ALPHA GROUP JERSEY LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

31 December 2020

ALPHA GROUP JERSEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

General Information	1
Directors' Report	2 - 4
Management Report	5 - 7
Statement of Directors' Responsibilities	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 23
Independent Auditor's Report	

ALPHA GROUP JERSEY LIMITED
GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

Lindsay Mackay (resigned on 31st March 2020)
Monika Ahmed
Nigel Day (resigned on 31st March 2020)
Stephen Langan (resigned on 28th September 2020)
Cheryl Heslop
Ryan Mendez (appointed on 28th September 2020)
Dan Barbalat (alternate director, appointed 28 September 2020)

Secretary and Administrator

Intertrust SPV Services Limited
44 Esplanade
St Helier
Jersey
JE4 9WG
Channel Islands

Registered office

44 Esplanade
St Helier
Jersey
JE4 9WG
Channel Islands

Independent auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

ALPHA GROUP JERSEY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present the annual report and audited financial statements of Alpha Group Jersey Limited (the **Company**) for the year ended 31 December 2020.

Incorporation

The Company was incorporated in Jersey, Channel Islands as a public company on 21 November 2002.

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**). The loan advanced to the Parent was financed by the issuance of Series B CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities (the **Series B Preferred Securities** or **Preferred Securities**). All debt instruments issued by the Company are guaranteed by the Parent.

Results

The Company has prepared its financial statements in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union.

The statement of comprehensive income for the year is set out on page 9.

The Directors decided not to declare a dividend on the Preferred Securities payable in February 2020 (February 2019: no dividend), which the Company was entitled to do under the terms of the issue. At the same time, the Parent notified the Company that it decided in its sole discretion to cancel interest payments due on the Subordinated Loan.

Dividends to Parent

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020 (2019: € nil).

Business strategy, business environment and future outlook

The Company's business strategy and activities are linked to those of its Parent. The Company, in order for it to pay interest on its debt instruments and repay debts on maturity, is dependent on the Parent 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 advanced to the Parent are such that the borrower has the discretion not to pay interest when due. See note 12 of the financial statements regarding post year end events relating to the payment of interest receivable and payable.

Business environment in Greece

The Parent Company is incorporated in and operates in Greece. During the first wave of the pandemic, Greece succeeded in containing the exponential spread of infections throughout March and April 2020 due to the early introduction of front-loaded containment measures such as lockdowns. Following the gradual easing of the first generalised lockdown from May onwards, economic activity was progressively normalized in Q3 2020, which was reflected in the rise of real GDP by 2.3% on a quarterly basis.
According to the Monetary Policy Report (December 2020) of the Bank of Greece, the profitability result of Greek banks (before taxes), in the first nine months of 2020, was loss-making, mainly due to the increase in credit risk provisions. The Capital Adequacy ratio for the Greek banks (total banking system), on a consolidated basis, stood at 16.3% in September 2020, whereas the corresponding Common Equity Tier 1 (CET1) ratio reached 14.6%

Impact of the business environment on Alpha Bank A.E. Group

The Parent remains under close supervision by the European Central Bank and the Bank of Greece (being components of the Single Supervisory Mechanism, 'SSM'). The Group continued to improve its Statement of Financial Position and overall financial position throughout 2020.

Going concern

The Covid-19 pandemic is an ongoing risk. Economic circumstances in 2020 have been challenging as a result of the pandemic. The situation is unprecedented.There has been little direct impact on the Company as it has no premises and employs no staff. The Parent and the Group monitor the situation regarding Covid-19. The Company has sufficient liquid resources to cover 12 months from the date of approval of these Financial Statements. Taking into consideration the improving economic situation in Greece and of the Parent, 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 a going concern basis.

Corporate Governance

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

Brexit

In January 2020 the United Kingdom left the European Union ("EU"). The UK retained full market access until 31 December 2020. A trade agreement was reached which should avoid 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 Preferred Securities it holds are listed on an EU stock exchange, and the loan is with the Parent Company incorporated in the EU and therefore management does not expect the performance of the Company to be impacted by the events in the UK.

Directors

The Directors who held office throughout the year and up to the date of approving the financial statements were:

Lindsay Mackay (resigned on 31st March 2020)
Monika Ahmed
Nigel Day (resigned on 31st March 2020)
Stephen Langan (resigned on 28th September 2020)
Cheryl Heslop
Ryan Mendez (appointed on 28th September 2020)
Dan Barbalat (alternate director, appointed 28 September 2020)

The Directors had no interest in the ordinary shares of the Company throughout the year and up to the date of approving the financial statements.

Secretary

The Secretary of the Company throughout the year and up to the date of approving the financial statements was Intertrust SPV Services Limited.

Independent auditor

Deloitte LLP as the Company's independent auditor have expressed their willingness to continue to act, however, their reappointment is dependent on the approval of the Group's Audit Committee.

Directors' responsibility regarding disclosure of information to auditor

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

By order of the Board

For **Intertrust SPV Services Limited**

Dated: 28 April 2021

Business model

The principal activity of the Company is the provision of financing to the Parent and its consolidated subsidiaries. All debt instruments issued by the Company are guaranteed by the Parent.

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 (2019: €15,542,000) remains outstanding, see notes 5 and 7 of the financial statements. The Company, in order for it to pay interest on its debt instruments and repay debts on maturity, is dependent on the Parent 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 the Parent are such that the borrower has the discretion not to pay interest when due. See note 12 of the financial statements regarding post year end events relating to the payment of interest receivable and payable.

Without the receipt of interest on the loan the Company presently has no income and hence the loss of €158,272 (2019: loss of €324,406) reported in the financial statements which relates to the running costs of the Company, predominantly consisting of legal and professional fees.

The Covid-19 pandemic is an ongoing risk. Economic circumstances in 2020 have been challenging as a result of the pandemic. The situation is unprecedented.There has been little direct impact on the Company as it has no premises and employs no staff. The Parent and the Group monitor the situation regarding Covid-19. The Company has sufficient liquid resources to cover 12 months from the date of approval of these Financial Statements. Taking into consideration the improving economic situation in Greece and of the Parent, 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 a going concern basis.

Expected developments

The Company expects similar losses in 2021 compared to 2020. With the unprecendented and ongoing Covid-19 pandemic it is difficult to provide reliable economic expectations at this time. While this is difficult to predict, the Directors do not believe Covid-19 will have a significant impact on the Company.

Key Performance Indicators

As the Company has not generated any revenue, the only relevant KPI is the loss made.

Internal controls and risk management system relevant for the financial reporting process

The Company's accounting policies are described in note 2 of the financial statements. The Company having so few transactions, and there being very little activity, employs no staff. The Directors have established processes regarding internal control and risk management systems to ensure their effective oversight of the financial reporting process. The Directors oversee all transactions and review the financial statements ensuring accounting policies are followed and taking guidance from specialists employed by the Parent and other professional advisors including the appointment of Intertrust SPV Services Limited, to maintain the accounting records of the Company independently of the Parent. Intertrust is contractually obliged to maintain adequate accounting records as required by the Administration Agreement. To that end, Intertrust performs reconciliations of its records to those of the Parent. Intertrust is also contractually obliged to prepare for review and approval by the Directors the annual report including financial statements intended to give a true and fair view. Furthermore, the Directors evaluate and discuss significant accounting and reporting issues as the need arises. The monthly financial reporting is submitted to the Parent. The year end financial statements are reviewed by the Directors and the Parent. The valuations of the financial assets and liabilities are 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 principle for reviews and payments.

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
- Currency risk;
- Interest Rate risk; and
- Capital 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 Series B Preferred Securities listed on the Euronext Amsterdam and Frankfurt Stock Exchanges, the proceeds of which are advanced to Alpha Bank A.E. No dissimilar transactions were carried out by the Company since incorporation and therefore the operations for the year consisted in servicing the financial liabilities from the previous period and income generated by the financial assets.

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 €10,305,805 (2019: €5,795,843). All credit risk exposure is to Alpha Bank A.E., who are rated Caa1 (2019: Caa1) by Moody's. The results for Alpha Bank A.E. for 2020 showed an increase in pre-provision income from the previous year as well as a strong total capital ratio in excess of their requirement.

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 Directors consider 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 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 Directors consider its available cash resources and parental support as sufficient to meet other cash outflows which mainly consist of administrative expenditure.

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 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.

Opportunities
Due to the nature of the business, there are no significant opportunities.

Risk reporting relating to the use of financial instruments (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 31 December 2020, 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 the Parent 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 year. The Company is not subject to externally imposed capital requirements. The nominal value of the outstanding Preferred Securities was €15,542,000 (2019: €15,542,000). In 2019 a capital injection of €650,000 was made in order to support the Company's ongoing expenses, in the absence of any income during the year. In 2020 no further capital injection was necessary.

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

Director:

Date: 28 April 2021

ALPHA GROUP JERSEY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Companies (Jersey) law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- 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 proper accounting records that 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 (Jersey) Law 1991. 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.

To the best of our knowledge and in accordance with the applicable reporting principles for the annual financial reporting, the audited annual financial statements for the year ended 31 December 2020 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the annual management report of the Company includes a fair view 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 next twelve months.

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

Director:

Date: 28 April 2021

ALPHA GROUP JERSEY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 EUR	2019 EUR
Fair value gains from valuation of loans and receivables	5	4,676,588	533,091
Fair value losses from valuation of preferred securities	7	(4,676,588)	(533,091)
(Loss)/gain on foreign currency transactions		(3,461)	3,712
Legal and professional fees	4	(154,811)	(328,118)
Loss for the year		(158,272)	(324,406)
Other comprehensive income		-	-
Total comprehensive loss for the period/year		(158,272)	(324,406)

The comprehensive loss for the year was derived from continuing operations.

The notes on pages 13 to 23 form an integral part of these audited financial statements

ALPHA GROUP JERSEY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 EUR	2019 EUR
Assets			
Non-current assets			
Loans and receivables measured at FVTPL	5	9,887,820	5,211,233
		9,887,820	5,211,233
Current assets			
Prepayments		8,642	-
Cash and cash equivalents	6	417,986	584,610
		426,628	584,610
Total assets		**10,314,448**	**5,795,843**
Equity			
Equity attributable to the equity holder of the Company			
Share capital	8	325,000	325,000
Share premium	8	585,000	585,000
Retained earnings		(540,661)	(382,389)
Total equity		369,339	527,611
Liabilities			
Non-current liabilities			
Preferred securities	7	9,887,820	5,211,233
		9,887,820	5,211,233
Current liabilities			
Accruals and other payables		57,289	56,999
		57,289	56,999
Total liabilities		9,945,109	5,268,232
Total equity and liabilities		**10,314,448**	**5,795,843**

The financial statements on pages 9 to 23 were approved and authorised for issue by the Board of Directors on 28 April 2021 and signed on its behalf by:

………………………. Director

The notes on pages 13 to 23 form an integral part of these audited financial statements

ALPHA GROUP JERSEY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
As at 1 January 2020		325,000	585,000	(382,389)	527,611
Share capital issued during the year	8	-	-	-	-
Total comprehensive loss for the year		-	-	(158,272)	(158,272)
As at 31 December 2020		**325,000**	**585,000**	**(540,661)**	**369,339**

	Share capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
As at 1 January 2019	260,000	-	(57,983)	202,017
Share capital issued during the year	65,000	585,000	-	650,000
Total comprehensive loss for the year	-	-	(324,406)	(324,406)
As at 31 December 2019	**325,000**	**585,000**	**(382,389)**	**527,611**

ALPHA GROUP JERSEY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 EUR	2019 EUR
Operating activities			
Loss for the year		(158,272)	(324,406)
Fair value gains from the valuation of loans and receivables	5	(4,676,588)	(533,091)
Fair value losses from the valuation of preferred securities	7	4,676,588	533,091
(Increase)/decrease in prepaid expenses		(8,642)	8,273
Increase/(decrease)in other payables		290	(27,904)
Net cash used in operating activities		(166,624)	(344,037)
Financing activities			
Issuance of additional share capital	8	-	650,000
Net cash generated from financing activities		-	650,000
(Decrease)/increase in cash and cash equivalents during the year		(166,624)	305,963
Cash and cash equivalents at beginning of the year		584,610	278,647
Cash and cash equivalents at end of the year	6	**417,986**	**584,610**

The notes on pages 13 to 23 form an integral part of these audited financial statements

1. General information

The principal activity of Alpha Group Jersey Limited (the **Company**) is the provision of financing to Alpha Bank A.E. (the **Parent**) and its consolidated subsidiaries (together the **Group**). The loan advanced to the Parent was financed by the issuance of Series B CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities (the **Series B Preferred Securities** or **Preferred Securities**). All debt instruments issued by the Company are guaranteed by the Parent.

2. Basis of preparation, significant accounting policies, estimates and judgements

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards **(IFRS)** as adopted by the European Union.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities which have been measured at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below.

Going concern

At 31 December 2020, the Company has a positive net assets position and 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 is sufficient liquidity, in the form of cash reserves in order for the Company to meet its on-going operational expenses as they fall due.

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 in the long term 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.

Despite the positive developments set out in the Directors' Report on page 2 regarding the Business Environment in Greece and its impact on the Parent, there are still uncertainties associated with the current economic conditions in Greece and the ongoing Covid-19 pandemic that could affect the going concern assumption. These could affect the Parent's ability to meet its obligations to the Company, and consequently may affect the amount that holders of the Preferred Securities may ultimately receive and the timing of such receipts. As disclosed in notes 5 and 7, no interest is currently being received in respect of the Company's loan with its Parent and no payments are being made on the Company's Preferred Securities.

After taking into considerations the above factors and reviewing the going concern note in the Parent's audited financial statements for the year ended 31 December 2020, the Directors have concluded that there is a reasonable expectation that Parent will make repayments of the loan as required for the Company to meets its obligations and so in their opinion it is appropriate for the financial statements to be prepared on a going concern basis.

Adoption of new and revised standards

(a) New Standards, Amendment to Standards and Interpretations early adopted by the Company:

There were no new standards, amendments to standards and interpretations adopted early by the Compay.

(b) New Standards, Amendment to Standards and Interpretations effective as of 1 January 2020 and relevant to the Company's operations:

These include:

Amendment to International Financial Reporting Standard 3 "Business Combinations": Definition of a Business
Amendment to International Financial Reporting Standard 9 "Financial Instruments", to **International Accounting Standard 39** "Financial Instruments" and to **International Financial Reporting Standard 7** "Financial instruments: Disclosures": Interest rate benchmark reform

Amendments to International Accounting Standard 16 "Leases": Covid-19 Related rent concessions (effective May 2020)

Amendments to International Accounting Standard 1 "Presentation of Financial Statements" and to **International Accounting Standard 8** "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of material

None of these new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2020 that are expected to have a material effect on the financial statements of the Company.

2. Basis of preparation, significant accounting policies, estimates and judgements (continued)

Adoption of new and revised standards
(c) Standards, amendments and interpretations not yet effective:

No new standards expected to gave a material impact on the financial statements of the Company.

Estimation uncertainty and critical accounting 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

(a) Fair value: During the year, the management made an estimate in assessing the fair value of the financial assets and financial liabilities. Estimates were made by utilising unobserved inputs such as the discount rate and cash flow timing.

Significant accounting policies

Foreign currencies
(a) Functional and presentation currency
The financial statements of the Company are presented in the currency of the primary economic environment in which it operates. The functional and presentation currency of the Company's financial statements is Euro (EUR), which reflects the Company's primary activity.

(b) Transactions and balances
Transactions denominated in foreign currencies are translated into EUR at the exchange rate ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rate ruling at the reporting date. Any gains or losses arising on translation are recognised in the statement of comprehensive income.

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.

Expenses
Expenses are recognised 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 short-term balances with banks that mature within three months of the balance sheet date.

2. Basis of preparation, significant accounting policies, estimates and judgements (continued)

Classification and measurement of financial instruments

Initial recognition

The Company recognises financial assets or financial liabilities in its statement of financial position when it becomes a party to the terms of the contract.

At initial recognition the Company measures financial assets and liabilities at fair values. Financial instruments not measured at fair value through profit or loss are initially recognised at fair value plus or minus transaction costs and income or fees that are directly attributable to the acquisition or issue of the financial instrument.

Subsequent measurement of financial assets

Following the adoption of IFRS 9 'Financial Instruments' in 2017, the Company has classified its loan note receivable as a loan and receivable at fair value through profit and loss (**FVTPL**).

Financial assets measured at fair value through profit or loss

Financial assets are measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets or if their contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (**SPPI**) on the principal amount outstanding.

Company's Loans and Receivables do not fulfil the criteria of passing the SPPI test and thus they are categorized in FVTPL category.

Financial liabilities measured at fair value through profit or loss

This category includes financial liabilities held for trading and financial liabilities which are designated by the Company as at fair value through profit or loss upon initial recognition. The Company has elected to hold the Preferred Securities at FVTPL in order to remove an accounting mismatch which would have occurred if they had been held at amortised cost and thus preferred securities fall within the category of designated liabilities at FVTPL. 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.

Derecognition of financial assets and financial liabilities

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.

The Company derecognises Preferred Securities when its contractual obligations are discharged or cancelled or expire.

Profit and loss on redemption of loans and receivables and Preferred 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 the statement of comprehensive income.

Accruals and payables

Accruals and payables are non interest-bearing, short term in nature, and are stated at their amortised cost.

2. Basis of preparation, significant accounting policies, estimates and judgements (continued)

Share capital

Ordinary shares issued by the Company are classified as equity.

Segment information

An operating segment is a component of a Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker (to make decisions about resources to be allocated to the segment and assess its performance) and for which discrete information is available. The Directors believe 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), and operates in only one geographical area which is Jersey.

3. Operating loss

The operating loss is stated after charging:

		2020	2019
		EUR	EUR
Auditor remuneration:			
Audit services	- current year	53,421	44,790
	- prior year	28,493	30,797
Non-audit services		2,579	13,070
		84,493	88,657

4. Legal and professional fees

	2020	2019
	EUR	EUR
Legal expenses	6,380	93,060
Audit expenses	84,493	63,867
Corporate administration expenses	15,640	96,585
Regulatory expenses	2,990	50,531
Accounting and consulting expenses	39,710	22,802
Other expenses	5,599	1,273
	154,811	328,118

In 2019, the Company was subjected to an enforcement examination by the German Regulator (**BaFin**) and was made aware of non-compliance to certain German regulatory requirements. There were no fines imposed by BaFin but the Company was charged with the costs incurred by BaFin in the investigation. Various measures were undertaken by the Company to correct and to comply with BaFin requirements resulting to increased expenses in legal and corporate administration fees. As at the date of approving the 2019 financial statements, all BaFin investigations had been settled.

5. Loans and receivables measured at FVTPL

	2020	2019
	EUR	EUR
Beginning balance	5,211,233	4,678,142
Changes in fair value	4,676,587	533,091
Ending balance	9,887,820	5,211,233

The loan advanced to the Parent earns interest which is payable annually in arrears on 18 February. However, no interest has been received on the loan since 2012 due to the Parent's discretion on payment of interest or waivers provided by the Company, respectively.

The loan is repayable in full on 30 December 2045.

6. Cash and cash equivalents

	2020 EUR	2019 EUR
Cash at bank - current account	417,986	584,610

The above balance is held with Alpha Bank London Limited. The placement is overnight and any probability of default is close to nil, therefore no estimated credit losses are recognised.

7. Preferred securities

	2020 EUR	2019 EUR
Beginning balance	5,211,233	4,678,142
Changes in fair value	4,676,587	533,091
Ending balance	9,887,820	5,211,233

The changes in the fair value of the Preferred Securities are recognised through profit and loss including the change in value due to changes in credit risk associated with the Parent. As disclosed below, no interest expense has been paid as the payment of interest is dependent upon the Parent having sufficient distributable funds. No interest has been received and there is uncertainty as to when the payment of interest will resume. The changes in the fair value of the Preferred Securities are mostly attributed to change in own credit risk. Note 9 provides further detail about the process of determining the fair value of the 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 made to the Parent. The nominal value of both the loan notes and Preferred Securities are identical and their cash flow characteristics are matched.

Denomination and nominal balance

On 18 February 2005, the Company issued 600,000 of €1,000 denominated Series B Preferred Securities. After a series of repurchases and subsequent cancellations in the previous years, as at 31 December 2020, a nominal balance of €15,542,000 is still outstanding (2019: €15,542,000).

Interest

The Series B Preferred Securities entitle holders to receive non-cumulative preferential cash interest payable annually in arrears on 18 February in each year commencing 18 February 2006. The preferred dividend was 6.00% per annum up to but excluding 18 February 2010.

Any preferred interest payment date commencing on 18 February 2010 or any preferred interest payment date thereafter, the rate of preferred interest is the preferred dividend floating rate, subject to a maximum rate of 10.00% per annum and a minimum rate of 3.25% per annum.

Payments of interest on the Preferred Securities are non-cumulative and are subject to the provisions regarding distributions contained within the Companies (Jersey) Law 1991, and within the Offering Circular. The Company is not permitted to pay any interest on the Preferred Securities if such an amount would exceed the funds available for distribution.

The Series B Preferred Securities contain a clause that permits the Company not to pay dividends if such an amount would exceed the funds available for distribution. The Parent did not have sufficient distributable funds at the relevant dates and consequently the Series B dividends due in February 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 were not paid. In the same years, the Company did not receive interest income on the loan advanced to the Parent (see note 5).

Redemption

The Preferred Securities, as defined in the Offering Circular, are perpetual securities and have no fixed redemption date. However, they may be redeemed at the option of the Company, in whole but not in part, on the First Call Date, (18 February 2015 for the Series B Preferred Securities) or on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 Days' notice. Redemption is subject to the consent of the Parent and the Bank of Greece. On such a redemption, the holders will be entitled to receive the redemption price (as defined in the Offering Circular) plus accrued and unpaid interest in respect of the most recent interest period (as defined in the Offering Circular).

If at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event (as defined in the Description of the Preferred Securities within the Offering Circular) has occurred and is continuing, the Preferred Securities may be redeemed, in whole but not in part, at the option of the Company on the next interest payment date, upon not less than 30 or more than 60 days notice to the holders.

In the event of a liquidation, dissolution or winding-up of the Company, holders of the Preferred Securities will be entitled to receive, for each Preferred Security (as defined in the Offering Circular), a liquidation preference of €1,000 plus accrued and unpaid Preferred dividend for the then current Applicable Preferred Dividend Period (as defined in the Offering Circular) to the date of payment.

Guarantee

All obligations of the Company to make payments in respect of the Series B Preferred Securities are guaranteed on a subordinated basis by the Parent pursuant to an amended and restated subordinated guarantee dated 18 February 2005 for the Series B CMS-Linked notes.

Holders of the Preferred Securities are not entitled to vote at any general meeting of shareholders of the Company. However, holders of Preferred Securities are entitled to elect two additional Directors to the board if in respect of four consecutive Dividend periods, Preferred Dividends (each as defined in the Offering Circular) on the Preferred Securities have not been paid in full, or if the Parent breaches its payment obligations under the Guarantee. Such Directors will vacate their office if Preferred Dividends are resumed by the Company, or payments by the Parent in respect thereof are made in full.

The Preferred Securities are registered in the name of Citivic Nominees Limited. The Series B Preferred Securities are listed on the Euronext Amsterdam and Frankfurt Stock Exchange.

For a more detailed description of the Preferred Securities, reference should be made to the "Description of the Preferred Securities" as set out in the Offering Circular dated 16 February 2005 for the Series B Preferred Securities.

8. Share capital

	2020 EUR	2019 EUR
Authorised		
1,000,000 ordinary shares with par value of €1	1,000,000	1,000,000
Allotted, called up, issued and fully paid		
Beginning balance	325,000	260,000
Issuance during the year	-	65,000
Ending balance	325,000	325,000

During the year, no additional shares were subscribed by the Parent (2019: 65,000 shares at €10 per share).

The holders of the ordinary shares are entitled to vote at any annual general meeting of the Company, to receive ordinary dividends as may be declared by the directors from time to time, and to participate in the winding up of the Company.

During 2019, the Parent subscribed for 65,000 additional €1 shares at a price of €10 per share resulting in a share premium of €585,000.

9. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. They are responsible for identifying and analysing the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

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 Securities listed on the Euronext Amsterdam and Frankfurt Stock Exchanges, the proceeds of which are advanced to the Parent (see note 5). No dissimilar transactions were carried out by the Company since incorporation and therefore the operations for the year consisted in servicing the financial liabilities from the previous period and income generated by the financial assets. As a result, the Directors deem their sole involvement as sufficient to monitor the risks faced by the Company and need not delegate any specific duties to Board committees.

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 €10,305,805 (2019: €5,795,843). All credit risk exposure is to Alpha Bank A.E., who are rated Caa1 (2019: Caa1) by Moody's.

The Company's main financial asset consists of a long-term loan to the Parent, which is classified as a financial instrument at FVTPL and therefore not subject to impairment assessment.

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 Directors consider 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 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 Directors consider its available cash resources and parental support as enough to meet other cash outflows which mainly consist of administrative expenditure. The table below sets out the maturity of the financial assets and liabilities.

Maturity of financial assets and liabilities (Undiscounted)

The maturity profile of the Company's financial assets and liabilities as at 31 December based on undiscounted contractual maturity dates, excluding future interest payments, (see notes 5 and 7 for details of interest rates/terms) is as follows:

	2020	2019
	EUR	EUR
Assets		
Within one year	417,986	584,610
Five years or more or in perpetuity	15,542,000	15,542,000
	15,959,986	16,126,610
Liabilities		
Within one year	57,289	56,999
Five years or more or in perpetuity	15,542,000	15,542,000
Total	15,599,289	15,598,999

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 EUR. Hence, in the opinion of the Directors, there is no significant currency risk.

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 31 December 2020, if EUR 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 EUR denominated floating rate borrowings compensated by higher/lower interest income on the floating rate loan.

Capital management

All ordinary shares are held by the Parent 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 year. The Company is not subject to externally imposed capital requirements. The nominal value of the outstanding Preferred Securities was €15,542,000 (2019: €15,542,000).

Financial instruments at FVTPL

Fair value
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 measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

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.

As at 31 December 2020, the Company held the following financial instruments measured at fair value:

	2020 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Loans and receivables at FVTPL	9,887,820	-	-	9,887,820
Preferred Securities	9,887,820	-	-	9,887,820

As at 31 December 2019, the Company held the following financial instruments measured at fair value:

	2019 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Loans and receivables at FVTPL	5,211,233	-	-	5,211,233
Preferred Securities	5,211,233	-	-	5,211,233

The tables below set out the reconciliations of the movements in the fair value of the financial assets at FVTPL and financial liabilities at FVTPL classified as level 3 in the fair value hierarchy:

	2020 EUR	2019 EUR
Loans and receivables at FVTPL		
Beginning balance	5,211,233	4,678,142
Gain/(loss) recognised	4,676,587	533,091
Ending balance	9,887,820	5,211,233
Preferred securities		
Beginning balance	5,211,233	4,678,142
(Gain)/loss recognised	4,676,587	533,091
Ending balance	9,887,820	5,211,233

Financial instruments at FVTPL (continued)

There were no transfers between hierarchy levels during the current year (2019: none). The Company's policy is to recognise transfers into and out of fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

Valuation techniques
The fair value of the Preferred Securities is calculated using a discounted cash flow model and is based on significant unobservable inputs and the securities are categorised as "Level 3" for the purposes of risk management disclosures. The two significant inputs are the credit risk spread (the discount factor) and the timing of dividend payments (the cash flow). The terms and conditions of the Preferred Securities are similar to those of the loan advanced to the Parent. The dividend payment related to the Preferred Securities is directly linked to the interest received from the Parent. If the interest on the loan note is waived, no dividend is paid to the holders of Preferred Securities. The fair value of the loan advanced to the Parent is deemed to be the same as the fair value of the Preferred 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. Therefore, the fair value of the loan note mirrors the fair value of Preferred Securities and is categorised as level 3. Since the value of the asset and liability are mirrored, there is no net effect on the statement of financial position in relation to the value.

Sensitivity of valuations
Below is presented a sensitivity analysis showing the current Level 3 valuation key inputs, reasonable changes to them and the resulting absolute and relative valuation movement. There's no direct correlation between the credit risk spread and the dividend payment. The sensitivity calculations are the reasonable possible range of outcomes considering all possible likely events. The analysis shows the fair value per EUR 100 of nominal as well as the EUR amount resulting.

	EUR per 100 Nominal	Movement in EUR
Current valuation (no dividends for 2 years)	63.62	-
No dividend payment for 3 years	60.67	(458,489)
No dividend payment for 5 years	55.25	(1,300,865)
No dividend payment for 7 years	50.35	(2,062,423)
10% relative increase in credit spread	58.28	(829,942)
10% relative decrease in credit spread	69.45	906,099
5% absolute increase in discount factor	31.52	(4,988,982)

10. Related party transactions

The following are related parties of the Company:

Alpha Bank London Limited by being a subsidiary of Alpha Bank A.E. Cash held at Alpha Bank London Limited as at 31 December 2020 was €417,985 (2019: €584,610).

Alpha Bank A.E. by being a borrower of €9,887,820 as at 31 December 2020 (2019: €5,211,233).

The transactions with the Parent and Alpha Bank London Limited have been described in notes 5, 6 and 7. Any Company revenues apart from deposit interest income are derived from the Parent. All transactions are on an arms length basis.

The key management personnel have been identified as being the Directors of the Company. The emoluments of the key management personnel are paid by the ultimate controlling party and other related parties who make no recharge to the Company. It is therefore not possible to make a reasonable apportionment of their emoluments in respect of the Company. Accordingly, no emoluments in respect of the Directors of the Company and related entities applicable to the Company have been disclosed.

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

Mr W. L. Mackay (resigned 31 March 2020) was also a director of Alpha Credit Group PLC in 2020 and Chief Executive Officer of Alpha Bank London Limited.

Related party transactions (continued)

Mr. S. Langan (resigned on 28 September 2020) was a Director of the Company and was also a Director of Intertrust SPV Services Limited, which receives fees from the Company for the provision of company secretarial services.

Ms. C. Heslop, a Director of the Company, is also a Director of Intertrust SPV Services Limited.

Mr. N. Day (resigned on 31 March 2020) was a Director of the Company and was also a Director of Carpe Diem Limited, which receives fees from the Company for book-keeping and other administrative services.

During the year, Carpe Diem Limited charged fees of €5,571 (2019: €19,400) for the provision of book-keeping and other administrative services to the Company of which € nil (2019: € nil) was outstanding at the reporting date.

Mr. R. Mendez, (appointed on 28 September 2020) a Director of the Company, is also an alternate Director of Intertrust SPV Services Limited.

Intertrust SPV Services Limited is entitled to receive fees for acting as company secretary and for the provision of directors to the Company. During the year, Intertrust SPV Services Limited charged fees for the provision of services to the Company amounting to €58,435 (2019: €120,586) of which € nil (2019: €48,444) was outstanding at the reporting date.

11. Ultimate controlling party

As at the period end date, the Company is a wholly owned subsidiary of Alpha Bank A.E., incorporated in Greece, which is also, in the opinion of the Directors, the ultimate controlling party of the Company, whose business is 40 Stadiou Street, 102 52 Athens, Greece. The annual report and accounts of the Parent can be found here: https://www.alphaholdings.gr/-/media/alphaholdings/files/apotelesmata/20210323-fy-oikonomikes-katastaseis-en.pdf.

12. Post year end events

On 15 January 2021, the Parent elected not to pay the interest due on the loan on 18 February 2021 and the Company did not declare a dividend on the Preferred Securities.

On 16 April 2021, the Parent Company, Alpha Bank A.E. was renamed Alpha Services & Holdings S.A. Alpha Services and Holdings S.A. has its business at 40 Stadiou Street, 102 52 Athens, Greece.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA GROUP JERSEY LIMITED

Report on the audit of the financial statements and management report

1. Opinion

In our opinion the financial statements of Alpha Group Jersey (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU); and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

In addition, in our opinion the management report of the company provides an appropriate view of the company's position and, in all material respects:

- is consistent with the annual financial statements;
- complies with German legal requirements; and
- appropriately presents the opportunities and risks of future development.

We have audited the financial statements and management report which comprise:

- the management report;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 12.

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

2. 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 and management report 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 and management report in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • The valuation of level 3 financial instruments This key audit matter is consistent with the prior year.
Materiality	The materiality that we used in the current year was €57,300 which was determined on the basis of loan notes.
Scoping	All of the work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There were no significant changes in our approach this year.

4. 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 company's ability to continue to adopt the going concern basis of accounting included review of the directors' assessment of the company's solvency and liquidity for the next twelve months. The assessment takes into consideration the current Covid-19 pandemic and limited operations of the company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The valuation of level 3 financial instruments

Key audit matter description	The valuation of the Company's level 3 financial instruments is a key audit matter given these are the principal assets and liabilities of the Company and because of the inherent subjectivity when determining fair values. The loan assets are valued at €9.9m (31 December 2019: €5.2m); and the preferred securities are valued at €9.9m (€5.2m: 31 December 2019: €5.2m). Management apply Bloomberg pricing to determine the valuation of the preferred securities and, given the nature of the structure, infer a similar price for the loan assets. In general, there is a lack of comparable market transactions to the Company's financial instruments and therefore a lack of observability to determine fair values. Due to the significant judgements involved, we have determined that there is a potential risk of fraud in determining these values. Refer to the accounting policies and note 9 of the financial statements.
How the scope of our audit responded to the key audit matter	To scope our audit and respond to the key audit matter, we have: • obtained an understanding of the relevant controls relating to the valuation of level 3 financial instruments; and • tested management's methodology for determining the valuations. In the context of observed industry practice, we involved our valuation specialists in challenging the appropriateness of the methodology used in calculating the fair values of the loan asset and preferred securities, including an assessment of the Bloomberg pricing method used. Additionally, we assessed whether these instruments have been appropriately classified and disclosed as level 3 of the fair value hierarchy under IFRS 13: Fair value measurement.
Key observations	From the work performed, we concluded that management's valuation is appropriate.

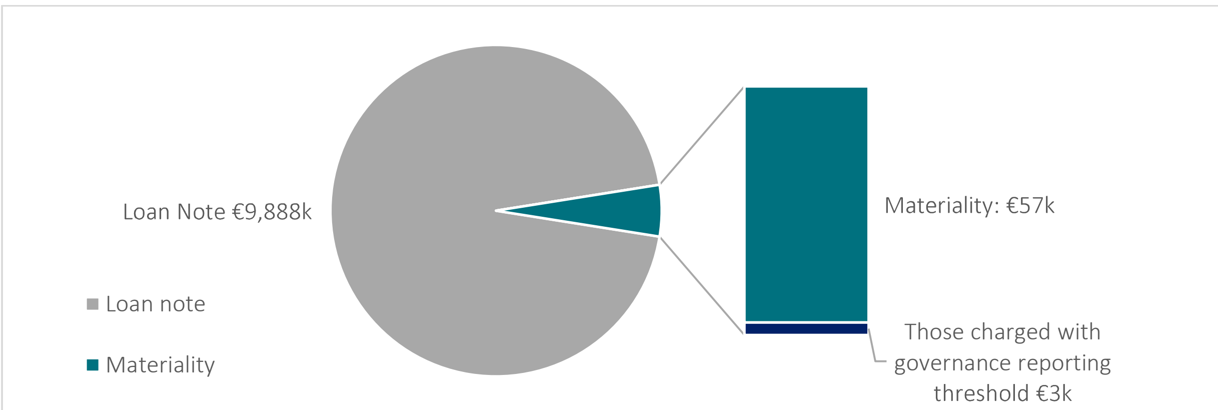
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	€57,300 (2019: €52,112)
Basis for determining materiality	0.6% (2019: 1%) of the Loan Note balance. We reassessed the percentage used in the current year due to the increased value of the Loan Note balance.
Rationale for the benchmark applied	The key element of Alpha Group Jersey's financial statements is the Loan Asset as it drives the key income statement balances.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the company's overall control environment; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with those charged with governance that we would report all audit differences in excess of €2,865 (2019: €2,600), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. The audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

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

Our opinion on the financial statements and the management report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

9. 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.

Furthermore, the directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities for and risks of future development. In addition, the directors are responsible for such arrangements and measures (systems) as they consider necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

10. Auditor's responsibilities for the audit of the financial statements and management report

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

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

In addition, with regards to the management report, we:

- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the company's position it provides; and
- perform audit procedures on the prospective information presented by the directors in the management report. On the basis of sufficient appropriate audit evidence, we evaluate the significant assumptions used by the directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations including compliance with the German regulator (BaFin), and whether they were aware of any instances of non-compliance ;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of loan notes. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law, 1991 and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of level 3 financial instruments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and management report are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. 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.

Mark Rhys, FCA (Senior auditor)

For and on behalf of Deloitte LLP

Auditor

London, United Kingdom

28 April 2021