ALPHA GROUP JERSEY LIMITED

INTERIM
MANAGEMENT REPORT
AND UNAUDITED
CONDENSED INTERIM
FINANCIAL STATEMENTS

30 June 2019

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Company Particulars

Board of Directors

Lindsay Mackay
Monika Ahmed
Nigel Day
Stephen Langan

Company Secretary

Intertrust SPV Services Limited

Registered Office

44 Esplanade
St Helier
Jersey
JE4 9WG

Registered number

84392 Jersey

Date of incorporation

21 November 2002

Interim Management Report

The directors of Alpha Group Jersey Limited (the "Company") present their interim management report and unaudited condensed financial statements (the "Interim Report") of the Company for the six months to 30 June 2019 ("the period").

Principal activities

The principal activity of the Company is the provision of financing to Alpha Bank A.E. (the "Parent") and its consolidated subsidiaries (together the "Group"). All debt instruments issued by the Company are guaranteed by the Parent.

Results and dividends

The Company has prepared its Interim Report in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Unaudited Condensed Statement of Comprehensive Income for the period is set out on page 6.

The Board of Directors ("the Board") decided not to declare a dividend on the preferred securities payable in February 2019, which the Company was entitled to do under the terms of the issue. At the same time, Alpha Bank A.E. notified the Company that it decided in its sole discretion to cancel interest payments due on the Subordinated Loan.

The Board have not recommended the payment of an interim dividend to ordinary shareholders in respect of the period ended 30 June 2019 (30 June 2018: nil).

The Company has been subject to an investigation by the regulator (BaFin) with respect to prior year Financial Statements. The Company believes all demands have been met.

Economic position

The Company's business strategy and activities are linked to those of its Parent with the Company having a single loan receivable from its Parent and a single issue of Series B Preferred Securities of which a nominal balance of €15,542,000 remains outstanding (30 June 2018: €15,542,000). The Company, in order for it to pay interest on its debt instruments and repay debt on maturity, is dependent on Alpha Bank A.E., to pay interest on loans made to it on the due dates and to repay loans made to it on their maturity. The terms of the loan to Alpha Bank AE are such that the borrower has the discretion to pay interest due.

Without the receipt of interest on the loan the Company presently has no income and hence the loss of €83,470 (30 June 2018: loss of €64,962) reported in these financial statements which relates to the running costs of the Company, predominantly consisting of legal and professional fees.

The Parent has and will continue to provide the financial resources to cover ongoing operating expenses, as and when required, as outlined in a letter of support the Parent has provided to the Company.

Taking into consideration the improving economic situation in Greece and of the Parent, the support offered by the Parent Company, and the fact that preferred securities are guaranteed by the Parent, the Directors are of the opinion that the conditions for the going concern principle to apply to the Company are currently being met and accordingly the financial statements have been prepared on the going concern basis.

Expected developments

The Company expects higher losses in 2019 compared to 2018. The increase is expected to be caused by higher expenses related to legal and professional fees, which are as a result of ongoing regulatory investigations. These investigations and potential fines are the main risk associated with Company's developments. The Company has received confirmation that the expenses will be financially covered by an increase in the share capital or other form of financial support from the Parent

Brexit

In June 2016 the United Kingdom voted to leave the European Union (EU). During early 2017, the formal process to leave the European Union was triggered and the UK government has been negotiating with the EU since this date. A "No Deal Brexit" remains a possibility and may potentially create market disruption and cross border business restrictions. Management has considered the impact of such an event on the Company and does not believe it would be material. The Company is incorporated outside the UK and EU jurisdictions and does not have any trading activities in the UK, nor is it directly or indirectly connected to any UK entity. The note it holds is listed on an EU stock exchange, and the loan is with the Parent Company also incorporated in the EU and therefore management does not expect the performance of the Company to be impacted by the events in the UK.

Interim Management Report (continued)

Internal control systems and risk management system relevant for the financial reporting process

The Company having so few transactions, and there being very little activity, employs no staff. The Directors oversee all transactions and prepare the financial statements ensuring accounting policies are followed, taking guidance from specialists employed by the Parent and other professional advisors. The monthly financial reporting is submitted to the Parent. The valuation of the securities is performed by a specialist risk team of the Parent. The Company engages in internal control processes key to financial reporting, such as segregation of duties, and a four-eyed principal for reviews.

Risk reporting relating to the use of financial instruments

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

The Company was set up to raise finance for the Alpha Bank Group (of which Alpha Bank A.E. is the Parent). This was achieved by the issue of Preferred and Perpetual Securities listed on the Euronext Amsterdam and Frankfurt Stock Exchanges, the proceeds of which are advanced to Alpha Bank A.E.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is €4,903,666 (2018: €4,956,789). All credit risk exposure is to Alpha Bank A.E., which is rated Caal (2018: Caal) by Moody's.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Due to the nature of the Company's operations, the Board considers the net liquidity risk faced by the Company as minimal. The most significant cash outflow consists of the payment of interest expense on the Preferred Securities which are limited in recourse to the Company's loans and receivables.

The terms and conditions of the Preferred Securities are similar to those of the Loans and Receivables held, however the loan receivable has a repayment date of 30 December 2045 whilst the Preferred Securities are perpetual.

There should be no liquidity mismatch as the interest cash outflows fall due on the same dates as the interest cash inflows from the loans and receivables and payment of cash outflows to the Preferred Securities are dependent on receipt of cash inflows on the Company's loans and receivables. The Board considers its available cash resources and parental support as enough to meet other cash outflows which mainly consist of administrative expenditure. The Parent company will provide support in the event that the Company's cash resources are not sufficient to meet the ongoing administrative expenditure, in the form of an increase in share capital or any other appropriate form at the time.

Market risk

Market risk is the risk that changes in market prices, due to foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the structure of the Company's assets and liabilities, particularly the similar terms and conditions of the principal financial assets and liabilities, the Company's net exposure to market risk is also considered to be minimal.

Currency risk

Currency risk is where a movement in exchange rates will result in changes to the Company's profit or loss. With the exception of certain administrative expenses which are denominated in GBP, all other transactions are undertaken in Euro. Hence in the opinion of the Directors there is no significant currency risk.

Interim Management Report (continued)

Interest rate risk

Interest rate risk is where a movement in interest rates will result in changes to the Company's profit or loss. Interest obligations on the financial liabilities are on a floating rate basis plus a fixed margin whilst the amount receivable from

the corresponding financial assets yield a floating rate with a slightly higher fixed margin. Therefore, in the opinion of the Directors, the Company is not exposed to any significant net interest rate risk.

At 30 June 2019, if Euro market interest rates had been 100 basis points higher/ lower with all other variables held constant, the profit for the year would be no lower or higher, mainly as a result of higher/ lower interest expense on Euro denominated floating rate borrowings compensated by higher/ lower interest income on the floating rate loan.

Capital management

All ordinary shares are held by Alpha Bank A.E. and the Company does not have any share option schemes or holds its own shares. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The nominal value of the outstanding Preferred Securities was €15,542,000 (2018: € 15,542,000).

Directors

The directors who served throughout the period are as follows:

Lindsay Mackay
Monika Ahmed
Nigel Day
Stephen Langan

Directors' interests

The directors who held office at 30 June 2019 had no interest in the shares of the Company.

Related party transactions

See note 5 of the unaudited condensed financial statements.

For and on behalf of the Board

Director:

Date:

Responsibility Statement in respect of the unaudited condensed interim financial statements

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

To the best of the Directors knowledge, and in accordance with the applicable reporting principles, the condensed interim financial statements give a true and fair view of net assets, financial position and results of operations of the Company, and the interim Management Report gives a true and fair view of the development including the business performance and the position of the Company, together with the description of the principal opportunities and risks associated with the expected development of the Company.

The Companies (Jersey) Law 1991 ("Law") requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping 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 to enable them to ensure that the financial statements comply with the Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

To the best of our knowledge and in accordance with the applicable reporting principles for half-yearly financial reporting, the unaudited condensed interim financial statements for the period ended 30 June 2019 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the interim management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

For and on behalf of the Board of Directors of the Company

Director:

Date:

Condensed Statement of Comprehensive Income (Unaudited)

For the six months ended 30 June 2019

	Six months ended 30.06.19 € (unaudited)	Six months ended 30.06.18 € (unaudited)
Fair value gains from valuation of loans and receivables measured at FVTPL	**35,747**	980,079
Fair value (losses) from valuation of preferred securities	**(35,747)**	(980,079)
(Loss) on foreign currency transactions	**(49)**	(673)
Legal and professional fees	**(83,421)**	(64,289)
Loss for the period	**(83,470)**	(64,962)
Other comprehensive income	**-**	-
Total comprehensive loss for the period	**(83,470)**	(64,962)

The notes on pages 10 to 14 form part of these unaudited condensed interim financial statements.

Condensed Statement of Financial Position (Unaudited)

As at 30 June 2019

	30.06.19	31.12.18
	€	€
Assets	(unaudited)	(audited)
Non-current Assets		
Loans and receivables measured at FVTPL	4,713,889	4,678,142
Current Assets		
Prepaid expenses	4,126	8,273
Cash and cash equivalents	189,777	278,647
	193,903	286,920
Total Assets	4,907,792	4,965,062
Equity		
Equity attributable to equity holders of the Company		
Called-up share capital	260,000	260,000
Retained earnings	(141,453)	(57,983)
	118,547	202,017
Liabilities		
Non-Current Liabilities		
Preferred and perpetual securities	4,713,889	4,678,142
Current Liabilities		
Other liabilities	75,356	84,903
Total Equity and Liabilities	4,907,792	4,965,062

The notes on pages 10 to 14 form part of these unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved and authorised for issue by the board of directors on 27 September 2019 and were signed on its behalf by:

Director

Condensed Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2019

	Share Capital	Retained Earnings	Total
	€	€	€
Balance as at 1 January 2019	**260,000**	**(57,983)**	**202,017**
Total comprehensive loss for the six month period to 30 June 2019	-	(83,470)	(83,470)
Balance attributable to equity shareholders as at 30 June 2019	**260,000**	**(141,453)**	**118,547**

	Share Capital	Retained Earnings	Total
	€	€	€
Balance as at 1 January 2018	20,000	78,332	98,332
Total comprehensive loss for the six month period ended 30 June 2018	-	(64,962)	(64,962)
Balance attributable to equity shareholders as at 30 June 2018	20,000	13,370	33,370

The notes on pages 10 to 14 form part of these unaudited condensed interim financial statements.

Condensed Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2019

	Six months ended 30.06.19	Six months ended 30.06.18
	€	€
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss for the period	**(83,470)**	(64,962)
(Increase) / decrease in assets relating to operating activities		
Loans and receivables	**(35,747)**	(980,079)
Prepaid expenses	**4,147**	(3,809)
Increase / (decrease) in liabilities relating to operating activities		
Preferred and perpetual securities	**35,747**	980,079
Other liabilities	**(9,547)**	21,249
Net cash flows used in operating activities	**(88,870)**	(47,522)
Net decrease in cash and cash equivalents	**(88,870)**	(47,522)
Cash and cash equivalents at beginning of the period	**278,647**	119,802
Cash and cash equivalents at the end of the period	**189,777**	72,280

The notes on pages 10 to 14 form part of these unaudited condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

1. General information

These unaudited condensed interim financial statements were approved for issue on 27 September 2019. The audited financial statements of the Company for the year ended 31 December 2018 are available upon request from the Company's registered office. The Company employed no staff during the period or the preceding year.

2. Basis of preparation

a) ***Statement of compliance*** - The condensed interim financial statements of Alpha Group Jersey Limited (the "Company") for the six months ended 30 June 2019 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' and with section 115 of the WpHG securities trading act. They do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2018 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). They are presented in Euro, and are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value as explained in the accounting policies below.

b) ***Going concern*** - As the principal activity of the Company is to raise finance for the Parent, by the provision of a loan, the Company is wholly dependent on its Parent to make the payments on the amounts it has borrowed in order to satisfy its obligations to the owners of the preferred securities, which are guaranteed by the Parent.

At 30 June 2019, the Company had a positive net assets position.

Based on the above, after reviewing the going concern note in the Alpha Bank A.E. interim financial statements for the period ended 30 June 2019, and following discussions with senior management at Alpha Bank A.E., the directors have concluded that there is a reasonable expectation that Alpha Bank A.E. will make repayments of the loan as required for the Company to meet its obligations and so in their opinion it is appropriate for the financial statements to be prepared on a going concern basis.

The directors are not aware of any further redemptions of the Preferred Securities or planned tender offers for such which may cause the winding up of the Company within the next 12 months. In addition, the directors believe there to be sufficient liquidity, in the form of cash reserves or support of the Parent, in order for the Company to meet its on-going operational expenses as they fall due.

There is an ongoing investigation from the German Regulator (BaFin) and it is possible that a fine will be payable by the Company. The Parent has given a letter of financial support which includes paying any imposed regulatory fines.

3. Accounting policies

The accounting policies applied by the Company in preparing the condensed interim financial statements are consistent with those stated in the published financial statements for the year ended on 31st December 2018, after taking into account the following new standards and amendments to standards as well as IFRIC 23 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1st January 2019:

▸ **Amendment to International Financial Reporting Standard 9** "Financial Instruments": Prepayment Features with Negative Compensation (Regulation 2018/498/22.3.2018)
On 12.10.2017 the International Accounting Standards Board issued an amendment to IFRS 9 that permits some prepayable financial assets with negative compensation features, that would otherwise been measured at fair value through profit or loss, to be measured at amortised cost or at fair value through other comprehensive income. The amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The adoption of the above amendment had no impact on the financial statements of the Company.

▸ **International Financial Reporting Standard 16** "Leases" (Regulation 2017/1986/31.10.2017)
On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

- IAS 17 "Leases"
- IFRIC 4 "Determining whether an arrangement contains a lease"
- SIC 15 "Operating Leases – Incentives" and
- SIC 27 "Evaluating the substance of transactions involving the legal form of a lease".

Notes to the Unaudited Condensed Interim Financial Statements (continued)

3 Accounting policies (continued)

The new standard significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the

□ **International Financial Reporting Standard 16(continued)**

right-of-use asset as well as the corresponding obligation to pay the lease payments. The above treatment is not required when the asset is of low value.
At initial recognition, the right-of-use asset comprises the amount of the initial measurement of the lease liability, any initial direct costs, any lease payments made before the commencement date as well as an estimate of dismantling costs.
At initial recognition, the lease liability is equal to the present value of the lease payments that are not paid at that date.

The adoption of the above amendment had no impact on the financial statements of the Company.

□ **Amendments to International Accounting Standard 19** "Employee Benefits": Plan Amendment, Curtailment or Settlement (Regulation 2019/402/13.3.2019)
On 7.2.2018 the International Accounting Standards Board issued an amendment to IAS 19 with which it specified how companies determine pension expenses when changes to a defined benefit pension plan occur. In case that an amendment, curtailment or settlement takes place IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to IAS 19 require specifically a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In addition, the amendment to IAS 19 clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The adoption of the above amendment had no impact on the financial statements of the Company.

□ **Amendment to International Accounting Standard 28** "Investments in Associates": Long-term Interests in Associates and Joint Ventures (Regulation 2019/237/8.2.2019).
On 12.10.2017 the International Accounting Standards Board issued an amendment to IAS 28 to clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture —to which the equity method is not applied—should be accounted using IFRS 9, including its impairment requirements. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.

The adoption of the above amendment had no impact on the financial statements of the Company.

□ **Improvements to International Accounting Standards** – cycle 2015-2017 (Regulation 2019/412/14.3.2019)
As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2017, non-urgent but necessary amendments to various standards.

The adoption of the above amendments had no impact on the financial statements of the Company.

□ **IFRIC Interpretation 23** "Uncertainty over Income Tax Treatments" (Regulation 2018/1595/23.10.2018)
On 7.6.2017 the International Accounting Standards Board issued IFRIC 23. The Interpretation clarifies application of recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Interpretation specifically clarifies the following:

- An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.
- The estimations for the examination by taxation authorities shall be based on the fact that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- For the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity shall reassess an estimate if the facts and circumstances change or as a result of new information.

The adoption of IFRIC 23 had no impact on the financial statements of the Company.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest income' and 'Interest expense' in the Statement of Comprehensive Income using the effective interest rates of the financial instrument to which they relate, except for the financial instruments measured at fair value through profit and loss, for which all changes in fair value are recognised as valuation gains or losses.

Notes to the Unaudited Condensed Interim Financial Statements (continued)

Economic Relationship Between the Loan Notes and Preferred Securities
The loan notes and preferred securities are economically linked, in that interest payment on the preferred securities will not be made unless interest has been received on the loan notes to Alpha Bank A.E. The nominal value of both the loan notes and preferred securities are identical and cash flow characteristics are matched.

Profit and loss on redemption of loans and receivables and preferred and perpetual securities (derecognition)
On derecognition of a financial instrument, other than in its entirety, the Company allocates the previous carrying amount of the instrument between the part it continues to recognise and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part no longer recognised and the sum of the consideration received is recognised in profit and loss.

Expenses
Operating expenses are recognised in profit or loss on an accruals basis.

Taxation
The Company as a non-regulated financial services entity is liable to Jersey income tax at 0%.

Cash and cash equivalents
Cash and cash equivalents consist of balances with banks.

Loans and receivables
Under IFRS9, the Company has classified its loan note receivables as a loan and receivable at fair value through profit and loss (FVTPL). The fair value is deemed to be the same as the fair value of the preferred and perpetual securities as the two instruments have virtually identical cash flow characteristics. Loans and receivables are measured at FVTPL because their contractual characteristics do not pass the SPPI test.

The Company derecognises loans and receivables when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Preferred and perpetual securities
The preferred and perpetual securities are recognised as financial liabilities at fair value through profit and loss and therefore carried at fair value. The Company has elected to hold the preferred securities at FVTPL in order to remove an accounting mismatch which would have occurred if the securities had been held at amortised cost. This election is permitted by IFRS9, paragraphs 4.2.2a and 7.2.10a. In addition, the Company has also elected to pass all changes in fair value, including those due to changes in credit risk, through profit and loss as permitted by paragraph 5.7.8 of IFRS9.

The terms of the perpetual preferred securities provide the holder with the contractual right to receive payments of interest. However, these are dependent on the Parent having sufficient distributable funds. The fair value of the preferred and perpetual securities is calculated using observable market data (i.e. quoted prices in non-active markets as there is limited liquidity and low volumes of trading) and the securities are classified as 'Level 3' for the purposes of risk management disclosures.

Functional currency
Due to the fact that the Company's operations are carried out in Euro, the Company has adopted the Euro as its functional and reporting currency. The financial statements are presented in Euro rounded to the nearest Euro.

Foreign currency
Transactions denominated in foreign currencies are translated to Euro at the rate ruling on the date of the transaction. Assets and liabilities at the period end date denominated in foreign currencies are translated to Euro at the rate ruling on the statement of financial position date. Any gains or losses arising on translation are recognised in profit or loss.

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

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

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

Notes to the Unaudited Condensed Interim Financial Statements *(continued)*

Use of estimates and judgements (continued)

The estimates and judgements applied are consistent with those stated in the published financial statements for the year ended 31 December 2018.

4. Financial instruments and risk management

The Company was set up to raise finance for the Alpha Bank Group (of which Alpha Bank A.E. is the parent). This was achieved by the issue of Preferred and Perpetual Securities listed on the Luxembourg Stock Exchange, the Euronext Amsterdam and Frankfurt Stock Exchange, the proceeds of which were advanced to Alpha Credit Group PLC, a fellow subsidiary undertaking as a part of their €30,000,000,000 Euro Medium Term Note Programme guaranteed by Alpha Bank A.E. Since December 2015, the remaining proceeds have been lent directly to Alpha Bank A.E.

The main risks arising for this period and for the remaining 6 months of the financial year from the Company's financial instruments are credit risk, liquidity risk, market risk, which includes market price risk, and interest rate risk. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at, and for the year ended 31 December 2018.

Fair values of financial assets and financial liabilities

	30.06.19 Fair value €	31.12.18 Fair value €
Loans and receivables	4,713,889	4,678,142
Preferred and Perpetual Securities	4,713,889	4,678,142

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

Fair value hierarchy

The Company's fair value disclosures are based on the following fair value hierarchy that reflects the significance of the inputs used in making the fair value estimates.
• Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
• Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
• Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company's loans and receivables (financial instruments at FVTPL) are categorised as level 3 and the preferred and perpetual securities are categorised as level 3. There were no movements between 'levels' during the period.

Reconciliation of Movement in Level 3 Instruments

	Financial Assets at FVTPL €	**Financial Liabilities at FVTPL €**
Balance at 1 January 2019	4,678,142	4,678,142
Gains in profit and loss	35,747	35,747
Balance at 30 June 2019	4,713,889	4,713,889

Notes to the Unaudited Condensed Interim Financial Statements *(continued)*

4. Financial instruments and risk management (continued)

The fair values of financial assets are not expected to be significantly different from that of the Preferred Securities for which the Company relies on the Risk Department of its Parent, to determine the fair values. The fair value of the preferred and perpetual securities is calculated using observable market data (i.e. quoted prices in non-active markets as there is no sufficient liquidity and trading) and the securities are categorised as "Level 3" for the purposes of risk management disclosures. The financial assets are categorised as level 3, as management use the assumption that the value is linked to the value of the preferred securities, rather than by use of directly observable market inputs. The terms and conditions of the Preferred Securities are similar to those of the loan to Alpha Bank A.E. Both are non-cumulative, to the extent interest has not been waived, the loan has a repayment date of 30 December 2045 whilst the Preferred Securities are perpetual.

5. Related party disclosures

Alpha Bank London Limited by virtue of the common control exercised by Alpha Bank A.E., Cash held at Alpha Bank London Limited as at 30 June 2019 was €189,777 (31 December 2018: €278,647).

Alpha Bank A.E. by virtue of being a borrower of €4,713,889 as at 30 June 2019 (31 December 2018: €4,678,142).

Mr S Langan is a Director of the Company, and also a director of Intertrust SPV Services Limited, which received fees of €34,008 (30 June 2018: €32,607) from the Company for the provision of company secretarial services. There were amounts owing at the end of the period of €18,105 (31 December 2018 €15,808).

Mr N.Day is a Director of the Company, and is also a Director of Carpe Diem Limited, which received fees of €10,819 (30 June 2018: €10,947) from the Company for book-keeping and other administrative services. There were no amounts owing at the end of the period (31 December 2018 €Nil).

Mrs M Ahmed is a Director of the Company, and is also a Director of Alpha Credit Group PLC and Chief Financial Officer, Alpha Bank London Limited.

Mr L.Mackay is a Director of the Company, and is also the Managing Director of Alpha Bank London Limited, a Company wholly owned by Alpha Bank A.E. and a Director of Alpha Credit Group PLC.

The nature of related party transactions has not changed and is consistent with that disclosed in the financial statements as at, and for the year ended, 31 December 2018.

No fees were paid to Directors during the period.

7. Post balance sheet events

In July 2019, the Directors became aware of an order imposed by the German Regulator (BaFin) regarding the reissuance of the 2018 Financial Statements. The Directors complied with all required actions; however a fine of €80,000 (potentially rising to €230,000 if punitive) is potentially payable by the Company. The fine is contingent on BaFin's final review of the Company's compliance with the financial reporting requirements.

8. Ultimate controlling party

The smallest and largest group in which the results of Alpha Group Jersey Limited are consolidated is that headed by Alpha Bank A.E. a company incorporated in Greece, whose principal place of business is 40 Stadiou Street, 102 52 Athens, Greece.

The consolidated financial statements of the group are available to the public and may be obtained from the above address or on the Alpha Bank AE website at https://www.alpha.gr/en/group/investor-relations

INDEPENDENT REVIEW REPORT TO ALPHA GROUP JERSEY LIMITED

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and related notes 1 to 7. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with section 115 of the WpHG securities trading act.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Deloitte LLP
Statutory Auditor
London, United Kingdom
27 September 2019