ALPHA GROUP JERSEY LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

31 December 2021

Registered number: 84392

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ALPHA GROUP JERSEY LIMITED
GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

Ellen Chislett (appointed on 20 October 2021)
Ryan Mendez (appointed on 28 September 2020)
Dan Barbalat (resigned on 30 November 2021)
Monika Ahmed (resigned on 30 November 2021)
Cheryl Heslop (resigned on 20 October 2021)

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

The Directors present the annual report and audited financial statements of Alpha Group Jersey Limited (the **Company**) for the year ended 31 December 2021.

Incorporation

The Company was incorporated in Jersey, Channel Islands as a public company on 21 November 2002 under Companies (Jersey) Law 1991.

Principal activities

The principal activity of the Company is the provision of financing to Alpha Services and Holdings S.A. (the **Parent**) and its subsidiaries (together the **Group**). The Parent changed its name from Alpha Bank A.E. effective 16 April 2021. 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. On 18 February 2022, the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent. Following the finalisation of these financial statements, the Directors intend to liquidate the Company by end of 2022.

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 2021 (2020: 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 2021 (2020: 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 is incorporated in and operates in Greece. The swift and strong recovery of economic activity in Greece in 2021 recouped a significant part of the losses registered in 2020 as GDP at constant prices increased by 8.3% on an annual basis, compared to a decrease of 9.0% in 2020. The European Commission (European Economic Forecast, WInter 2022) expects a further increase of 4.9% in 2022 and 3.5% in 2023. Furthermore, according to the latest projections by the Bank of Greece (Interim Monetary Policy Report, December 2021), the GDP growth rate is estimated to reach 5% in 2022 and 3.9% in 2023. The steep rebound of GDP in 2021 can be attributed to the strong increase of private consumption, rise in investment and higher than expected performance of exports of services.

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. The Directors believe that the Company has no direct exposure to Russia/Ukraine. The Directors carefully evaluate the information that becomes available by monitoring the unfolding crisis and assessing the impact on the Company's financial position and profitability.

Impact of the business environment on Alpha Services and Holdings S.A. 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').

Going concern

The Parent, Company and the Group monitor the ongoing situation regarding COVID-19 and assesses the impact on the asset quality, the risk model sensitivity in macroeconomic perimeters and the implementation of the Business Plan. There has not been a material impact on the Company as it has no premises and no staff.

Subsequent to the year end, the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent. Following the finalisation of these financial statements, the Directors intend to liquidate the Company by end of 2022. As a result, the financial statements have been prepared on a basis other than going concern.

Corporate Governance

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

Directors

The Directors in office when these financial statements were approved are shown on page 1, all of whom were Directors for the whole year, unless otherwise stated.

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 **(Intertrust)**.

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: ________________

Business model

The principal activity of the Company is the provision of financing to the Parent and its 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 (2020: €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. On 18 February 2022, the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000.

At 31 December 2021, the Company has a positive net assets position of €268,336 (2020: €369,339). Also, there was a share capital increase of €650,000 from the Parent which was received on 20 September 2021 in order to support the Company's ongoing expenses and to cover the regulatory fines of €447,500 in the absence of any income during the year. Overall, the financial position of the Company as at year end is sound as it has sufficient liquid resources having cash of €371,168 (2020: €417,986).

The Company presently has no income as there are no receipts of interest on the loan. 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. Change in the fair value assumptions for the financial assets will have equal and opposite impact on the fair value of financial liabilities thus no impact on profit or loss of the Company because the terms and conditions of the Preferred Securities are similar to those of the loan advanced to the Parent The loss of €751,003 (2020: loss of €158,272) reported in these financial statements mainly relates to the incurrence of regulatory fines of €447,500 and running costs of the Company, predominantly consisting of legal and professional fees.

Expected developments

On 14 January 2022, the Company had delivered to the shareholders a notice stating that the Company would redeem the Shares on 18 February 2022, being a Series B Preferred Dividend Payment Date.

On 18 February 2022, the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent.

Following the redemption of the Company's Preferred Securities on 18 February 2022, the management plans to liquidate the Company by the end of 2022. As the Company has presently no income, the management expects that the Company will incur losses for the year 2022 with respect to the administrative expenses.

Key Performance Indicators

As the Company has not generated any revenue, the only relevant KPI is the loss made with respect to the administrative expenses incurred.

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 (Intertrust), 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

The Company was set up to raise finance for the Group. 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 Services and Holdings S.A. 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.

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 €12,830,881 (2020: €10,305,805). All credit risk exposure is to Alpha Services and Holdings S.A., who are rated Caa1 (2020: Caa1) by Moody's. The results for the 2021 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. 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 terms and conditions of the Preferred Securities are similar to those of the loans and receivables held. On 18 February 2022 the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent.

There should be no liquidity mismatch since no interest has been received on the loan since 2012 and therefore no funds available for distribution as interest payments. The Directors consider its available cash resources 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.

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 (2020: €15,542,000). During the year a capital injection of €650,000 was made (2020: nil) in order to support the Company's ongoing expenses and to cover the regulatory fines of €447,500 in the absence of any income during the year.

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

Director:

Date:

ALPHA GROUP JERSEY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and IFRS as issued by the International Accounting Standards Board. 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 year.

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 2021 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:

ALPHA GROUP JERSEY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 EUR	2020 EUR
Fair value gains from valuation of loans and receivables	5	2,569,093	4,676,588
Fair value loss from valuation of preferred securities	7	(2,569,093)	(4,676,588)
Gain/(loss) on foreign currency transactions		872	(3,461)
Administrative expenses	4	(749,075)	(154,811)
Impairment losses to cover credit risk	6	(2,800)	-
Loss for the year		(751,003)	(158,272)
Other comprehensive income		-	-
Total comprehensive loss for the year		(751,003)	(158,272)

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

ALPHA GROUP JERSEY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 EUR	2020 EUR
Assets			
Non-current assets			
Loans and receivables measured at FVTPL	5	-	9,887,820
		-	9,887,820
Current assets			
Loans and receivables measured at FVTPL	5	12,456,913	-
Prepayments		9,195	8,642
Cash and cash equivalents	6	371,168	417,986
		12,837,276	426,628
Total assets		**12,837,276**	**10,314,448**
Equity			
Equity attributable to the equity holder of the Company			
Share capital	8	390,000	325,000
Share premium	8	1,170,000	585,000
Accumulated losses		(1,291,664)	(540,661)
Total equity		268,336	369,339
Liabilities			
Non-current liabilities			
Preferred securities	7	12,456,913	9,887,820
		12,456,913	9,887,820
Current liabilities			
Accruals and other payables		112,027	57,289
		112,027	57,289
Total liabilities		12,568,940	9,945,109
Total equity and liabilities		**12,837,276**	**10,314,448**

The financial statements on pages 8 to 22 were approved and authorised for issue by the Board of Directors on…………………..and signed on its behalf by:

………………………. Director

ALPHA GROUP JERSEY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital EUR	Share premium EUR	Accumulated losses EUR	Total EUR
As at 1 January 2021		325,000	585,000	(540,661)	369,339
Share capital issued during the year	8	65,000	585,000	-	650,000
Total comprehensive loss for the year		-	-	(751,003)	(751,003)
As at 31 December 2021		**390,000**	**1,170,000**	**(1,291,664)**	**268,336**

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

The notes on pages 12 to 22 form an integral part of these audited financial statements

ALPHA GROUP JERSEY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 EUR	2020 EUR
Operating activities			
Loss for the year		(751,003)	(158,272)
Fair value (gain) from the valuation of loans and receivables	5	(2,569,093)	(4,676,588)
Fair value loss from the valuation of preferred securities	7	2,569,093	4,676,588
Increase in prepaid expenses		(553)	(8,642)
Increase in other payables		54,738	290
Net cash used in operating activities		(696,818)	(166,624)
Cash flows from investing activities			
Cash generated from investing activities		-	-
Financing activities			
Issuance of additional share capital	8	650,000	-
Net cash generated from financing activities		650,000	-
Decrease in cash and cash equivalents during the year		(46,818)	(166,624)
Cash and cash equivalents at beginning of the year		417,986	584,610
Cash and cash equivalents at end of the year	6	**371,168**	**417,986**

The notes on pages 12 to 22 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 Services and Holdings S.A. (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. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of measurement

Following the redemption of the Company's Preferred Securities on 18 February 2022, the Directors intend to liquidate the Company by the end of 2022. These financial statements have been prepared on a basis other than going concern. This basis of accounting requires a liability for the costs of winding up the business and provision for the expenses that the Company has a present legal or constructive obligation as at the reporting date. The anticipated dissolution fees and legal costs in respect of the winding up procdures are deemed insignificant. Preferred securities and loans are measured at fair value as mention in significant accounting policies note.

Going concern

The Parent, Company and the Group monitor the ongoing situation regarding COVID-19 and assesses the impact on the asset quality, the risk model sensitivity in macroeconomic perimeters and the implementation of the Business Plan. There has not been a material impact on the Company as it has no premises and no staff.

Subsequent to the year end, the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent. Following the finalisation of these financial statements, the Directors intend to liquidate the Company by end of 2022. As a result, the financial statements have been prepared on a basis other than going concern.

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 Company.

(b) New Standards, Amendment to Standards and Interpretations effective as of 1 January 2021 and relevant to the Company's operations:

None of these new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2021 are expected to have a material effect on the financial statements of the Company.

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.

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

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 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.

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 discounting 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.

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, therefore no funds available for distribution as interest payments.

Expenses
Expenses are recognised on an accrual 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 from the date of statement of financial position.

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.

Impairment
The Company recognises an allowance for expected credit losses (ECL) for all debt financial assets not held at fair value through profit or loss that reflect changes in credit quality since initial recognition. ECL are a probability-weighted average estimate of credit losses that reflects the time value of money.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and expert credit assessment and including forward-looking information.

The measurement of ECL and the assessment of significant increases in credit risk consider information about reasonable and supportable forecasts of future events and macroeconomic conditions. The estimation and application of forward-looking information requires significant judgment.

At each reporting date, the Company determines whether there is objective evidence that additional loss allowance is necessary based on the Group's ECL assessment. The Company recognizes ECL for cash and bank balances using the general approach and uses an approach similar to the simplified approach for receivables and contract assets as required by IFRS 9.

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.

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

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.

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:

		2021 EUR	2020 EUR
Fees payable to the Company's auditors for the audit of the Company's annual accounts:			
Audit services	- current year	96,485	53,421
	- prior year	7,019	28,493
Non-audit services	- current year	-	2,579
		103,504	84,493

4. Administrative expenses

	2021 EUR	2020 EUR
Legal expenses	89,304	6,380
Audit expenses	103,504	84,493
Corporate administration expenses	67,622	15,640
Regulatory expenses	1,230	2,990
Accounting and consulting expenses	32,495	39,710
BaFin penalty expense	447,500	-
Other expenses	7,420	5,598
	749,075	154,811

In 2021, the Company was subjected to an enforcement examination by the German Regulator (**BaFin**) and received a fine of €447,500 for non-compliance with certain German regulatory requirements. Various measures were undertaken by the Company to correct and to comply with BaFin requirements resulting in increased expenses in legal and corporate administration fees. As at the date of approving the 2021 financial statements, all BaFin investigations had been settled.

5. Loans and receivables measured at FVTPL

	2021 EUR	2020 EUR
Beginning balance	9,887,820	5,211,233
Changes in fair value	2,569,093	4,676,587
Ending balance	12,456,913	9,887,820

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.

As at 31 December 2021, the loans advanced to the Parent were revalued to €12,456,913 (2020: €9,887,820). The terms and conditions of the loans and receivables are similar to those of the Preferred Securities issued. On 18 February 2022, the loans were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000 and a loan interest covering one year amounting to €505,115.

6. Cash and cash equivalents

	2021 EUR	2020 EUR
Cash at bank - current account	373,968	417,986
Impairment loss to cover credit risk	(2,800)	-
	371,168	417,986

A Stage1 impairment loss provision of €2,800 (2020: nil) was provided towards estimated credit losses for the balance held with Alpha Bank London Limited.

7. Preferred securities

	2021 EUR	2020 EUR
Beginning balance	9,887,820	5,211,233
Changes in fair value	2,569,093	4,676,587
Ending balance	12,456,913	9,887,820

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.

On 18 February 2022, the Preferred Securities were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000.

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 2021, a nominal balance of €15,542,000 is still outstanding (2020: €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.

7. Preferred securities (continued)

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, 2020 and 2021 were not paid. In the same years, the Company did not receive interest income on the loan advanced to the Parent (see note 5). On 18 February 2022, the Preferred Securities were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent, which included loan interest amounting to €505,115.

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

	2021 EUR	2020 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	325,000
Issuance during the year	65,000	-
Ending balance	390,000	325,000

8. Share capital (continued)

During the year, the Parent subscribed for 65,000 additional €1 shares at a price of €10 per share (2020: nil) resulting in a share premium of €585,000.

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.

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
- Currency 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 Services and Holdings S.A. 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 €12,830,881 (2020: €10,305,805). All credit risk exposure is to Alpha Services and Holdings S.A. who are rated Caa1 (2020: Caa1) by Moody's.

Credit risk relating to financial assets at amortised cost are assessed at each reporting date in order to determine any significant increase in risk that will give rise to recognition of ECL as required by IFRS 9. The credit risk on cash transactions is in part mitigated by transacting with coiunterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

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. On 18 February 2022, the shares were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent.

There should be no liquidity mismatch since no interest has been received on the loan since 2012 and therefore no funds available for distribution as interest payments. The table below sets out the maturity of the financial assets and liabilities.

9. Financial risk management (continued)

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:

	2021 EUR	2020 EUR
Assets		
Within one year	15,913,168	417,986
Five years or more or in perpetuity	-	15,542,000
	15,913,168	15,959,986
Liabilities		
Within one year	15,654,027	57,289
Five years or more or in perpetuity	-	15,542,000
	15,654,027	15,599,289

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.

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 (2020: €15,542,000).

9. Financial risk management (continued)

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 2021, the Company held the following financial instruments measured at fair value:

	2021 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Loans and receivables at FVTPL	12,456,913	-	-	12,456,913
Preferred Securities	12,456,913	-	-	12,456,913

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

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:

	2021 EUR	2020 EUR
Loans and receivables at FVTPL		
Beginning balance	9,887,820	5,211,233
Gain recognised	2,569,093	4,676,587
Ending balance	12,456,913	9,887,820
Preferred securities		
Beginning balance	9,887,820	5,211,233
Loss recognised	2,569,093	4,676,587
Ending balance	12,456,913	9,887,820

9. Financial risk management (continued)

Financial instruments at FVTPL (continued)
There were no transfers between hierarchy levels during the current year (2020: 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
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. In determining the fair value of Preferred Securities, the Directors considered the market observable inputs, the fair value is predominantly determined by a weighted aggregation of these observation.

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
In the opinion of the Directors, there is no significant difference between the fair value of the financial assets and financial liabilities of the Company. Any change in the fair value assumptions for the financial assets will have equal and opposite impact on the fair value of financial liabilities and hence would not have an impact on the overall financial position of the Company. Thus the profit or loss and equity of the Company are not exposed to any significant net fair value risk.

10. Related party transactions

The following are related parties of the Company:

Alpha Bank London Limited by being a subsidiary of Alpha Services and Holdings S.A. Cash held at Alpha Bank London Limited as at 31 December 2021 was €373,968 (2020: €417,986).

Alpha Services and Holdings S.A., the Parent, by being a borrower of €12,456,913 as at 31 December 2021 (2020: €9,887,820).

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. Monika Ahmed (resigned on 30 November 2021) was a Director of the Company and of Alpha Credit Group PLC. She is the Chief Financial Officer of Alpha Bank London Limited.

10. Related party transactions (continued)

Mr. Dan Barbalat (resigned on 30 November 2021) was a Director of Alpha Credit Group and was also the Head of Finance for Alpha Bank London.

Ms. Cheryl Heslop (resigned on 20 October 2021) 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.

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

Ms. Ellen Chislett (appointed on 20 October 2021) a Director of the Company is also a 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 €108,713 (2020: €58,435) of which €43,614 (2020: nil) was outstanding at the reporting date.

11. Ultimate controlling party

As at the period end date and subsequently, the Company is a wholly owned subsidiary of Alpha Services and Holdings S.A. a company incorporated in Greece, which is also, in the opinion of the Directors, the ultimate controlling party of the Company.

12. Post year end events

On 18 February 2022, the Preferred Securities were redeemed at a price equal to the Series B Preferred Redemption Price for a total aggregate amount of €15,542,000. The redemption was funded by the repayment of the loan advanced to the Parent, which included loan interest amounting to €505,115. Following the finalisation of these financial statements, the Directors intend to liquidate the Company by end of 2022.

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 Limited (the ‘company’):

- give a true and fair view of the state of the company’s affairs as at 31 December 2021 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; and

- have been properly prepared in accordance with the requirements of the 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 risk of the future development.

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

- the management report;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows;
- 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 European Union.

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. The non-audit services provided to the company for the year are disclosed in note 3 to the financial statements.

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 matter that we identified in the current year was: • The valuation of level 3 financial instruments The key audit matter is consistent with the prior year.
Materiality	The materiality that we used in the current year was €125k which was determined as 1% of loan notes balance.
Scoping	All 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. Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 2 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 2. Our opinion is not modified in respect of this matter.

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.

5.1. 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 and the preferred securities are valued at €12.5m (31 December 2020: €9.9m). 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 of the level 3 financial instruments is appropriate.

6. Our application of materiality

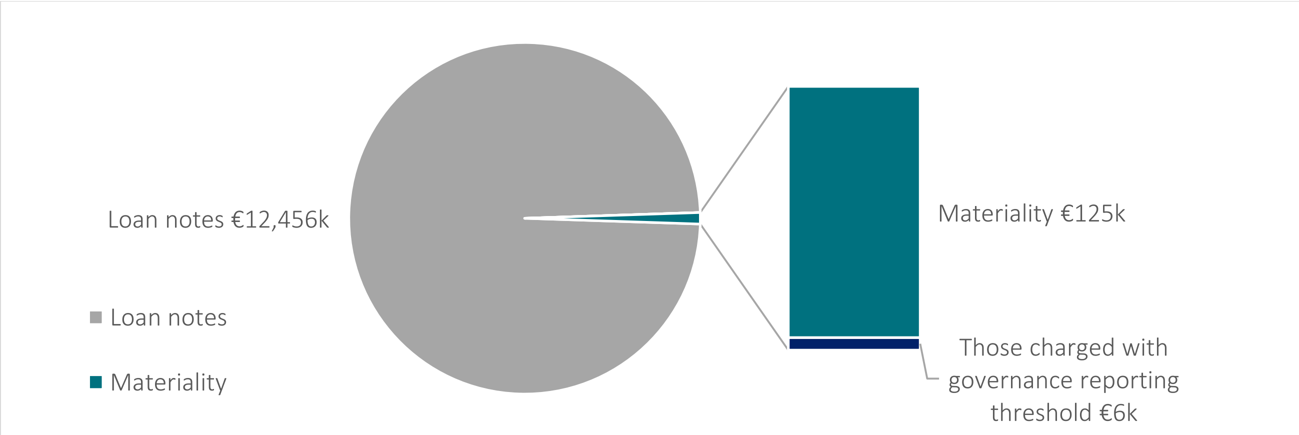
6.1. Materiality

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	€125k (2020: €57.3k)
Basis for determining materiality	1% (2020: 0.6%) of Loan Balance.

Rationale for the benchmark applied	The key element of the company'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 2021 audit (2020: 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 to them all audit differences in excess of €6k (2020: €3k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the them on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

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 management report does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 and the audit committee 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 level 3 financial instruments. 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 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. Report on the audit of the electronic reproductions of the financial statements and of the management report prepared for publication pursuant to section 317 (3a) HGB

13.1. Audit opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the financial statements and of the management report (hereinafter referred to as “ESEF documents”) prepared for publication, contained in the provided file, which has the SHA-256 value: DB4CAB35A35F3B9E7ACCC17D8BD643B464EFB0FE252C00FEBDD9AC124B673B18,meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB (“ESEF format”). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the financial statements and the management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the financial statements and of the management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying financial statements and on the accompanying management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the financial statements and management report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

13.2. Basis for the audit opinion

We conducted our audit of the electronic reproductions of the financial statements and of the management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Auditor's responsibilities for the audit of the ESEF Documents" section. Our audit firm has applied the International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" (ISQC 1) and the International Standard on Auditing 220 "Quality Control for an Audit of Financial Statements" (ISA 220).

13.3. Responsibilities of the Directors for the ESEF Documents

The directors of the company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and the management report according to § 328 (1) sentence 4 no. 1 HGB.

In addition, the directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

13.4. Auditor's responsibilities for the audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

14. 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
Statutory Auditor
London, United Kingdom
29 April 2022