

Company Registration Number: 635417

**ASTARTI DESIGNATED ACTIVITY COMPANY
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

ASTARTI DESIGNATED ACTIVITY COMPANY
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' AND OTHER INFORMATION

Company number	635417
Directors	Ken Casey Eileen Starrs
Registered Office	Fourth Floor 3 George's Dock IFSC Dublin 1 Ireland
Company Secretary and Corporate Service Provider	Wilmington Trust SP Services (Dublin) Limited Fourth Floor 3 George's Dock IFSC Dublin 1 Ireland
Independent Auditor	KPMG Chartered Accountants Statutory Audit Firm 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Solicitor	Arthur Cox 10 Earlsfort Terrace Dublin 2 D02 T380 Ireland
Arranger	Eurobank Ergasias S.A. 8 Othonos Street 10557 Athens Greece
Bank account	Eurobank S.A. 88 Othonos Street 10557 Athens Greece

ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their audited financial statements of Astarti Designated Activity Company (the “Company” or the “Issuer”) for the year ended 31 December 2022. In accordance with IFRSs as adopted by EU, and particularly IFRS 10 - Consolidated financial statements, the Company is considered to be controlled by Eurobank Ergasias S.A. (the “Transferor” or the “Originator” or the “Servicer”), a bank incorporated in Greece. The Company was incorporated in Ireland on 8 October 2018.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company is a receivable finance facility structure that holds the legal title to certain Consumer and Small Business term (the “portfolio”) loans arising under the Greek Law and made to borrowers which qualify as Wholesale loans originated by Eurobank Ergasias S.A. The Company has financed the purchase of the Portfolio via senior notes (Class A Notes) issued to Class A Noteholders and subordinated notes (Class B Notes) issued to Class B Noteholders. Eurobank Ergasias S.A. as Subordinated Loan Provider granted to the Company a Subordinated Loan and the proceeds of the Subordinated Loan are used to fund the Cash Reserve established and maintained on the Cash Reserve Account.

On 10 December 2018 the Company issued €591,000,000 class A (senior class) notes under the note facility agreement bearing an interest rate of 3 months EURIBOR plus 210 basis points which are due 31 December 2050.

On 10 December 2018 the Company issued €219,000,000 class B (subordinated class) notes to Eurobank which are due 31 December 2050. As per Class B Note Issuance Agreement the subscription price of the Class B Notes were paid by the Class B Noteholder to the Issuer by way of set-off against the Purchase Price of the portfolio payable by the Issuer, such that both liabilities were extinguished in full with no physical payments between the Class B Noteholder and the Issuer, both being Eurobank.

On 10 December 2018 the Company entered into a Subordinated Loan Agreement with Eurobank Ergasias S.A. as Subordinated Loan Provider in the amount of €6,510,000. The proceeds of the Subordinated Loan are used to fund the Cash Reserve established and maintained on the Cash Reserve Account of €5,910,000 and the Expense Reserve established and maintained on the Expense Account of €600,000.

On the 22 March 2021, the Company entered into the 2021 Master Amendment and Restatement deed and on the 28 May 2021 the Company approved further amendments to the Master deed.

The board approved that all rights and obligations for the existing cash manager and account bank, Citibank, N.A, London Branch, under the transaction documents were transferred to Eurobank S.A, the new Cash manager and account bank. The paying agency agreement with Citibank, N.A, London was terminated and Eurobank S.A. was appointed the new paying agent under the new paying agency agreement.

The Issuer created and issued additional Class A Notes so that the Principal Amount Outstanding of the Class A Notes as at 22 March 2021 was increased to €250,000,000. On closing date, 22 March 2021, the Issuer repaid the Class B Notes in the amount of €120,700,000 so that the Principal Amount Outstanding of the Class B Notes are €98,300,000. €910,000 was also repaid on the subordinated loan so that the Principal Amount Outstanding on the subordinated loan in the Cash Reserve Account was €5,000,000. Interest on Class A Notes was payable on a quarterly basis at the three-month EURIBOR plus 210 basis points. As at 22 March 2021, the Interest on Class A Notes is now payable on a monthly basis at the one-month EURIBOR plus 180 basis points.

On the 22 November 2022 the following amendments were made regarding the transaction. The Class A noteholder is now J.P. Morgan Chase Bank N.A. London Branch. Interest on Class A Notes is now payable on a monthly basis at the one-month EURIBOR plus 210 basis points.

The Board of Directors have made an assessment of the Company covering at least 12 months from the date of approval of these financial statements and up to the Final Maturity Date, having taken into consideration the factors relating to (a) the Company’s financial position, (b) the Originator’s financial position, (c) the performance of the underlying Receivables, and are satisfied that the financial statements of the Company can be prepared on a going concern basis.

ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES (CONTINUED)

There are two charges registered by the Company. They are as follows: Deed of Charge and Greek Securitisation Law Pledge.

The sale of the Receivables to the Company is considered to fail the derecognition criteria of IFRS 9 financial instruments and therefore they are retained on the statement of financial position of the Originator as Eurobank Ergasias S.A retained the risks and rewards of the portfolio by purchasing 100% of the Class B Notes. The Company records in its statement of financial position a receivable from the Originator (the “Deemed Loan to the Originator”), rather than the portfolio it has legally purchased.

The Company retains €250 per quarter as profit before tax based on the contractual documents.

The Company’s only sources of funds for the payment of principal and interest due on the Notes are the principal and interest collections which the Company will be entitled to receive from the portfolio. As per the priority of payments outlined in the securitisation agreements, the order of payment of principal and interest due on the Notes and subordinated loan are as follows: payment towards class A noteholders of all interest due on the class A notes, payment of the interest due on the Subordinated Loan on the interest payment date, payment of the principal amount outstanding of the Class A Notes until the principal amount has been reduced to zero, payment of the principal amount of the Class B Notes until the principal amount outstanding has been reduced to EUR 1, payment of the principal amount due in respect of the subordinated loan and finally, payment to the Class B noteholder of any remaining amounts as variable return in respect of the Class B Notes.

Credit enhancement is provided to the Class A Notes mainly through accrued interest on the Class B Notes, Class B Notes and a reserve fund account funded through a subordinated loan from the Originator. Credit Enhancements have been set up in order to absorb any credit losses arising from the securitised loans.

The Originator is contractually obliged to repurchase any loans prior to making any amendments to them other than certain Permitted Contract Amendments as described in the contractual documents. In addition, the Originator has a continuing policy to repurchase any loans arising under a Defaulted Loan (no contractual obligation), i.e. a Loan that is in arrears by 90 or more consecutive calendar days or the relevant Borrower has been declared insolvent or bankrupt or is subject to insolvency proceedings; or which is written off or deemed uncollectable in accordance with the Collection and Servicing Procedures, further strengthening the Company’s financial position. The Originator and the Issuer may agree in some cases that the consideration to be received by the Issuer for the aforementioned repurchases may be partly in cash and partly through the assignment to the Issuer of other loans. In such case, the aggregate balance of the newly assigned loans together with any cash consideration shall be equal to the total consideration which would have been payable to the Issuer in case the consideration was fully in cash.

RESULTS AND DIVIDENDS

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The profit for the year was €750 (2021: €750). At the year end, the Company had net assets of €3,001 (2021: €2,251). The directors have not recommended a dividend for the financial year.

AUDIT COMMITTEE

As at the date of these financial statements, the Company is operating within the turnover threshold limits as set out under Section 167(1) of the Act and as such the Company does not meet the requirements to establish an audit committee for the current financial year ended 31 December 2022.

ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES (CONTINUED)

DIRECTORS' COMPLIANCE STATEMENT

At this present time the Company is operating within one of the two threshold limits as set out under Section 225(7) of the Companies Act 2014 which enables the Company to avail of an exemption to the compliance statement obligations. The Company exceeded €12,500,000 balance sheet total whereas the turnover did not exceed €25,000,000 threshold for the year. Accordingly, the Directors are not required to include a compliance statement in their statutory directors' report for the current financial year ending 31 December 2022.

DIRECTORS

The directors who served the Company during the year are as stated on page 1:

- Ken Casey (Irish)
- Eileen Starrs (Irish)

SECRETARY

Wilmington Trust SP Services (Dublin) Limited served as Company Secretary for the year ended 31 December 2022 and remains as the current Company Secretary.

DIRECTORS, SECRETARY AND THEIR INTERESTS

The Directors and Secretary who served during the financial year are set out on page 1 of these financial statements. The directors and secretary do not have any direct or beneficial interest in the shares, share options, deferred shares and debentures of the Company during the financial year. The directors of the Company, Ken Casey and Eileen Starrs, are employees of Wilmington Trust SP Services (Dublin) Limited ("Wilmington Trust"), being the entity that acts as secretary and administrator of the Company.

During the year the Company purchased services to the value of €48,385 (2021: €26,211) from Wilmington Trust. These services were provided under normal commercial terms.

GOING CONCERN

Considering the above, the Board of Directors have made an assessment of the Company covering at least 12 months from the date of approval of these financial statements and up to the Final Maturity Date, having taken into consideration the factors relating to (a) the Company's financial position, (b) the Originator's financial position, (c) the performance of the underlying Receivables, and are satisfied that the financial statements of the Company can be prepared on a going concern basis.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to keeping adequate accounting records by contracting service providers with appropriate expertise to provide adequate resources to the financial function. The accounting records of the Company are maintained at the registered office: Fourth Floor, 3 George's Dock, IFSC, Dublin 1, Ireland.

ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

MACROECONOMIC ENVIRONMENT OF GREECE AND POSITION OF EUROBANK GROUP

Eurobank Ergasias S.A. (the “Parent Company” or “Group”) has faced significant challenges over recent years and it still has a large non-performing loan portfolio. In addition, it is systemically linked to the Greek economy, which itself has had very significant and well publicised difficulties, including high unemployment and slow growth. Whilst the position of both the Parent Company and the Greek economy have improved, there remain challenges ahead as set out below, which are a potential uncertainty for the Parent Company.

The following risks and challenges were identified in the latest available financial statements for the year ended 31 December 2022 of the Parent Company:

- a) 2022 was marked by the war in Ukraine, which gave rise to a global - but predominantly European - energy crisis, added to the mounting inflationary pressures, and led to widespread economic uncertainty and increased volatility in the global economy and financial markets. Nevertheless, the post-pandemic recovery continued for a second consecutive year in Greece, with its GDP growth overperforming that of most of its EU peers. According to the Hellenic Statistical Authority (ELSTAT) provisional data, the Greek economy expanded by 5.9% on an annual basis in 2022, with the European Commission (EC) estimating the full-year 2022 growth rate at 5.5% and 1.2% in 2023 in its winter economic forecast (February 2023). The inflation rate, as measured by the change in the 12-month average Harmonised Index of Consumer Prices (HICP), increased to 9.3% in 2022 according to ELSTAT, primarily as a result of supply-side shocks (including the hikes in energy, food and other raw material prices, the continued disruptions in the supply chain and the rising nominal wages), alongside the steep post-pandemic recovery of domestic and external demand. The EC expects that the inflation rate will decline to 4.5% in 2023, and further de-escalate to 2.4% in 2024. Moreover, provisional ELSTAT data shows that the average monthly unemployment in 2022 decreased to 12.4%, from 14.8% in 2021, while the Organisation for Economic Co-operation and Development (OECD) in its latest report (January 2023) expects unemployment to decline to 11.5% in 2023. On the fiscal front, the general government primary balance was to post a deficit of 1.6% of GDP in 2022 according to the 2023 Budget (latest outlook point to a primary deficit of ca. 1% of GDP or even lower), and a surplus of 0.7% of GDP in 2023 (2021: deficit of 5%). The gross public debt-to-GDP ratio is expected to decline to 168.9% and 159.3% in 2022 and 2023 respectively (2021: 194.5%). The above forecasts may change in case of potential adverse international developments that could affect energy and other goods prices, interest rates, external and domestic demand, and bring about the need for additional fiscal support measures.
- b) A significant boost to growth in Greece and in other countries of presence is expected from European Union (EU) funding, mainly under the Next Generation EU (NGEU) instrument and the Multiannual Financial Framework (MFF) 2021–2027, EU’s long-term budget. Greece shall receive EU funds of more than €30.5 billion (€17.8 billion in grants and €12.7 billion in loans) up to 2026 from NGEU’s Recovery and Resilience Facility (RRF) to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled “Greece 2.0”. A pre-financing of €4 billion was disbursed in August 2021, and the first two regular payments of €3.6 billion each in April 2022 and January 2023 respectively. Greece has been also allocated about €40 billion through MFF 2021-2027. On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the European Central Bank (ECB) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. Furthermore, the Governing Council of the ECB, in line with its strong commitment to its price stability mandate, has proceeded with six rounds of interest rate hikes (in July, September, October, December 2022, February and in March 2023), raising the three key ECB interest rates by 350 basis points in aggregate. Moreover, it approved a new instrument (the “Transmission Protection Instrument” – TPI) aimed at preventing fragmentation in the sovereign bonds market. Finally, following the expiration of the special terms and conditions applying to the TLTRO III (Targeted Longer-Term Refinancing Operations) on 23 June 2022, the ECB will keep assessing how targeted lending operations are contributing to its monetary policy stance.

ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

MACROECONOMIC ENVIRONMENT OF GREECE AND POSITION OF EUROBANK GROUP (CONTINUED)

- c) In 2022, the Greek State proceeded with the issuance of nine bonds of various maturities (5-year, 10-year, 15-year and 20-year) through the Public Debt Management Agency (PDMA), raising a total of €8.3 billion from international financial markets. On 17 January 2023, the PDMA issued a 10-year bond of €3.5 billion at a yield of 4.279% and more recently, on 29 March 2023, issued a 5-year bond of €2.5 billion at a yield of 3.919%. As of end 2022, the cash reserves of the Greek State stood in excess of €30 billion, and as of early February 2023, its sovereign rating was one notch below investment grade by three of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem (DBRS Morningstar: BB (high); S&P Ratings, Fitch Ratings: BB+).
- d) Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russia - Ukraine war and its ramifications on regional and global stability and security, as well as the European and Greek economy, (b) a potential prolongation of the ongoing inflationary wave and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, as well as any potential social and/or political ramifications these may entail, (c) the ongoing and potential upcoming central bank interest rate hikes worldwide, and in the euro area in particular, that may exert upwards pressures on sovereign and private borrowing costs, especially those of highly indebted borrowers, deter investments, increase volatility in the financial markets and lead economies to slow down or even a temporary recession, (d) the recent banking sector turmoil to continue and expand in the euro area, affecting customers' confidence, with a potential impact on assets under management levels and on liquidity, (e) the impact of a potential curtailment or discontinuation of the government energy support measures on growth, employment and the servicing of household and corporate debt, (f) the persistently large current account deficits and the prospect of them becoming once again a structural feature of the country's growth model, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the effective and timely implementation of the reform agenda required to meet the RRF milestones and targets and to boost productivity, competitiveness, and resilience, (i) a delay in the implementation of planned reforms, projects and the budget's fiscal agenda due to the possibility of the 2023 national elections resulting in an inability or delay to form a government with solid Parliament majority, (j) the geopolitical developments in the near region, (k) the evolution of the pandemic and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balances and international trade by prolonging the disruptions in the global supply chain, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment, fiscal balance and sustainable development in the long run.
- e) Materialisation of the above risks, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, asset quality, solvency and profitability of the Greek banking sector. The Group Management and Board, mindful of the recent banking turmoil across some markets, has done a proactive internal review to re-assure itself of the continued resilience of Eurobank business model to such possible external shocks and is pleased to report that this model is well supported by sound business practices, diversified activities and prudent risk management approaches. The resulting stability of the Group's business operating model is also further well-reflected by, among others, its financial position and performance as analysed below. In this context, the Group is continuously monitoring the developments on the macroeconomic, financial and geopolitical fronts as well as the evolution of its asset quality and liquidity KPIs and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals in accordance with the business plan for 2023–2025.

ASTARTI DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

MACROECONOMIC ENVIRONMENT OF GREECE AND POSITION OF EUROBANK GROUP (CONTINUED)

- f) As at 31 December 2022, the Total Capital Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios of Eurobank Holdings Group, stood at 19.2% (31 December 2021: 16.1%) and 16% (31 December 2021: 13.7%) respectively. With regards to asset quality, as at 31 December 2022, the Group's NPE stock, following the classification of project "Solar" underlying loan portfolio as held for sale and other initiatives, amounted to €2.3 billion (31 December 2021: €2.8 billion), driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%). The debt securities portfolio, which is to a large extent hedged for the interest rate risk, accounts for 16% of total assets mostly invested in EU Sovereign Bonds and on investment grade securities. The Group holds non-significant exposure in Russian or Ukrainian assets and in the banks affected by the recent banking turmoil.
- g) In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicated that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon).

POLITICAL DONATIONS

The Company made no political donations during the year ended 31 December 2022 (2021: €Nil).

RELEVANT AUDIT INFORMATION

The Directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

FUTURE DEVELOPMENTS

No changes are expected to the company's operations in the future as the company's operations are governed by the transaction documents. The future performance of the Company depends on the performance of the loan portfolio.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the business are considered to be the credit quality of the underlying loans as detailed in note 7, the Company's cash position and the credit enhancements in place, namely the Class B notes, subordinated loan and the cash reserve account. For information on financial risk management, please refer to note 14 of these financial statements.

SUBSEQUENT EVENTS

Details of significant events affecting the Company which have taken place since the end of the reporting year are disclosed in note 16.

INDEPENDENT AUDITOR

KPMG, Chartered Accountants and Statutory Audit Firm were appointed as auditors by the directors under the provisions of Section 393(1) and they have expressed their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

This report was approved by the board of directors on 4 October 2023 and signed on behalf of the board by:

Ken Casey
Director

Eileen Starrs
Director

ASTARTI DESIGNATED ACTIVITY COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the directors' 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

Ken Casey
Director

Eileen Starrs
Director

Date: 4 October 2023



KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditor's Report to the Members of Astarti Designated Activity Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Astarti Designated Activity Company ("the Company") for the year ended December 31, 2022 set out on pages 12 to 33, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash flows and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

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.

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 the date 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.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors and Other Information, Directors' Report and the Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements.



**Independent Auditor's Report to the Members of Astarti Designated Activity Company
(continued)**

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**Independent Auditor's Report to the Members of Astarti Designated Activity Company
(continued)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

October 04, 2023

Cristian Reyes

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
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Dublin 1
D01 F6F5

ASTARTI DESIGNATED ACTIVITY COMPANY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Financial year 31 December 2022 €	Financial year 31 December 2021 €
Interest income	3	4,927,909	3,341,980
Interest expense	4	<u>(4,778,072)</u>	<u>(3,109,858)</u>
		149,837	232,122
Administrative expenses	5	<u>(148,837)</u>	<u>(231,122)</u>
Profit before tax		1,000	1,000
Income tax charge	6	(250)	(250)
Profit after tax		<u>750</u>	<u>750</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>750</u>	<u>750</u>

The result for the year was derived from continuing operations.

The notes on pages 16 to 33 form part of these financial statements.

ASTARTI DESIGNATED ACTIVITY COMPANY

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 €	2021 €
Assets			
Deemed Loan to the Originator	7	227,777,482	230,589,718
Other receivables	8	2,113,672	1,602,885
Cash and cash equivalents	9	21,188,071	18,692,528
Total assets		251,079,225	250,885,131
Equity			
Share capital	10	1	1
Retained earnings		3,000	2,250
Total equity		3,001	2,251
Liabilities			
Loan notes issued	11	249,766,426	249,760,009
Other liabilities	12	1,309,798	1,122,871
Total liabilities		251,076,224	250,882,880
Total equity and liabilities		251,079,225	250,885,131

Approved by the board and authorised for issue on 4 October 2023.

Ken Casey
Director

Eileen Starrs
Director

The notes on pages 16 to 33 form part of these financial statements.

ASTARTI DESIGNATED ACTIVITY COMPANY

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share Capital	Retained Earnings	Total Equity
	€	€	€
Balance as at 1 January 2021	1	1,500	1,501
Share issue	-	-	-
Profit for the year and total comprehensive income	-	750	750
Balance as at 31 December 2021	1	2,250	2,251

	Share Capital	Retained Earnings	Total Equity
	€	€	€
Balance as at 1 January 2022	1	2,250	2,251
Share issue	-	-	-
Profit for the year and total comprehensive income	-	750	750
Balance as at 31 December 2022	1	3,000	3,001

The notes on pages 16 to 33 form part of these financial statements

ASTARTI DESIGNATED ACTIVITY COMPANY

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	Financial year 31 December 2022 €	Financial year 31 December 2021 €
Cash flows from operating activities			
Profit after tax		750	750
<i>Adjustments for:</i>			
Interest income	3	(4,927,909)	(3,341,980)
Interest expense	4	4,778,072	3,109,858
Other receivables		4,682	348,133
Other liabilities		(13,267)	(31,712)
Amounts receivable from Bank of Greece under Law 128/75		-	(163,455)
Issuance costs	11	(192,495)	(393,693)
Net cash used in operating activities		(350,917)	(472,099)
Cash flows from investing activities			
Interest received - net		17,786,902	(52,764,142)
Proceeds from loan portfolio disposals (repurchases)		19,677,781	40,039,881
Additions	7	(174,132,393)	(75,026,243)
Proceeds from loan portfolio repayments (collections)	7	143,897,820	104,057,906
Net cash generated from investing activities		7,230,110	16,307,402
Cash flows from financing activities			
Issue of Class A loan notes	11	-	158,718,449
Repayment of Subordinated loan	7	-	(910,000)
Interest paid	4	(4,383,650)	(2,936,974)
Class A loan note repayment	11	-	(54,311,133)
Class B loan note repayment	11	-	(120,700,000)
Net cash used in financing activities		(4,383,650)	(20,139,658)
Net increase/(decrease) in cash and cash equivalents		2,495,543	(4,304,355)
Cash and cash equivalents at start of year		18,692,528	22,996,883
Cash and cash equivalents at end of year	9	21,188,071	18,692,528

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

The notes on pages 16 to 33 form part of these financial statements.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES

General information

Astarti DAC is domiciled in Ireland with registered number 635417 and its registered office is as outlined on page 1 of this document. The principal activity of the Company is a receivable finance facility structure that holds the legal title to certain Consumer and Small Business term (the “portfolio”) loans arising under the Greek Law and made to borrowers which qualify as Wholesale loans originated by Eurobank Ergasias. The Company has financed the purchase of the Portfolio via senior notes (Class A Notes) issued to Class A Noteholders and subordinated notes (Class B Notes) issued to Class B Noteholders which are held by Eurobank. Eurobank Ergasias S.A. as Subordinated Loan Provider granted to the Company a Subordinated Loan and the proceeds of the Subordinated Loan are used to fund the Cash Reserve established and maintained on the Cash Reserve Account.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. The financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate. Please also refer to the Going Concern section below. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), and as applied in accordance with the Companies Act 2014. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2. The Company mainly transacts in Euros (“€”), therefore, the Euro is its functional and presentational currency. Balances within the financial statements are disclosed to the nearest whole number.

Going Concern

Regarding the outlook for the next 12 months, the following poses significant challenges to a number of activities and initiatives critical for the medium-term economic prospects of the region, indicatively:

- (i) Russian invasion in Ukraine,
- (ii) Prolongation of the ongoing inflationary pressure,
- (iii) Increase in the interest rates worldwide,
- (iv) Current and potentially new fiscal measures,
- (v) Withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt,
- (vi) The attraction of new investments in Greece,
- (vii) The emergence of new Covid-19 variants.

Materialisation of the above risks including those related to increased energy prices and inflation, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, solvency and profitability of the Greek banking sector, as well as on the realisation of its NPE reduction plans. The Russian invasion in Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. As the events are still unfolding, any assessment of their impact is premature. However, the risks coming from geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent. In this context, the Group holds non-significant exposure in Russian assets and is continuously monitoring the developments on the macroeconomic and geopolitical fronts and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset and capital base and the resilience of its pre-provision profitability.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

Considering the above, the Board of Directors have made an assessment of the Company covering at least 12 months from the date of approval of these financial statements and up to the Final Maturity Date, having taken into consideration the factors relating to (a) the Company's financial position, (b) the Originator's financial position, (c) the performance of the underlying Receivables, and are satisfied that the financial statements of the Company can be prepared on a going concern basis consideration the Macroeconomic environment, Parent Company position as described in the Directors Report and the following:

The Company's structure

The Directors of the Company have concluded that the Originator (Transferor) has retained substantially all the risks and rewards of the securitised loan Portfolio and, as a consequence, the Company does not recognise the loan Portfolio on its Statement of Financial Position, but rather a Deemed Loan to the Originator.

The accrued Interest on Class B notes, the subordinated loan (cash reserve account) provided by the Originator to the Company and Class B Notes, act in combination as credit enhancement to the Company's structure.

As per the priority of payments outlined in the securitisation agreements, the order of payment of principal and interest due on the Notes and subordinated loan are as follows: payment towards class A noteholders of all interest due on the class A notes, payment of the interest due on the Subordinated Loan on the interest payment date, payment of the principal amount outstanding of the Class A Notes until the principal amount has been reduced to zero, payment of the principal amount of the Class B Notes until the principal amount outstanding has been reduced to EUR 1, payment of the principal amount due in respect of the subordinated loan and finally, payment to the Class B noteholder of any remaining amounts as variable return in respect of the Class B Notes.

The Directors have reviewed data and information relating to the credit quality of the loan agreements underlying the Deemed loan to the Originator and are satisfied that the level of impairment of the underlying assets does not exceed the amount of credit enhancements supplied to the Company by the Originator.

In addition, they have confirmed that the Originator, is contractually obliged to repurchase any loans prior to making any amendments to them other than certain Permitted Contract Amendments as described in the contractual documents. In addition, the Originator has a continuing policy to repurchase any Receivables arising under a Defaulted loan (no contractual obligation), i.e. a Loan that is in arrears by 90 or more consecutive calendar days or the relevant Borrower has been declared insolvent or bankrupt or is subject to insolvency proceedings; or which is written off or deemed uncollectable in accordance with the Collection and Servicing Procedures, further strengthening the Company's financial position.

The repurchase price (the Repurchase Price) for the Receivables arising under any relevant Loan shall be an amount equal to the aggregate of:

- The Principal Balance of the relevant Loan as at the date of the repurchase.
- An amount equal to the accrued but unpaid interest on the relevant Loan up to and excluding the date of repurchase.
- an amount equal to all other amounts due and unpaid in respect of the relevant Loan as at the date of repurchase; and
- the properly incurred costs and expenses of the Issuer incurred in relation to such repurchase or, as applicable, the aggregate of the foregoing amounts which would have subsisted but for the breach of the relevant representation and warranty.

The above is evident given the below:

- The Originator has a stable and continuing policy of actively managing the portfolio with the purpose of repurchasing receivables before those being defaulted, evidencing a history of no losses for the Company.
- The magnitude of the aforementioned repurchases has been low compared to the loan portfolio as a whole, as well as with the credit protection mechanisms in place; (€6.19m for 2022).
- Even if the aforementioned policy was not in place, the IFRS 9 Expected Credit Loss for the securitised portfolio amounted to €10m as of 31 December 2022, being substantially lower than the credit protection mechanisms in place amounting to €125,000,000 as of the same date, i.e. credit protection enhancements cover

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

the IFRS9 ECL of the securitised underlying portfolio.

- The transaction Class B Notes are fully retained by the Originator (Eurobank).

Finally, it should be noted that the Originator has the intention to retain Class B note and subordinated loan in the entire life of the Company.

Amendments to standards and new interpretations adopted by the Company

Effective for annual periods beginning as of 1 January 2022

The directors have set out the following new standards, amendments and interpretations issued, that became effective as of 1 January 2022

Standards/interpretation	EU Effective date
Amendments to IFRS 3 - The Conceptual Framework	1 January 2022*
Annual Improvements to IFRS Standards 2018-2020	1 January 2022*
Amendments to IAS 37 – Onerous contracts – Cost of fulfilling a Contract	1 January 2022*

The adoption of the new standards, interpretations and amendments have had no material impact on the financial statements of the Company in the year of the initial application.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Company has not early adopted them in preparing these financial statements, however, it is expected that they will have minimal effect on the financial statements.

Standards/interpretation	EU Effective date
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023*
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023*
Amendment to IAS 1 and IFRS practice statement 2 1 January 2023	1 January 2023*
IFRS 17 Insurance Contract	1 January 2023*
Amendment to IFRS 16 - Lease liability in a sale and leaseback	1 January 2024*
Amendment to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024*

*New standards and interpretations applicable to future reporting periods

Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date. The Directors have considered all the upcoming IASB standards and do not consider any of them to be of material relevance to the financial statements of the Company.

Classification and measurement of financial assets and financial liabilities

The financial assets and financial liabilities of the Company comprise the Deemed Loan to the Originator, other assets, cash, Loan notes issued and other liabilities. These are measured at amortised cost. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets

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

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

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

Buy back mechanism

As per the relevant securitisation documents (Purchase Agreement, Master Definitions Agreement) the following protection mechanisms by Eurobank (the "Bank" or the "Seller" or the "Originator") for the underlying securitised loans (the "Receivables" or the "Loans") in the Astarti (the "Issuer" or the "Company") transaction apply:

- The Bank has a contractual obligation to repurchase the Receivables, if any breach of the Loan Warranties given by the Bank to the Issuer occurs.
- The Bank has a contractual obligation to pay an amount equal to the repurchase price to the Issuer in case of any Loan warranty being determined to be illegal, invalid or unenforceable under applicable Greek Law.
- The Bank has a contractual obligation, prior to making any amendments to the Loans, other than Permitted Contract Amendments, to repurchase the Receivables. More specifically, permitted amendments are defined as below (as described in the master agreement):

(a) In respect of amendments affecting the rate of interest paid under that Loan:

- an increase in the margin applicable to such Loan;
- a decrease in the margin provided that the weighted average interest of Consumer loans in the Portfolio is greater than 8,5% and the weighted average interest of the Small Business loans in the Portfolio is greater than 4,0%.

Provided further that the cumulative Principal Balance (as at the amendment date) of all of the Loans subject to a Permitted Variation affecting the rate of interest of such Loans shall not exceed 10% of the Principal Balance of all Loans as at the Signing Date.

(b) In respect of amendments affecting the tenor of that Loan:

- a reduction of the tenor of such Loan;
- an extension of the tenor of such Loan provided that the tenor of any Consumer or Small Business Loan is not extended by more than 48 months of its tenor as at the Signing Date on a Loan by Loan basis and the cumulative Principal Balance of all Consumer and Small Business Loans subject to a Permitted Variation affecting the tenor of such Loans shall not exceed EUR 100m.

(c) in respect of amendments to the frequency of interest payments and/or to the principal repayment schedule under that Loan:

- relevant amendments that do not result in a change of the total interest amount received by the Issuer under that Loan on an annual basis.
- relevant amendments that do not result in a change of the total principal repayment amount received by the Issuer under that Loan on an annual basis.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) in respect of amendments to the frequency of interest payments and/or to the principal repayment schedule under a Flexi Account:

- a reduction in the amount of instalments due under such Flexi Account does not exceed 60% of the amount of such instalments prior to such amendment and such reduction is applied for a period of up to 36 months;
- the tenor of the relevant Loan is not extended as part of the modification in relation to the Flexi Account and;
- the cumulative principal balance of all Flexi Accounts subject to a Permitted Variation does not exceed 2% of the cumulative Principal Balance of the Portfolio as at the Closing Date.

(e) in respect of amendments, discharge and/or waivers relating to covenants or Security Interests and/or Ancillary Rights of that Loan, such actions shall not result in a breach of any Eligibility Criteria or Loan Warranty.

- In addition, the Seller may, at its discretion, repurchase the Receivables arising under a Defaulted Loan, i.e. a Loan that is in arrears by 90 or more consecutive calendar days or the relevant Borrower has been declared insolvent or bankrupt or is subject to insolvency proceedings; or which is written off or deemed uncollectable in accordance with the Collection and Servicing Procedures. Even if the Bank does not have a contractual obligation to buy back defaulted loans, however, in its capacity as a prudent/active servicer of the Company, it has opted to repurchase all such accounts, also considering the credit enhancement structure of the transaction that brings all relevant credit risks to the Originator. It is further noted that the aforementioned buy-backs of all Defaulted Loans represent a continuing policy by the Seller also given the incentive to safeguard the transaction's quality and the avoidance of a Principal Deficiency Termination Event, as defined in the transaction documents (through the deterioration of the Performance Factor in case Defaulted loans are left inside the transaction).

In connection with the above:

- Repurchases – other than for defaulted loans - amounted to €13.49m for the reporting period ending on 31 December 2022.
- Repurchases due to Defaulted loans amounted to €6.19m for the reporting period ending on 31 December 2022.

Deemed Loan to the Originator

(i) De-recognition assessment on the securitised loans portfolio / Recognition by the Company

In assessing whether the Originator (Bank) should de-recognise the Small and Medium Sized Entities loan portfolio (securitised loans) from its Balance Sheet, notwithstanding the legal aspect of the securitisation transaction, i.e. sale of loans to the Company (SPV), the de-recognition criteria as set out in IFRS 9. Specifically, based on the flow chart set out in IFRS 9, the following steps have been assessed:

Determine whether the assessment applies to all or part of a financial asset

The Bank has transferred to the Company its contractual rights to receive cash flows of the entire loan portfolio, instead of a proportionate (pro rata) share of specifically identified cash flows. As a result, the de-recognition provisions apply to the securitised loans in its entirety.

The rights to the cash flows from the asset expired

No expiration of the contractual cash flows has occurred, since the securitised loans' cash flows have not been collected/repaid by the customers.

Rights to the cash flows transferred

The contractual rights to receive cash flows from the securitised loans have been transferred legally to the Company, however their collections are managed by the Bank under the terms specified in the relevant Servicer Agreement.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Transferred substantially all risks and rewards or retained substantially all risks and rewards

The transfer of risks and rewards of ownership should be evaluated by comparing the Bank's exposure, before and after the transfer, to the variability in the amounts and timing of the net cash flows (NCFs) of the securitised loans as specified by IFRS 9.

However, there is no need for performing a variability analysis since it is clear following a qualitative assessment that the Bank has failed to transfer substantially all risks and rewards of the securitised loans to the Company as specified by IFRS9.

Particularly:

a) based on the securitisation structure certain liquidity buffers (credit enhancements) have been set in order to absorb any credit losses arising from the securitised loans. Such liquidity buffers comprises the Subordinated Loan (cash reserve account) provided by the Bank to the Company, the accrued interest on Class B Notes payable by the Company to the Bank and Class B Notes (retained by the Originator). Therefore, by enhancing the securitisation structure via the above mentioned credit enhancements, the Bank effectively absorbs substantially all variability of the securitised loans' cash flows, including the credit risk.

b) There is a contractual obligation for repurchasing loans that falls under the non-permitted amendments (respective reference made to Section A "Buy back mechanism").

c) There is a continuing policy of repurchasing defaulted loans (respective reference made to Section A "Buy back mechanism") in the Bank's capacity as a prudent/active servicer of the Company. Through this policy the Bank also absorbs expected losses, even before they crystallise and affects the waterfall of payments and consequently the liquidity buffers.

d) The Bank indemnifies the issuer against any loss / liabilities incurred by reason of any loan warranty being untrue or breached (respective reference made to Section A "Buy back mechanism").

e) the Bank retains rewards from the accrued interest on Class B Notes payable by the Company, representing the excess of the Company's collections regarding the Receivables over the Company's payments.

In conclusion, considering the above analysis, the Bank retains substantially all the risks and rewards of the securitised receivables portfolio and therefore the Company does not recognise them on its Balance Sheet.

Following the above assessment, the IFRS9, applies; considering that the Bank recognises a financial liability for the consideration received, the Company recognises a corresponding receivable, the 'Deemed Loan' to the Originator.

(ii) Net approach on the Deemed Loan to the Originator

As described above, the Deemed Loan to the Originator initially represented the consideration paid by the Company in respect of the acquisition of interest in the securitised loans (the gross Deemed Loan to the Originator) and is subsequently adjusted due to (a) the loans' repayments made by the customers (through the Originator in its capacity as the servicer) to the Company, (b) repurchases of receivables by the Originator, as described in Section A. Finally, the Originator and the Issuer may agree in some cases that the consideration to be received by the Issuer for the aforementioned repurchases may be partly in cash and partly through the assignment to the Issuer of other Receivables. In such case, the aggregate balance of the newly assigned loans together with any cash consideration shall be equal to the total consideration which would have been payable to the Issuer in case the consideration was fully in cash.

Class B Notes, which are retained by the Originator, are a main form of credit enhancement. In addition the Subordinated Loan (cash reserve account) provided by the Bank to the Company is an additional form of credit enhancement in respect of the loan notes issued. The Company will repay the subordinated loan to the Originator only if it first receives an equivalent amount from the Originator. Finally, the accrued interest on Class B Notes payable to the Bank represents the excess of the Company's collections regarding the receivables above the Company's payments. It should be noted that the Originator has the intention to retain Class B note and subordinated loan in the entire life of the Company.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

On the basis of IFRS9, the gross Deemed Loan to the Originator, Subordinated Loan (cash reserve account), accrued interest on Class B Notes and Class B Notes are viewed as a single arrangement and accounted for as a single combined instrument. They have the same counterparty, they entered into at the same time and in contemplation of each other, they relate to the same risk and there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction.

IFRS 9 ECL approach on the ‘Deemed Loan’ to the Originator

(i) Elements of the securitisation considered for the ECL approach

- a) The Company represents a bankruptcy remote vehicle, as the credit risk arising from the Deemed Loan does not reflect the credit risk of the Bank, but rather the credit risk of the securitised loans, which the Company legally owns. At the same time, the underlying receivables are backed from the Bank with a solid credit enhancement mechanism, through the accrued interest on Class B Notes, the Subordinated Loan (cash reserve account) and Class B Notes, which in essence offsets the credit risk mentioned above,
- b) Following the transfer of the underlying receivables, the Bank acts as a Servicer, i.e. manages the underlying receivables under the terms of the respective Servicer Agreement, whereas the cash flows received from the securitised loans belongs legally to the Company. In case that the Bank fails to perform as required or default, the Company is entitled to remove and appoint a new Servicer,
- c) Consequently, this Deemed Loan does not represent an actual receivable held by the Company, but rather a ‘Deemed Receivable to the Originator’ arising from the legal transfer of the underlying receivables from the respective borrowers.

(ii) ECL calculation on the Deemed loan

Considering the elements described in point C(i) above as well as the accounting linkage of the components of the Deemed Loan, the ECL calculation applied to the Deemed Loan is based on (i) the Originator’s calculation of the ECLs arising from the underlying loans, in accordance with IFRS9 and (ii) the effect of the credit enhancements (i.e. accrued Interest on Class B Notes, subordinated loan and Class B Notes) available within the structure. Any increase of the ECL allowance on the underlying receivables is fully absorbed against the existing credit enhancements. In addition, through the Bank’s practice to buy back loans as described in Section A “Buy back Mechanism”, any losses are fully absorbed, even before they crystallise and affect the waterfall of payments and consequently the liquidity buffers.

The described treatment for the purposes of ECL measurement of the Deemed Loan is in line with IFRS 9, par. B5.5.55, where is stated that the estimate of the expected cash shortfalls on a financial instrument shall reflect the cash flows expected from the collaterals and other credit enhancements that are part of the contractual terms of the instrument and at the same time are not recognised separately. According to relevant IFRS guidance, the same principle applies to the credit enhancements that are implicit to the contractual terms of a financial instrument, i.e. if the transactions are structured so for business purposes and in contemplation of each other. In addition, the accrued interest on Class B Notes, the Subordinated Loan (cash reserve account) and Class B Notes, that represent the credit enhancements are accounted for separately, as the Deemed Loan (including those enhancements) is accounted for as a single financial instrument.

Furthermore, as the Company permanently retains any excess available in the accrued interest on Class B Notes (interest received from the underlying receivables’ portfolio less interest paid on the notes issued) and such excess is not transferred back to the Bank even in the event of its default, this approach fairly represents the Company’s ECL of the Deemed Loan.

Accordingly, to the extent that the existing credit enhancements are greater than the calculated ECL of the underlying receivables’ portfolio, no ECL allowance is recognised for the deemed loan.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Loan notes issued

Loan notes issued were initially recognised at the fair value of the issue proceeds net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method. In the event that impairment losses exceed the credit enhancement provided by the Originator, some loss may be borne by the Noteholders.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired. Similarly, a financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions. Cash and cash equivalents are measured at amortised cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised on accruals basis within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest rate method.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the reporting date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Effective interest rates

The effective interest rate method calculates the amortised cost of a financial asset or financial liability (or a group of financial assets or liabilities) and allocates the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Calculation of the effective interest rate takes into account early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. In order to determine the effective interest rate applicable to loans

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

an estimate must be made of the expected life of the loans and hence the cash flows relating to them. These estimates are based on historical data from historical patterns and are updated regularly.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax comprises the expected tax payable on the taxable income for the period, using the tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred taxation is accounted for, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by IAS 12 'Income Tax'. Provision is made at the tax rates which are expected to apply in the periods in which the temporary differences reverse.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most important area where the directors use judgement in applying its accounting policies is in relation to ECL. The ECL on the underlying loan portfolio is calculated to be €10m (2021: €10.2m) as at 31 December 2022 however given the credit enhancement provided in the deemed loan this amount is well below the total credit enhancement and is considered immaterial to the financial statements and hence the directors have assessed the ECL to be zero. This conclusion has been reached as:

- 1) Originator repurchases underlying portfolio as per the mechanisms described above as a result the Company has not incurred a loss since inception.
- 2) Credit enhancement provided through a Subordinated loan of €5m (cash reserve account) (2021: €5m) funded through a loan from the Originator and Class B Notes being purchased by the Originator and the accrued interest on them; and
- 3) Class B Notes which are also considered to be a credit enhancement as described above amounted to €98.3m (2021: €98.3m) and the accrued interest owed on them is €21.7m (2021: €8.3m).

Therefore, total credit enhancement (ignoring future excess spread) is €125.0m (2021: €111.6m).

The directors of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised Portfolio as the Originator repurchases loans as per the mechanisms described above and furthermore, has provided appropriate credit mechanisms (subordinated loan related to cash reserve account, has purchased the Class B Notes) issued by the Company. As a consequence, the Company does not recognise the portfolio on its Statement of Financial Position, but rather a Deemed Loan to the Originator.

For the Deemed Loan to the Originator, the estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. INTEREST INCOME

Interest income represents the net interest income on the Deemed Loan to the Originator.

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Interest on gross Deemed loan to the Originator	26,490,408	22,619,111
Interest on subordinate loan (cash reserve account)	(45,272)	(10,823)
Accrued interest on Class B Notes	(21,517,227)	(19,266,308)
	<u>4,927,909</u>	<u>3,341,980</u>

4. INTEREST EXPENSE

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Interest on Class A Notes	4,583,843	2,955,227
Amortisation of issuance costs	188,796	153,702
Interest on subordinated loan (expense reserve account)	5,433	929
	<u>4,778,072</u>	<u>3,109,858</u>

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Profit before tax is stated after charging:		
Auditor's remuneration – audit of the statutory financial statements of the Company	51,854	45,988
Tax fees	5,249	6,027
Accountancy fees	48,384	26,211
Servicing fees	38,000	38,000
Other expenses	5,350	114,896
	<u>148,837</u>	<u>231,122</u>

Auditor's remuneration (VAT excluded) in respect of the financial year	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Statutory audit	45,000	36,750
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
	<u>45,000</u>	<u>36,750</u>

Apart from the directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (Dublin) Limited as set out in note 13, the directors received no remuneration during the year. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including making available of individuals to act as directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The Company has allocated an amount of €1,000 (2021: €1,000) per director of the total administration fees paid to Wilmington Trust for the provision of the services of director. The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. Tax and other compliance services were not provided by the Company's appointed auditors during the year.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INCOME TAX CHARGE

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Current tax:		
Irish corporation tax	<u>250</u>	<u>250</u>
Profit on ordinary activities before tax	1,000	1,000
Profit before tax multiplied by the standard rate of tax at 12.5%	125	125
Effect of: Higher rate tax applicable under S110 TCA, 1997	125	125
Income tax charge for the year	<u>250</u>	<u>250</u>

The Company is a qualifying Company within the meaning of Section 110 of the TCA, 1997. As such, the profits are chargeable to income tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D of the TCA 1997. There was no deferred tax during the financial year.

7. DEEMED LOAN TO THE ORIGINATOR

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Gross Deemed Loan to the Originator	352,731,528	342,174,736
Class B Notes	(98,300,000)	(98,300,000)
Subordinate Loan (cash reserve account)	(5,000,000)	(5,000,000)
Amounts receivable from Bank of Greece under Law 128/75	-	-
Accrued interest on Class B Notes	<u>(21,654,046)</u>	<u>(8,285,018)</u>
Net Deemed Loan to the Originator	<u>227,777,482</u>	<u>230,589,718</u>

Interest on Class B Notes is determined in line with the waterfall structure defined in the Trust Deed.

The Deemed Loan to the Originator is classified as a stage 1 asset given that the credit risk has not increased significantly from initial recognition. Under the IFRS 9 context, the Company assessed the impairment allowance for the Deemed Loan to the Originator in accordance with the IFRS 9 expected loss model. Based on the above assessment the Company determined that no impairment loss should be recognised to the Deemed Loan to the Originator. Specifically, the increase of any impairment loss on the underlying portfolio, under IFRS 9 requirements, is absorbed against the existing credit enhancements available within the structure (the Subordinated Loan, Class B Notes and accrued interest on the Class B Notes).

Movement on deemed loan to the originator during the year:

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Opening balance	342,174,736	411,246,280
Additions	174,132,393	75,026,243
Repurchases	(19,677,781)	(40,039,881)
Other (Collections)	<u>(143,897,820)</u>	<u>(104,057,906)</u>
Closing balance	<u>352,731,528</u>	<u>342,174,736</u>

The Directors have reviewed data and information relating to the credit quality of the loan agreements underlying the Deemed loan to the Originator and are satisfied that the level of impairment of the underlying assets does not exceed the amount of the credit enhancements, namely the subordinated loan (cash reserve

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. DEEMED LOAN TO THE ORIGINATOR (continued)

account), accrued interest on the Class B Notes and Class B notes. In addition they have confirmed that the Originator is contractually obliged to repurchase any underlying portfolio prior to making any amendments to them other than certain Permitted Contract Amendments as described in the contractual documents, as well as that the Originator has a continuing policy to repurchase any Receivables arising under a Defaulted Loan (no contractual obligation), i.e. a Loan that is in arrears by 90 or more consecutive calendar days or the relevant Borrower has been declared insolvent or bankrupt or is subject to insolvency proceedings; or which is written off or deemed uncollectable in accordance with the Collection and Servicing Procedures, further strengthening the Company's financial position.

Having considered the above, it has been concluded that the Deemed Loan to the Originator is not considered to be impaired as of 31 December 2022.

Ageing analysis of the underlying Portfolio is disclosed below:

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Past due 1 – 29 days	331,027,173	321,748,883
Past due 30 – 59 days	18,110,492	15,435,867
Past due 60 – 89 days	2,658,720	3,740,782
Past due 90 – 179 days	935,143	1,249,204
Past due 180 – 359 days	-	-
Past due > 360 days	-	-
Total	<u><u>352,731,528</u></u>	<u><u>342,174,736</u></u>

The balance included in past due for more than 90 days and amounting to €935,143 (2021: €1,249,204) was repurchased by the Originator in January 2023 in the context of buyback mechanism described above.

8. OTHER RECEIVABLES

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Accrued income	2,104,248	1,588,780
Other receivable from the Originator	-	-
Other receivables from borrowers	9,424	14,105
	<u><u>2,113,672</u></u>	<u><u>1,602,885</u></u>

The balance included in other receivable from the Originator relates to cash collected from underlying loan repayments not yet transferred to the Company's bank account as at 31 December 2022. The balance included in other receivables from borrowers relates to insurance, legal, and other expenses which will be paid to the Originator once received.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. CASH AND CASH EQUIVALENTS

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

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Cash and bank current accounts	<u>21,188,071</u>	<u>18,692,528</u>
	<u>21,188,071</u>	<u>18,692,528</u>

All cash was held with Citibank in current accounts. As at 22 March 2021, Eurobank S.A. was appointed by the Company as the new cash manager. The cash is now held with Eurobank S.A.

10. SHARE CAPITAL

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Authorised:		
100 ordinary shares of €1 each	<u>100</u>	<u>100</u>
Issued and fully paid:		
1 ordinary share of €1 each	<u>1</u>	<u>1</u>

The Company's capital as at the financial year end is best represented by the ordinary shares outstanding. The Company is not exposed to externally imposed capital requirements and, accordingly, the directors do not actively manage its ordinary share capital. The Company has issued 1 share of the total authorised shares of 100 to Wilmington Trust SP Services (Dublin) Limited. All shares are held under the terms of declarations of trust under which the relevant share trustee holds the issued shares of the Company in trust for a charity.

11. LOAN NOTES ISSUED

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Class A Loan notes	250,000,000	250,000,000
Unamortised Issue costs	<u>(233,574)</u>	<u>(239,991)</u>
	<u>249,766,426</u>	<u>249,760,009</u>
Movement during the year:		
Balance as at beginning of year	250,000,000	145,592,684
Additions during the year	-	158,718,449
Repayments during the year	-	<u>(54,311,133)</u>
Balance at end of year	<u>250,000,000</u>	<u>250,000,000</u>

The exposure of the Company's borrowings to interest rate changes and contractual re-pricing dates at the reporting date are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
3 months or less	<u>249,766,426</u>	<u>249,760,009</u>

Interest on Class A Notes was payable on a monthly basis at the one-month EURIBOR plus 180 basis points. Further to the amendment made to the Master Amendment and Restatement Deed on 22 November 2022 interest is now payable on a monthly basis at the one-month EURIBOR plus 210 basis points. The notes must be repaid in full by 31 December 2050. The Company has not had any defaults on principal, interest or any other breaches with respect to their liabilities during the year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. OTHER LIABILITIES

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Interest payable	282,043	81,849
Accruals	64,335	72,314
Due to Eurobank	363,170	368,458
Subordinated loan (expense reserve account)	600,000	600,000
Corporation tax payable	250	250
	1,309,798	1,122,871

The amount due to Eurobank represents payable on account of insurance, legal and other expenses due to be received from borrowers and is a current balance. The balance will be settled once the respective amounts are paid by the borrowers or loan buy back occurs.

13. RELATED PARTY TRANSACTIONS

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

The Company has no employees during the financial year and the directors who are also employees of Wilmington Trust received no remuneration during the financial year. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including making available of individuals to act as directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The Company has allocated an amount of €1,000 (2021: €1,000) per director of the total administration fees paid to Wilmington Trust for the provision of the services of directors. The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company.

The Company has an other receivable balance in the amount of €NIL (2021: €NIL) due from Eurobank Ergasias S.A. that relates to cash collected from underlying loan repayments not yet transferred to the Company’s bank account as at 31 December 2022.

The income earned on the underlying portfolio for the year was €26,490,408 (2021: €22,619,111). The deemed to the originator balance for the year end 31 December 2022 is €352,731,528 (2021: €342,174,736).

Eurobank Ergasias S.A. administers the portfolio on behalf of the Company and earned €38,000 (2021: €38,000) during the year. Eurobank Ergasias S.A. are the noteholders of the Class B Notes amounting to €98,300,000 (2021: €98,300,000).

Eurobank Ergasias S.A. earned €21,517,227 (2021: €19,266,308) with respect to the accrued interest on Class B Notes during the year and was owed €21,654,047 (2021: €8,285,018) at the end of the year, which is included within the Deemed Loan to the Originator.

Eurobank Ergasias S.A. earned €45,272 (2021: €10,823) with respect to interest income on the €5,000,000 (2021: 5,000,000) subordinated loan they provided to the Company for the year. Eurobank Ergasias S.A. earned €5,433 (2021: €929) with respect to interest expense on the €600,000 subordinated loan on the expense reserve account for the year.

Amounts of €363,170 (2021: 368,458) due to Eurobank represent payment on account payable on account of insurance, legal and other expenses due to be received from borrowers and is a current balance. The balance will be settled once the respective amounts are paid by the borrowers or loan buy back occurs.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. FINANCIAL RISK MANAGEMENT

The Originator considers the Company to be its subsidiary. The Originator manages the underlying portfolio under the servicer agreement with the Company. In managing the loans, the Originator applies its own formal risk management structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. This structure is reviewed regularly by the Originator's Assets and Liabilities Committee (ALCO), which is charged with the responsibility for managing and controlling the statement of financial position exposures of the Originator.

Interest rate risk

After taking into consideration the administered interest rate nature of the Company's Deemed Loan to the Originator and the current expectations of the market indicating no significant increase of the basis rate in the forthcoming years, the directors do not believe that the Company has any significant interest rate re-pricing exposure. Based on an analysis of the interest rate risk sensitivity for the base rate (i.e. Euribor), the impact on interest expense on Class A Notes and Class B Notes by an increase / decrease in Euribor of 10% would have caused an increase / decrease of €661,073 (2021: €217,687) respectively.

Credit risk

Credit risk is the risk of financial loss to the Company if the customer of the financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, Deemed Loan to Originator and trade and other receivables.

The maximum exposure to credit risk is considered by the directors to be the carrying value of the Deemed Loan to the Originator (see note 7), other receivables and bank deposits. The underlying loan book consists of certain Consumer and Small Business term (the "portfolio") loans selected from the total portfolio of agreements entered into by the Transferor with obligors in Greece and originated by Eurobank Ergasias S.A.

The underlying portfolio loans which are defaulted are repurchased by the Originator and as a result the Company has not incurred any losses. The ECL of the underlying loan portfolio, calculated as €10m (2021: €10.2m) as at 31 December 2022 by the loan Originator, is lower than the respective level of available credit enhancements of €125m (2021: €111.6m) as at 31 December 2022 and therefore the ECL does not have a significant impact on the credit risk of the Company.

The maximum exposure to credit risk at the reporting date is:

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Deemed loan to the Originator	227,777,482	230,589,718
Other receivables	2,113,672	1,602,885
Cash and cash equivalents	21,188,071	18,692,528
	<u>251,079,225</u>	<u>250,885,131</u>

In relation to cash and cash equivalents, the Company monitors the rating (Moody's) of the bank account ensuring that the bank continues to be an eligible institution. The short-term credit rating for Eurobank S.A. at the reporting date is NP per Moody's. Management believes that the ECL on cash balances is not material as at 31 December 2022. Given the short-term nature of other receivable balances and its credit quality, management believes that the ECL on these are not material.

Liquidity risk

The Company's policy is to manage liquidity risk through its excess spread, a reserve fund and an over-collateralisation of the portfolio underlying the loan to the Originator. As the length of the Notes is designed to match the length of the portfolio underlying the loan to the Originator, there are deemed to be limited liquidity risks facing the Company.

The following table details the Company's liquidity analysis for its financial liabilities at 31 December 2022 and 31 December 2021. The interest payable on the loan notes and subordinated loans is estimated based on the outstanding principal and interest rates at the period end calculated up to the expected redemption date:

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

At 31 December 2022	Carrying Amount	Gross nominal outflow	Less than 1 month	1 to 3 months	3 to 12 months	More than 1 year
	€	€	€	€	€	€
Liabilities						
Class A Notes	250,000,000	382,688,993	888,444	1,723,778	6,689,271	373,387,500
Interest payable	282,043	282,043	282,043	-	-	-
Other liabilities	1,027,755	1,027,755	1,027,755	-	-	-
Total liabilities	251,309,798	383,998,791	2,198,243	1,723,778	6,6189,271	373,387,500

At 31 December 2021	Carrying Amount	Gross nominal outflow	Less than 1 month	1 to 3 months	3 to 12 months	More than 1 year
	€	€	€	€	€	€
Liabilities						
Class A Notes	250,000,000	449,208,965	269,270.83	490,243	3,467,868	444,981,583
Interest payable	81,849	81,849	81,849	-	-	-
Other liabilities	1,041,022	1,041,022	1,041,022	-	-	-
Total liabilities	251,122,871	450,331,836	1,392,142	490,243	3,467,868	444,981,583

Currency risk

All of the Company's assets and liabilities are denominated in Euros ("€"), and therefore currently there is no foreign currency risk.

Financial instruments

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

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments is undertaken.

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Note	Carrying amount	Approximate fair value
		2022	2022
		€	€
Deemed Loan to the Originator	7	227,777,482	227,777,482
Other receivables	8	2,113,672	2,113,672
Cash and cash equivalents	9	21,188,071	21,188,071
		251,079,225	251,079,225
		Carrying amount	Approximate fair value
		2022	2022
		€	€
Loan notes issued held at amortised cost	11	249,766,426	249,766,426
Other liabilities	12	1,309,798	1,309,798
		251,076,224	251,076,224

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values (continued)

	Note	Carrying amount 2021 €	Approximate fair value 2021 €
Deemed Loan to Originator	7	230,589,718	230,589,718
Other receivables	8	1,602,885	1,602,885
Cash and cash equivalents	9	18,692,528	18,692,528
		250,885,131	250,885,131
		Carrying amount 2021 €	Approximate fair value 2021 €
Loan notes issued held at amortised cost	11	249,760,009	249,760,009
Other liabilities	12	1,122,871	1,122,871
		250,882,880	250,882,880

The quality of the underlying securitised loan portfolio between the initiation of the transaction and the reporting date has remained stable, as indicated by the underlying loans delinquency status, as well as the Originator's IFRS 9 ECL calculations, indicating a price of the Notes very close to the issuance price. Based on the performing collateral and characteristics of these floating rate notes i.e. stable interest rates, the carrying amount is the approximate fair value.

Fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 - valued using quoted prices in active markets for identical assets or liabilities.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data. The valuation techniques used by the Company are explained in the accounting policies note.

The Company has no financial instruments included in its balance sheet that are measured at fair value. The fair value of Deemed Loans and Loans Notes issued are categorised as level 3. All other financial assets and liabilities are defined as being level 2 with the exception of cash and cash equivalents which is defined as being level 1.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The shares in the Company are held by Wilmington Trust SP Services (Dublin) Limited under Declarations of Trust for charitable purposes dated 22 June 2018. Eurobank Ergasias S.A. has no direct equity ownership interest in the Company. However, in accordance with IFRS, and particularly IFRS 10, the Originator considers itself to be the controlling party of the Company and the results of the Company are included in the consolidated financial statements of Eurobank Ergasias S.A., which are available online at www.eurobank.gr.

The financial statements of Eurobank Ergasias S.A. are available from its head office: 8 Othonos Street, 105 57, Athens, Greece, and from its website at www.eurobank.gr.

ASTARTI DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. SUBSEQUENT EVENTS

There were no material events after the reporting financial year.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 4 October 2023.