopoulos**  
**Director**  
29 June 2022



# **PISTI 2010-1 PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report and the audited financial statements of Pisti 2010-1 Plc (the "Company") for the year ended 31 December 2021 with comparatives for the year ended 31 December 2020.

#### **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:

Mr D J Wynne  
Mr I Kyriakopoulos  
Wilmington Trust SP Services (London) Limited

#### **DIVIDENDS**

The directors have not recommended a dividend (2020: €nil).

#### **DONATIONS**

The Company made no political or charitable donations during the year under review (2020: €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 Euronext Dublin 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.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. Due to the nature of the entity there are limited stakeholders involved but the Directors continue to have regard to the interests of the Company's stakeholders, including the impact of its activities when making decisions.

#### **CAPITAL STRUCTURE**

Details of the issued share capital, together with details of holders of shares are shown in Note 10 and Note 15 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 2021**

##### **RISK MANAGEMENT**

The directors have carried out an assessment of the principal risks facing 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 13, "Financial Risk Management" to the financial statements.

##### **CORPORATE GOVERNANCE**

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. Due to the nature of the entity there are limited stakeholders involved but the Directors continue to have regard to the interests of the Company's stakeholders, including the impact of its activities when making decisions.

##### **FUTURE DEVELOPMENTS**

Future Developments are discussed in detail in the strategic report.

##### **POST BALANCE SHEET EVENTS**

Loans amounting to €9,361,310 have been redeemed since the year end. The Company has not acquired any loans 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 489 of the Companies Act 2006, a resolution to re-appoint MHA MacIntyre Hudson as the statutory Auditor for the ensuing year will be proposed at the annual general meeting. MHA MacIntyre Hudson have expressed their willingness to continue in office as auditor.

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



**Ioannis Kyriakopoulos**

**Director**

29 June 2022

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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 Accounting Standards adopted for the use in the United Kingdom ("UK adopted IFRS") and those parts of the Companies Act 2006 that are applicable to companies which report in accordance with UK adopted IFRS. For the purpose of compliance with the rules of the Euronext Dublin Stock Exchange, these financial statements are also prepared in accordance with EU adopted IFRS. 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 AUDITORS' REPORT TO THE MEMBERS OF PISTI 2020-1 PLC**

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For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Pisti 2020-1 PLC ("the Company"). For the purposes of the table on pages 11 to 12 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

### **Opinion**

We have audited the financial statements of Pisti 2020-1 PLC (the "Company").

The financial statements that we have audited comprise:

- Statement of Comprehensive Income for the year then ended.
- Statement of Financial Position as at 31 December 2021.
- Statement of Changes in Equity for the year then ended.
- Statement of Cash Flows for the year then ended.
- Notes 1 to 16 of the financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the United Kingdom (IFRSs) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and the Company's profit for the year then ended;
- The financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom ("IFRSs") in conformity with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Companies Act 2006.

Our opinion is consistent with our reporting to the Board.

### **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 FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewed and challenged management's assessment of going concern.

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

- Made inquiries of management regarding any known issues that would affect going concern beyond 12 months from the approval of the financial statements and reviewed minutes of board meetings and other relevant committees.
- Reviewed and assessed management's projected budget forecast and the Company's strategic plan.

### Overview of our audit approach

Materiality	2021	
Materiality	€5,780,748	1% of the preliminary underlying receivables balance which formed the basis of the Deemed Loan to the Originator.
	€289,037	Threshold for reporting to those charged with governance
<b>Key audit matters</b>		
Recurring	<ul style="list-style-type: none"> <li>• Valuation of the Deemed Loan to the Originator</li> </ul>	

### 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 year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters 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 and, as required for listed entities, our results from those procedures. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of the Deemed Loan to the Originator

<b>Key audit matter description</b>	<p>As disclosed in note 1 and note 7 the Company holds a deemed loan to the originator of EUR 280,321,415 (2020, EUR 434,409,303), receivable from Alpha Bank (the Bank) relating to a portfolio of loans (the Receivables Portfolio) in which the Company has acquired a beneficial interest. The Deemed Loan to the Originator is accounted for at amortised cost as disclosed in note 1.</p> <p>Impairment on the Deemed Loan to the Originator and the credit enhancements provided by the Originator available within the structure in the form of deferred consideration and an ability to repurchase. Any misstatement within the valuation of the credit enhancement components will directly impact expected credit losses on the Deemed Loan to the Originator.</p> <ul style="list-style-type: none"> <li>• The deferred consideration balance available within the entity; and</li> <li>• Application of repurchases and replacements for customers as required under the transaction documents</li> </ul> <p>The valuation of deemed loan to originator involves a significant degree of judgement and estimation which was identified as a potential area susceptible to misstatements.</p> <p>Management have described the recognition of impairment on Deemed Loan to the originators in note 1, note 2 and note 7 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>Our work in this area included the following procedures:</p> <ul style="list-style-type: none"> <li>• Recalculated deferred consideration as at 31 December 2021 to assess whether it is sufficient to cover the ECL provision recognised on the underlying Receivables Portfolio</li> </ul>

	<ul style="list-style-type: none"> <li>• Tested on a sample basis of the purchases, repurchases and replacements of loans</li> <li>• Performance an assessment of the financial condition of the Originator as at 31 December 2021</li> <li>• Reviewed post year end investor reports and the receivables portfolios for any factors that may have an impact on impairment</li> <li>• The expected credit loss ("ECL") calculation on Deemed Loan to the Originator is based on the ECL calculation of the underlying receivables underpinning the Deemed Loan. In performing our audit procedures over the measurement of the expected credit losses of the underlying receivables we involved IFRS 9 experts and we focused on the following procedures among others: <ul style="list-style-type: none"> <li>• Inquiries and obtaining an understanding of the Bank's process of determining expected credit losses of underlying receivables;</li> <li>• Inspection and review of the bank's impairment practices and procedures applied to the underlying receivables;</li> <li>• Review of the adequacy of the methods applied in respect to the development of key assumptions used in IFRS 9 calculations and recalculation of ECL of underlying receivables on a sample basis.</li> </ul> </li> </ul>
<b>Key Observations</b>	Based on the audit procedures performed, valuation of the Deemed Loan to the Originator is consistent with the audit evidence obtained.

#### Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at €5,780,748 which was determined on the basis of 1% of preliminary underlying receivables balance which formed the basis of the Deemed Loan to the Originator.

The Deemed Loan to the Originator of Pisti 2020-1 PLC is considered to be the most appropriate benchmark of preliminary materiality, as this is seen as the key performance indicator for users of the financial statements.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at €4,046,542 which represents 70% of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls, and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding €289,037 to the Board as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

#### The scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including

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

assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

### **Reporting on other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion of 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.

### **Strategic report and directors report**

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 material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- 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. The key laws and regulations we considered in this context included UK Companies Act, the Financial Services and Markets Act 2000 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Company's operations;
- Discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Discussions with local management, internal audit and the Company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Enquiring of the audit and finance committee concerning actual and potential litigation and claims;
- Evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Company's whistleblowing helpline and the results of management's investigation of such matters;
- Reading key correspondence with regulatory authorities such as the Financial Conduct Authority, and Financial Reporting Council

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

### **Other requirements**

We were appointed by the Directors on 4 April 2022. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the company and we remain independent of the company in conducting our audit.



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

### 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.



**Rakesh Shaunak FCA, CTA.**

**(Senior Statutory Auditor)**

**For and on behalf of MHA MacIntyre Hudson  
Chartered Accountants and Statutory Auditor**

**6th Floor**

**2 London Wall Place**

**London**

**EC2Y 5AU**

29 June 2022

**PISTI 2010-1 PLC**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 €	2020 €
Interest income	3	9,249,490	10,562,148
Interest expense	4	<u>(9,073,227)</u>	<u>(10,399,431)</u>
<b>Net interest income</b>		176,263	162,717
Administrative expenses	5	<u>(171,463)</u>	<u>(157,917)</u>
<b>Profit before tax for the year</b>		4,800	4,800
Tax charge	6	<u>(912)</u>	<u>(912)</u>
<b>Profit for the year</b>		3,888	3,888
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>3,888</u></u>	<u><u>3,888</u></u>

The results for the current year and prior year were derived from continuing operations.

The notes on pages 20 to 39 form part of these financial statements.

**PISTI 2010-1 PLC****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Note	2021 €	2020 €
<b>Assets</b>			
Cash and cash equivalents	9	209,168,032	180,489,700
Deemed Loan to Originator	7	280,321,415	434,409,303
Other assets	8	6,201	4,094
<b>Total assets</b>		<u>489,495,648</u>	<u>614,903,097</u>
<b>Equity</b>			
Issued capital	10	14,283	14,283
Retained earnings		44,434	40,546
<b>Total equity</b>		<u>58,717</u>	<u>54,829</u>
<b>Liabilities</b>			
Other liabilities	12	186,059	473,614
Tax payable	6	912	912
Deferred consideration payable	7	23,416,891	30,313,116
Loan notes and borrowings	11	465,833,069	584,060,626
<b>Total liabilities</b>		<u>489,436,931</u>	<u>614,848,268</u>
<b>Total equity and liabilities</b>		<u>489,495,648</u>	<u>614,903,097</u>

These financial statements for Pisti 2010-1 Plc, Company registration 07140938, on pages 16 to 39 were approved and authorised for issue by the directors on 29 June 2022 and are signed on their behalf by:



**Ioannis Kyriakopoulos**  
**Director**

The notes on pages 20 to 39 form part of these financial statements.

**PISTI 2010-1 PLC**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital €	Retained earnings €	Total €
Balance at 1 January 2021		14,283	40,546	54,829
Profit for the year		-	3,888	3,888
<b>Balance attributable to equity holders as at 31 December 2021</b>	10	<u>14,283</u>	<u>44,434</u>	<u>58,717</u>

	Notes	Share capital €	Retained earnings €	Total €
Balance at 1 January 2020		14,283	36,658	50,941
Profit for the year		-	3,888	3,888
<b>Balance attributable to equity holders as at 31 December 2020</b>	10	<u>14,283</u>	<u>40,546</u>	<u>54,829</u>

The notes on pages 20 to 39 form part of these financial statements.

**PISTI 2010-1 PLC**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	31 December 2021 €	31 December 2020 €
<b>Cash flows from operating activities</b>			
Profit before tax for the year		4,800	4,800
Adjustments for:			
Interest income	3	(86,168,793)	(94,340,214)
Interest expense	4	9,073,227	10,399,431
Deferred consideration expense and impairment		76,919,303	83,778,066
Increase in prepayments and accrued income		(2,107)	-
Decrease in accruals and deferred income		(8,505)	(38,388)
Tax paid		(947)	(1,824)
<b>Net cash used in operating activities</b>		<b>(183,022)</b>	<b>(198,129)</b>
<b>Cash flows from investing activities</b>			
New receivables purchased		(1,675,895,103)	(1,592,475,084)
Repayments of loans and loans repurchased by originator		1,730,631,320	1,618,062,890
Interest income received		85,644,343	94,015,254
<b>Net cash generated from investing activities</b>		<b>140,380,560</b>	<b>119,603,060</b>
<b>Cash flows from financing activities</b>			
Interest paid		(8,137,306)	(11,540,625)
Loan notes redeemed		(119,200,000)	-
Transferor interest received/(paid)		15,818,100	(111,414,792)
<b>Net cash used in financing activities</b>		<b>(111,519,206)</b>	<b>(122,955,417)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>28,678,332</b>	<b>(3,550,486)</b>
Cash and cash equivalents at the start of the year		180,489,700	184,040,186
<b>Cash and cash equivalents at the end of the year</b>		<b>209,168,032</b>	<b>180,489,700</b>

**Notes to the statement of cash flows**

**Reconciliation of liabilities arising from financing activities**

	1 January 2021	Cashflows	Non cash Amortisation of premium on loan notes	31 December 2021
	€	€	€	€
Loan notes and borrowings	584,060,626	(119,200,000)	972,443	465,833,069
Total liabilities arising from financing activities	584,060,626	(119,200,000)	972,443	465,833,069

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 20 to 39 form part of these financial statements.

# **PISTI 2010-1 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. PRINCIPAL ACCOUNTING POLICIES**

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

##### **Statement of compliance**

These financial statements have been prepared and approved by the directors in accordance with International Accounting Standards adopted for the use in the United Kingdom ("UK adopted IFRS") and those parts of the Companies Act 2006 that are applicable to companies which report in accordance with UK adopted IFRS. For the purpose of compliance with the rules of the Euronext Dublin Stock Exchange, these financial statements are also prepared in accordance with EU adopted 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 UK adopted IFRS.

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 13 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 €280,321,415 (2020: €434,409,303). Loan notes and borrowings held at the year end amounted to €465,833,069 (2020: €584,060,626). As of 31 December 2021, cash and cash equivalents, including reserve funds, were €209,168,032 (2020: €180,489,700). The Company made a profit of €3,888 in the current year (2020: €3,888) and at year end Shareholder funds were €58,717 (2020: €54,829).

During the year the Originator repurchased €3,011,369 of the underlying receivables which included credit impaired accounts. Additionally, there was a reversal of €30,414,423 in the estimated credit losses ("ECL") which is offset against the deferred purchase consideration further strengthening the credit enhancement within the structure. This demonstrates that there has been an improvement in the credit risk of the Receivables portfolio further underlining the Directors assessment that the entity is a going concern.

The directors have undertaken a detailed assessment of the Company's ongoing business model, in view of the importance of the recovery of the Deemed loan to the Originator ('Alpha Bank SA' or 'the Group') in being able to repay its liabilities on the loan notes. During the year, the Originator completed the demerger of Alpha Bank AE through the business banking sector's hive down and the establishment of a new company-credit institution under the corporate name "Alpha Bank SA" and successfully completed an increase of share capital, raising new capital of € 800 mil during the year. The Originator is well placed to manage its business risks successfully and is considered to be a going concern. 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 the transaction documents. 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Going Concern (continued)**

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 main factors causing uncertainty to the application of the Going Concern principle relate to the economic environment in Greece and the effects of the spread of coronavirus pandemic (COVID-19) in Europe along with the geopolitical tensions following the Russian military invasion of Ukraine.

In early 2020, the emergence and rapid spread of the Covid-19 pandemic overturned the growth prospects of the global and the Greek economy. Many governments, in an effort to boost the resilience of their national economies, have taken to an unprecedented extent emergency fiscal measure to support national health systems and ensure employment and entrepreneurship. The fiscal support policy that the government has followed mitigated, in part, the adverse effects of the recession that reached 9% on an annual basis in 2020. The swift and strong recovery of economic activity in the first nine months of 2021, recouped a significant part of the losses registered because of the recession of the previous year, as GDP at constant prices increased by 8.3% on an annual basis based on the adjusted criteria.

The steep rebound of GDP in 2021 can be attributed, firstly, to the private consumption, which increased by 7.8%, on an annual basis, contributing by 5.5 points on GDP growth and which was driven by the sharp increase in savings and the rise in employment. Investments have marked the second greater positive contribution to the GDP increase in 2021 (2.3 percentage points), as they increased by 19.6%, which amongst individual categories was mainly attributed to the rise of investment in machinery and technological equipment (+34.5% on an annual basis). The good performance of exports of services, and especially the remarkable recovery of tourism in 2021, have resulted in the positive contribution of net exports to the GDP increase, by 0.9 percentage points. Finally, public consumption has increased by 3.7% in 2021, in comparison to 2020, contributing to GDP increase by 0.8 percentage points, as a result of fiscal interventions addressing the negative impacts of the pandemic, as well as other fiscal support measures for the strengthening of households and businesses, which include, amongst others, the provision of subsidies for heating, electricity, and petroleum. On the contrary, inventories have significantly decreased, during the previous year, deducting 1.1 percentage points from the GDP rise.

Some particularly favourable indications that the recovery of the Greek economy will be strong are the following: first, conditions for the change of the composition of the economic growth are put in place, which is expected to derive mainly from investment expenditure. The increase of investment in the short-term will be determined by the evolution of the country's sovereign credit rating towards the so-called "investment grade", the disbursement of funds in the context of the Recovery and Resilience Facility (RRF), as well as the implementation of structural reforms that will establish a business-friendly environment. The RRF funding can be demonstrated a stable basis for a strong continued growth of the Greek economy and is expected to mobilize new investments and sustainable growth rates. The funds, according to the National Recovery and Resilience Plan (NRRP), are expected to mobilize new investments of around EUR 57.5 billion in 2021-2026, covering to a large extent the investment gap that was created in Greece in the previous decade. Secondly, in the estimation for new increase of tourist arrivals and proceeds from tourism, the significant recovery of turnover of businesses and finally, the gradual stabilisation of the Economic Sentiment Indicator (ESI).

Despite the positive expectations, the challenges and uncertainties are retained with regards to the evolution of the disease Covid-19 and its mutations, as well as the potential impacts of permanent nature in productivity, employment, behaviour of households, resilience of businesses and risks of financing the economically weak economies. In addition, inflation, as measured by the harmonized index of consumer prices, has increased the second half of 2021 primarily due to the rising energy prices globally, the supply chains disruptions and shortages of raw materials. In December 2021 the harmonized index of consumer prices increased by 4.4%, compared to -2.4% in the respective month of 2020, while the average ratio increased in 2021 by 0.6% compared to the previous year. In 2022, the harmonized index is expected to amount to 3.1% according to the Organisation for Economic Co-operation and Development (World Economic Outlook, December 2021) and to 3% according to the European Central Bank (Eurosysteem staff macroeconomic projections for the euro area countries, December 2021).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Going Concern (continued)**

Finally, the economic implications of the full-scale invasion from Russia to Ukraine at the beginning of the year, as well as the sanctions against Russia, are basically related with a longer period of inflation tensions in Eurozone. These tensions are fuelled by gas, oil and food prices which are expected to remain high over the medium term, as well as from increased uncertainty from the disruption in financial markets. As a result, the impact of high energy prices on households' real incomes as well as on industries supply lines, is expected to weaken the increase in private consumption. Consequently, the three basic channels through which it is expected that the geopolitical developments will affect the Greek economy are the energy prices, tourism, and a potential disruption of financial markets. The potential economic or non-economic impact of these conditions on the Group depends on the manner that the crisis is going to unfold. This crisis and its impact on the domestic and global economic conditions could affect the capacity of the Group to generate income or satisfy financial targets, increase expenses, or result in higher expected credit losses.

It is also important that the European Central Bank, in its decisions in March, April and December 2020, accepted the securities of the Hellenic Republic as collateral for liquidity operations. The Hellenic Republic is taking steps to gradually recover its access to the financial markets to meet its financing needs.

The Originator, in its capacity as servicer of the Company, also actively repurchases receivables when they are deemed to become uncollectible. Also considering the credit enhancement available within the structure, in the form of deferred purchase consideration and the cash at bank balances the Company has sufficient liquidity to continue to meet its obligations of the interest due on the Loan Notes for a period of at least 12 months.

Based on the above, 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.

**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.

**Early adoption of standards**

The directors consider that there are no new standards relevant to the Company which should be adopted early.

**Classification and measurement of financial assets and financial liabilities**

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.

**Financial assets**

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

- Hold to collect: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are accounted for at amortised cost.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income (FVOCI).



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

- 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 of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised Underlying Receivables and, that it would not be appropriate for the company to recognise the Underlying Receivables in its financial statements. The amounts advanced to Alpha Bank SA have been thus recognised as a deemed loan to the originator.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Deemed Loan to the Originator (continued)**

The deemed loan to originator is presented in these financial statements net of deferred purchase consideration payable to the originator as the amounts are due to the same counterparty 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.

**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 SA 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. This obligation is recognised as a financial liability in these financial statements and is disclosed net with the deemed loan to originator.

**Impairment losses on Deemed Loan to the Originator**

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

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 SA 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 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Impairment losses on Deemed Loan to the Originator (continued)**

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 2021, 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.

The impairment charge recognised in the year is disclosed together with the deferred consideration as an adjustment to the interest income. As noted above the deferred consideration adjusts the interest received on the underlying portfolio of receivables. Under the terms of the securitisation credit losses sustained on the portfolio are made good through the adjustment of the deferred consideration payable.

**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 maturities of three months or less from inception. 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 Euronext Dublin 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.

The interest income is presented net of any deferred purchase consideration payable and deferred purchase expense.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**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.

**Critical accounting judgements**

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

The assessment of the 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 SA. 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 enhancement, on 31 December 2021 there was a decrease in the expected credit losses on the underlying Receivables Portfolio held as collateral by €30,414,423 (2020: €9,457,167). 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 2021, is classified in stage 1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

*Impairment losses of financial assets (continued)*

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 SA 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

	2021 €	2020 €
Gross Interest income on the Deemed loan to Originator	86,168,793	94,340,214
Increase in Deferred purchase consideration	(107,333,726)	(93,235,233)
Impairment reversal	30,414,423	9,457,167
Net Interest income on Deemed Loan to the Originator	<u>9,249,490</u>	<u>10,562,148</u>

4. INTEREST EXPENSE

	2021 €	2020 €
Contractual interest on loan notes	8,100,784	9,232,500
Amortisation of premium on loan notes	972,443	1,166,931
	<u>9,073,227</u>	<u>10,399,431</u>

# **PISTI 2010-1 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **5. ADMINISTRATIVE EXPENSES**

	2021	2020
	€	€
Auditor's remuneration - audit of the statutory financial statements of the Company	23,438	23,053
Tax compliance	2,048	2,177
Corporate service and accountancy fees	27,261	11,036
Other fees	59,061	62,054
Servicing fees	<u>59,655</u>	<u>59,597</u>
	<u>171,463</u>	<u>157,917</u>

The Company has no employees (2020: nil) and, other than the corporate services fees paid to Wilmington Trust SP Services (London) Limited, the directors received no remuneration during the year (2020: Enil).

#### **6. TAXATION**

##### **(a) Analysis of charge in the year:**

	2021	2020
	€	€
<b>Current tax:</b>		
Corporation tax charge for the year at 19% (2020: 19%)	<u>912</u>	<u>912</u>

At budget 2020, the UK government announced that the Corporation tax main rate would remain at 19% for the years starting 1 April 2020 and 2021. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill (on 03 March 2021). These include an increase to the main rate to 25% from 01 April 2023. The small profits rate will remain at 19% for the financial year beginning 01 April 2022 and 2023.

##### **(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% (2020: 19%).

	2021	2020
	€	€
Profit on ordinary activities before tax	<u>4,800</u>	<u>4,800</u>
Current tax charge at 19% (2020:19%)	<u>(912)</u>	<u>(912)</u>
	<u>(912)</u>	<u>(912)</u>

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 2021, 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. DEEMED LOAN TO THE ORIGINATOR**

	2021	2020
	€	€
Carrying value of receivables portfolio	565,369,132	589,166,476
Deferred Purchase Consideration	<u>(285,047,717)</u>	<u>(154,757,173)</u>
<b>Deemed Loan to the Originator</b>	<u>280,321,415</u>	<u>434,409,303</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. DEEMED LOAN TO THE ORIGINATOR (CONTINUED)

The Deemed Loan to the Originator is underpinned by the Receivables Portfolio of loans originally acquired on 25 February 2010 and subsequent acquisitions since.

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 SA 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
<b>Gross carrying amount as at 1 January 2021</b>	<b>434,409,303</b>	-	-	<b>434,409,303</b>
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	1,824,697,127	-	-	1,824,697,127
Total repayments of loans and loans repurchased by the Originator	(1,878,384,441)	-	-	(1,878,384,441)
Movement in Deferred Consideration	(153,707,436)	-	-	(153,707,436)
Movement in interest accrued	(524,452)	-	-	(524,452)
Reclassification of deferred consideration to be settled in cash subsequent to year-end	23,416,891			23,416,891
Movement in the ECL of the underlying receivable portfolio	30,414,423	-	-	30,414,423
<b>Gross carrying amount as at 31 December 2021</b>	<b>280,321,415</b>	<b>-</b>	<b>-</b>	<b>280,321,415</b>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. DEEMED LOAN TO THE ORIGINATOR (CONTINUED)

Deemed Loan to the Originator	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020	429,445,254	-	-	429,445,254
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	1,731,175,171	-	-	1,731,175,171
Total repayments of loans and loans repurchased by the Originator	(1,756,113,051)	-	-	(1,756,113,051)
Movement in Deferred Consideration	(9,543,391)	-	-	(9,543,391)
Movement in interest accrued	(324,963)	-	-	(324,963)
Reclassification of deferred consideration to be settled in cash subsequent to year-end	30,313,116			30,313,116
Movement in the ECL of the underlying receivable portfolio	9,457,167	-	-	9,457,167
Gross carrying amount as at 31 December 2020	<u>434,409,303</u>	<u>-</u>	<u>-</u>	<u>434,409,303</u>

The credit quality of the Receivables Portfolio underlying the Deemed Loan to the Originator as at 31 December 2021 is summarised as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI	Total
	€	€	€	€	€
<b>Loans</b>					
Gross carrying amount	482,040,858	92,158,853	6,847,590	408,497	581,455,798
Less: ECL allowance for impairment losses	<u>(2,358,385)</u>	<u>(11,396,106)</u>	<u>(2,293,093)</u>	<u>(39,082)</u>	<u>(16,086,666)</u>
<b>Total Net Loans</b>	<u>479,682,473</u>	<u>80,762,747</u>	<u>4,554,497</u>	<u>369,415</u>	<u>565,369,132</u>

The Deemed Loan to the Originator was not impaired as at 31 December 2021 (2020: €nil) as the ECL balance is offset against the deferred purchase consideration. As at 31 December 2021, deferred consideration to be settled in cash subsequent to year-end amounting to €23,416,891 (2020: €30,313,116), has been classified as a financial liability entitled “deferred consideration payable” in the statement of financial position.



**PISTI 2010-1 PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. DEEMED LOAN TO THE ORIGINATOR (CONTINUED)**

As at 31 December 2020

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI	Total
	€	€	€	€	€
<b>Loans</b>					
Gross carrying amount	478,713,573	147,200,975	8,935,166	817,851	635,667,565
Less: ECL allowance for impairment losses	<u>(10,643,648)</u>	<u>(31,686,581)</u>	<u>(4,028,797)</u>	<u>(142,063)</u>	<u>(46,501,089)</u>
<b>Total Net Loans</b>	<b><u>468,069,925</u></b>	<b><u>115,514,394</u></b>	<b><u>4,906,369</u></b>	<b><u>675,788</u></b>	<b><u>589,166,476</u></b>

**8. OTHER ASSETS**

	2021	2020
	€	€
Amount due from Parent Company	4,094	4,094
Prepayments and accrued income	<u>2,107</u>	<u>-</u>
	<b><u>6,201</u></b>	<b><u>4,094</u></b>

**9. CASH AND CASH EQUIVALENTS**

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

	2021	2020
	€	€
Cash and bank current accounts	48,551	43,751
Reserve account	19,277,470	19,277,470
Bank deposit accounts	<u>189,842,011</u>	<u>161,168,479</u>
	<b><u>209,168,032</u></b>	<b><u>180,489,700</u></b>

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

**10. SHARE CAPITAL**

	2021	2020
	€	€
Issued share capital:		
2 (2020: 2) fully paid ordinary share at £1 each	2	2
49,998 (2020: 49,998) quarter paid ordinary shares at £1 each	<u>14,281</u>	<u>14,281</u>
	<b><u>14,283</u></b>	<b><u>14,283</u></b>

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 SA has no direct ownership interest in the Company, however, in accordance with IFRS the Company is considered to be controlled by Alpha Bank SA. Accordingly the results of the Company are included in the consolidated financial statements of Alpha Bank SA, being the controlling party.

## PISTI 2010-1 PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

##### 11. LOAN NOTES AND BORROWINGS

	2021	2020
	€	€
<b>Non-current liabilities</b>		
Series 2010-1 Class A Asset Backed Fixed Rate Notes	294,200,000	369,300,000
Series 2010-1 Class B Asset Backed Floating Rate Notes	172,800,000	216,900,000
Unamortised premium on loan notes	<u>(1,166,931)</u>	<u>(2,139,374)</u>
	<b><u>465,833,069</u></b>	<b><u>584,060,626</u></b>

On 25 February 2010, €956,300,000 of Fixed and Floating Rate Loan Notes were issued to Alpha Bank SA. At 31 December 2021 Loan Notes held by Alpha Bank SA are €467,000,000 (2020: €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 2026 are listed on the Euronext Dublin Stock Exchange and are secured over a portfolio of receivables (Open Loan Account and Credit Card Account) originated by Alpha Bank SA 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 the transaction documents.

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. On 25 May 2021, the Company partially redeemed €75,090,000 Class A Notes, and €44,110,000 Class B Notes (2020: €nil).

##### 12. OTHER LIABILITIES

	2021	2020
	€	€
Interest payable	143,014	179,521
Accruals and deferred income	38,045	46,550
Levy and insurance accruals	-	242,495
Service fee accruals	<u>5,000</u>	<u>5,048</u>
	<b><u>186,059</u></b>	<b><u>473,614</u></b>

##### 13. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

**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 SA 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 SA. 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 2021 would have been €59,141 higher (2020: €77,096). 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 2021 would have been lower by €59,141 (2020: €77,096).

**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:

		Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
	Note	€	€	€	€
<b>Financial assets:</b>					
Deemed Loan to the Originator	7	280,321,415	327,050,994	434,409,303	487,103,151
Other assets	8	6,201	6,201	4,094	4,094
Cash and cash equivalents	9	<u>209,168,032</u>	<u>209,168,032</u>	<u>180,489,700</u>	<u>180,489,700</u>
<b>Financial liabilities:</b>					
Loan notes	11	465,833,069	405,199,620	584,060,626	522,240,450
Other liabilities	12	<u>186,059</u>	<u>186,059</u>	<u>473,614</u>	<u>473,614</u>

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.

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:

2021	Total fair value €	Valuation method
<b>Financial assets:</b>		
Deemed Loan to the Originator	327,050,994	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 10.26% of the loans
<b>Financial liabilities:</b>		
Loan notes and borrowings	405,199,620	Discounted cash flows using the Bloomberg Swap S232 curve, plus the average CDS spread of 249.875 bps

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

2020	Total fair value €	Valuation method
Financial assets:		
Deemed Loan to the Originator	487,103,151	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 8.75% of the loans
Financial liabilities:		
Loan notes and borrowings	522,240,450	Discounted cash flows using the Bloomberg Swap S232 curve, plus the average CDS spread of 548.325 bps

Re-pricing analysis

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

	Within one year €	After one year €	Non - interest bearing €	Total €
<b>At 31 December 2021</b>				
<b>Assets</b>				
Gross Deemed Loan to the Originator	96,016,600	184,304,815	-	280,321,415
Other assets	-	-	6,201	6,201
Cash and cash equivalents	-	209,168,032	-	209,168,032
<b>Total assets</b>	<b>96,016,600</b>	<b>393,472,847</b>	<b>6,201</b>	<b>489,495,648</b>
<b>Liabilities</b>				
Loan notes and borrowings	96,533,069	369,300,000	-	465,833,069
Other liabilities	-	-	186,059	186,059
<b>Total liabilities</b>	<b>96,533,069</b>	<b>369,300,000</b>	<b>186,059</b>	<b>466,019,128</b>

	Within one year €	After one year €	Non - interest bearing €	Total €
<b>At 31 December 2020</b>				
<b>Assets</b>				
Gross Deemed Loan to the Originator	47,046,040	387,363,263	-	434,409,303
Other assets	-	-	4,094	4,094
Cash and cash equivalents	-	180,489,700	-	180,489,700
<b>Total assets</b>	<b>47,046,040</b>	<b>567,852,963</b>	<b>4,094</b>	<b>614,903,097</b>
<b>Liabilities</b>				
Loan notes and borrowings	214,760,626	369,300,000	-	584,060,626
Other liabilities	-	-	473,613	473,613
<b>Total liabilities</b>	<b>214,760,626</b>	<b>369,300,000</b>	<b>473,613</b>	<b>584,534,239</b>

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the Company's liquidity analysis for its financial liabilities at 31 December 2021. 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 2021	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
Liabilities	€	€	€	€	€	€	€
Loan notes	465,833,069	467,000,000	-	-	-	467,000,000	-
Interest payable	143,014	16,596,414	604,521	1,148,589	5,360,082	9,483,222	-
Accruals and deferred income	38,046	38,046	-	-	38,046	-	-
Total liabilities	<u>466,014,129</u>	<u>483,634,460</u>	<u>604,521</u>	<u>1,148,589</u>	<u>5,398,128</u>	<u>476,483,222</u>	<u>-</u>

At 31 December 2020	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
Liabilities	€	€	€	€	€	€	€
Loan notes	584,060,626	586,200,000	-	-	85,223,077	500,976,923	-
Interest payable	179,521	11,886,479	758,836	1,441,788	6,555,172	3,130,683	-
Accruals and deferred income	289,044	289,044	-	-	289,044	-	-
Total liabilities	<u>584,529,191</u>	<u>598,375,523</u>	<u>758,836</u>	<u>1,441,788</u>	<u>92,067,293</u>	<u>504,107,606</u>	<u>-</u>

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 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 SA as it retains the portfolio of underlying receivables on the Statement of Financial Position. The credit rating of Alpha Bank SA performed by three international credit ratings agencies is as follows:

Moodys: B1

Fitch Ratings: B

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk (continued)**

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 €1,227,547. If the assigned cumulative probability of the upside scenario was increased from 20% to 40%, Expected Credit Losses would decrease by €1,227,547. 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:

**As at 31 December 2021**

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Not Past Due	479,411,139	72,537,435	1,396,724	356,677	553,701,975
Past due	2,629,719	19,621,418	5,450,866	51,820	27,753,823
Carrying amount (before provision for impairment losses)	<u>482,040,858</u>	<u>92,158,853</u>	<u>6,847,590</u>	<u>408,497</u>	<u>581,455,798</u>
Expected credit losses	<u>(2,358,385)</u>	<u>(11,396,106)</u>	<u>(2,293,093)</u>	<u>(39,082)</u>	<u>(16,086,666)</u>
<b>Net carrying amount</b>	<b><u>479,682,473</u></b>	<b><u>80,762,747</u></b>	<b><u>4,554,497</u></b>	<b><u>369,415</u></b>	<b><u>565,369,132</u></b>
Value of collateral	-	-	-	-	-

**As at 31 December 2020**

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Not Past Due	470,663,631	105,091,268	949,379	615,303	577,319,581
Past due	8,049,942	42,109,707	7,985,787	202,548	58,347,984
Carrying amount (before provision for impairment losses)	<u>478,713,573</u>	<u>147,200,975</u>	<u>8,935,166</u>	<u>817,851</u>	<u>635,667,565</u>
Expected credit losses	<u>(10,643,648)</u>	<u>(31,686,581)</u>	<u>(4,028,797)</u>	<u>(142,063)</u>	<u>(46,501,089)</u>
<b>Net carrying amount</b>	<b><u>468,069,925</u></b>	<b><u>115,514,394</u></b>	<b><u>4,906,369</u></b>	<b><u>675,788</u></b>	<b><u>589,166,476</u></b>
Value of collateral	-	-	-	-	-

**PISTI 2010-1 PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit risk (continued)**

**As at 31 December 2021**

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Strong	437,323,375	-	-	-	437,323,375
Satisfactory	44,677,852	46,482,780	-	287,391	91,448,022
Watch list	39,631	45,676,073	-	71,505	45,787,210
Default	-	-	6,847,590	49,601	6,897,191
Carrying amount (before impairment)	<u>482,040,858</u>	<u>92,158,853</u>	<u>6,847,590</u>	<u>408,497</u>	<u>581,455,798</u>
Expected credit losses	<u>(2,358,385)</u>	<u>(11,396,106)</u>	<u>(2,293,093)</u>	<u>(39,082)</u>	<u>(16,086,666)</u>
Net carrying amount	<u><u>479,682,473</u></u>	<u><u>80,762,747</u></u>	<u><u>4,554,497</u></u>	<u><u>369,415</u></u>	<u><u>565,369,132</u></u>

**As at 31 December 2020**

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Strong	328,113,120	8,421,777	-	195,840	336,730,737
Satisfactory	150,555,424	26,038,392	-	211,964	176,805,780
Watch list	45,029	112,740,806	-	342,385	113,128,220
Default	-	-	8,935,166	67,662	9,002,828
Carrying amount (before impairment)	<u>478,713,573</u>	<u>147,200,975</u>	<u>8,935,166</u>	<u>817,851</u>	<u>635,667,565</u>
Expected credit losses	<u>(10,643,648)</u>	<u>(31,686,581)</u>	<u>(4,028,797)</u>	<u>(142,063)</u>	<u>(46,501,089)</u>
Net carrying amount	<u><u>468,069,925</u></u>	<u><u>115,514,394</u></u>	<u><u>4,906,369</u></u>	<u><u>675,788</u></u>	<u><u>589,166,476</u></u>

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**

**As at 31 December 2021**

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Current	479,411,139	72,537,435	1,396,724	356,677	553,701,975
1-29 days	2,629,719	11,928,056	228,945	22,669	14,809,389
30- 89 days past due	-	7,693,362	178,317	11,897	7,883,576
> 90 days past due	-	-	5,043,604	17,254	5,060,858
Carrying amount (before impairment)	<u>482,040,858</u>	<u>92,158,853</u>	<u>6,847,590</u>	<u>408,497</u>	<u>581,455,798</u>
Expected credit losses	<u>(2,358,385)</u>	<u>(11,396,106)</u>	<u>(2,293,093)</u>	<u>(39,082)</u>	<u>(16,086,666)</u>
Net carrying amount	<u><u>479,682,473</u></u>	<u><u>80,762,747</u></u>	<u><u>4,554,497</u></u>	<u><u>369,415</u></u>	<u><u>565,369,132</u></u>

**As at 31 December 2020**

	Stage 1	Stage 2	Stage 3	POCI	Total
	€	€	€	€	€
Current	470,663,631	105,091,268	949,379	615,303	577,319,581
1-29 days	8,049,942	30,129,308	367,286	129,111	38,675,647
30- 89 days past due	-	11,980,399	451,229	47,755	12,479,383
> 90 days past due	-	-	7,167,272	25,682	7,192,954
Carrying amount (before impairment)	<u>478,713,573</u>	<u>147,200,975</u>	<u>8,935,166</u>	<u>817,851</u>	<u>635,667,565</u>
Expected credit losses	<u>(10,643,648)</u>	<u>(31,686,581)</u>	<u>(4,028,797)</u>	<u>(142,063)</u>	<u>(46,501,089)</u>
Net carrying amount	<u><u>468,069,925</u></u>	<u><u>115,514,394</u></u>	<u><u>4,906,369</u></u>	<u><u>675,788</u></u>	<u><u>589,166,476</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Alpha Bank SA have repurchased loans from the Company of €63,801,994 (2020: €26,117,089) during the year. 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. 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.

**14. 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 €20,369 (2020: €35,312) 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. Mr I Kyriakopoulos, who is a director of the Company, is an employee of Wilmington Trust SP Services (London) Limited.

Under the terms of the securitisation transaction Alpha Bank SA 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 2021, €1,675,895,103 (2020: € 1,592,475,084) of additional portfolio of loans was acquired and €3,011,369 of loans were repurchased (2020: €35,909,251).

During 2021 Alpha Bank SA earned €59,655 (2020: €59,597) in servicing fees for acting as the portfolio of loans servicer of which €5,000 (2020: €5,048) was outstanding at 31 December 2021 and included in accruals and deferred income.

Given the details set out in note 11, Loan Notes held by Alpha Bank SA are €467,000,000 as at 31 December 2021 (2020: €586,200,000). During 2021, €8,100,784 (2020: €9,232,500) of interest on Loan Notes was payable to Alpha Bank SA of which €143,014 (2020: €179,521) was outstanding at year end.

Under the terms of the sale agreement relating to portfolio of loans, Alpha Bank SA has a residual interest in the portfolio of loan comprising Retained Interest and transferor interest. At 31 December 2021 €541,300,666 (2020: €385,981,853) and €232,836,057 (receivables) (2020: €200,911,564) of Retained Interest and transferor interest respectively was retained by Alpha Bank SA 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 2020, an amount of €4,094 (2020: €4,094) was receivable from the parent.

Cash and cash equivalents include balance of €209,168,032 (2020: €180,489,700) in bank account held with Alpha Bank SA as at year end.



## **PISTI 2010-1 PLC**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

##### **15. 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 SA 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 SA, 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 SA can be obtained from [www.alpha.gr](http://www.alpha.gr).

##### **16. POST BALANCE SHEET EVENT**

Loans amounting to €9,361,310 have been redeemed since the year end. The Company has not acquired any loans since the year end. There were no other significant balance sheet events.