

**Company Registration Number: 05328219**

**KARTA 2005-1 PLC**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**KARTA 2005-1 PLC**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# KARTA 2005-1 PLC

## OFFICERS AND PROFESSIONAL ADVISERS

|                          |                                                                                                                                   |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | Mr M H Filer<br>Mrs R L Samson<br>Mr S Masson<br>Wilmington Trust SP Services (London) Limited                                    |
| <b>Company secretary</b> | Wilmington Trust SP Services (London) Limited                                                                                     |
| <b>Company number</b>    | 05328219                                                                                                                          |
| <b>Registered office</b> | c/o Wilmington Trust SP Services (London) Limited<br>Fifth Floor<br>6 Broad Street Place<br>London<br>EC2M 7JH                    |
| <b>Auditors</b>          | PricewaterhouseCoopers LLP<br>Chartered Accountants<br>& Registered Auditors<br>Hays Galleria<br>1 Hays Lane<br>London<br>SE1 2RD |

# **KARTA 2005-1 PLC**

## **THE DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

The directors present their report and the audited financial statements of Karta 2005-1 PLC (the "Company") for the year ended 31 December 2007.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company is that of a securitisation vehicle by facilitating the securitisation of a portfolio of credit card receivables (the "Receivables") originated by EFG Eurobank Ergasias S.A. ("the Originator", a bank incorporated in Greece) through the issue of Asset-Backed Floating Rate Loan Notes (the "Notes"), and to enter into all financial arrangements on behalf of the Originator in connection with the issue of the Notes (see also Note 16). On 29 July 2005, the Company issued the Notes amounting to €750,000,000.

The Company used the entire proceeds to purchase the Limited Recourse Loan Notes (the "LRNs" or the "Intra group loan") from Karta LNI 1 Limited ("LNI"), a fellow group company. LNI used the proceeds to purchase the Global Loan Notes (the "GLNs") from Karta APC Limited (the "APC"), a fellow group company, which has purchased an interest in the Receivables originated by EFG Eurobank Ergasias S.A. The Notes start to mature in July 2010 and are listed on the London Stock Exchange.

The Company only retains 0.006% of the available liabilities evidenced by paper as interest income. The difference between income from underlying receivables and interest income of the Company, APC and LNI is included in arriving at the deferred consideration payable to the Originator from APC.

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 after taxation was €31,500 (2006: €31,500). The directors have not recommended payment of a dividend (2006:€nil).

#### **STRATEGY AND FUTURE DEVELOPMENTS**

The directors are confident that, subject to unforeseen circumstances, the current level of performance of the Company will continue and be maintained up to the beginning of the scheduled maturity date of the LRNs and the Notes in July 2010. Thereafter due to repayments decreasing the principal value of the LRNs each year, the Notes, interest income and interest expense are expected to decrease in future years. The rate of decrease will depend on the LRNs future redemptions which in turn is dependent upon the collection of underlying credit card receivables. The Company's responsibility to make cash payments under the terms of the Offering Circular is limited to the funds available from the Receivables and accordingly, the Company is insulated from liquidity risk as experienced in the financial markets during the year.

#### **SUBSEQUENT EVENTS**

The Directors have reviewed date and information relating to credit quality of the loans underlying the deemed loan up to the date of approval of the financial statements and are satisfied that the level of impairment does not exceed the amount of credit enhancement supplied by the Originator to APC. As a result, the Directors confirm that the approximate fair values of the Notes in issue as at 30 June 2008 (calculated as set out in Note to the financial statements) is within +/-5% of the year end fair values.

#### **KEY PERFORMANCE INDICATORS**

The key performance indicator of the business is considered by the directors to be the net interest margin. During 2007, the Company achieved a net interest margin of €31,500 (2006: €31,500). At the year end, the Company had net assets of €81,338 (2006: €49,838). The details of other key performance indicators are included in the Monthly Investors Report which are publicly available from the Originator's website: [www.eurobank.gr](http://www.eurobank.gr).

#### **THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the Company during the year together with their beneficial interests in the shares of Karta Holdings Limited (the parent company) were as follows:

Mr M H Filer

Mrs R L Samson

Mr S Masson – appointed on 26 October 2007

Wilmington Trust SP Services (London) Limited

Mr S Masson was appointed as an alternate director to Mrs R L Samson on 26 October 2007.

# KARTA 2005-1 PLC

## THE DIRECTORS' REPORT (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2007

Wilmington Trust SP Services (London) Limited holds one share in the Company under a nominee Declaration of Trust for Karta Holdings Limited. No other director holding office during the year was beneficially interested in the shares of the Company. The directors who served the Company during the year who had a beneficial interest in the shares of the ultimate parent Company, Karta Holdings Limited, are as follows:

#### Ordinary shares of £1

|                                               | No. of shares    |                  |
|-----------------------------------------------|------------------|------------------|
|                                               | 31 December 2007 | 31 December 2006 |
| Mr M H Filer                                  | -                | -                |
| Mrs R L Samson                                | -                | -                |
| Mr S Masson                                   | -                | -                |
| Wilmington Trust SP Services (London) Limited | <u>1</u>         | <u>1</u>         |

#### CREDITOR PAYMENT POLICY

The Company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company and its management are set out in Note 14 to the financial statements.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under the law the directors have elected to prepare financial statements in accordance with IFRSs as adopted by the European Union.

The financial statements are required by law and IFRSs as adopted by the European Union ("EU") to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. 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 prudent and reasonable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the Board

  
On behalf of Wilmington Trust SP Services (London) Limited  
Director

Date: 29 July 2008

## KARTA 2005-1 PLC

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA 2005-1 PLC

We have audited the financial statements (the "financial statements") of Karta 2005-1 PLC (the "Company") for the year ended 31 December 2007 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
Dated: 29 July 2008

# KARTA 2005-1 PLC

## INCOME STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

|                                              | Note | 2007<br>€            | 2006<br>€            |
|----------------------------------------------|------|----------------------|----------------------|
| Interest income                              | 3    | 34,472,622           | 24,578,833           |
| Interest expense                             | 4    | <u>(34,215,945)</u>  | <u>(24,352,166)</u>  |
| <b>Net interest income</b>                   |      | <b>256,677</b>       | <b>226,667</b>       |
| Administrative expenses                      | 5    | <u>(211,677)</u>     | <u>(181,667)</u>     |
| <b>Profit before tax for the year/period</b> |      | <b>45,000</b>        | <b>45,000</b>        |
| Taxation                                     | 6    | <u>(13,500)</u>      | <u>(13,500)</u>      |
| <b>Profit for the year/period</b>            |      | <b><u>31,500</u></b> | <b><u>31,500</u></b> |
| <b>Attributable to:</b>                      |      |                      |                      |
| Equity holders                               |      | <u>31,500</u>        | <u>31,500</u>        |

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

|                                    | Share<br>Capital<br>€ | Retained<br>Earnings<br>€ | Total<br>€           |
|------------------------------------|-----------------------|---------------------------|----------------------|
| Balance at 1 January 2006          | 18,137                | 201                       | 18,338               |
| Profit for the year                | -                     | <u>31,500</u>             | <u>31,500</u>        |
| <b>Balance at 1 January 2007</b>   | <b>18,137</b>         | <b>31,701</b>             | <b>49,838</b>        |
| Profit for the year                | -                     | <u>31,500</u>             | <u>31,500</u>        |
| <b>Balance at 31 December 2007</b> | <b><u>18,137</u></b>  | <b><u>63,201</u></b>      | <b><u>81,338</u></b> |

The notes on pages 8 to 19 form part of these financial statements.

# KARTA 2005-1 PLC

## BALANCE SHEET

AS AT 31 DECEMBER 2007

|                                                       | Note | 2007<br>€                 | 2006<br>€                 |
|-------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Non-current Assets</b>                             |      |                           |                           |
| Intra-group loan to LNI                               | 7    | <u>750,000,000</u>        | 750,000,000               |
| <b>Total non-current assets</b>                       |      | <b>750,000,000</b>        | 750,000,000               |
| <b>Current Assets</b>                                 |      |                           |                           |
| Other assets                                          | 8    | 8,147,205                 | 5,795,004                 |
| Cash and cash equivalents                             | 9    | <u>515,823</u>            | <u>412,309</u>            |
| <b>Total current assets</b>                           |      | <b><u>8,663,028</u></b>   | <b><u>6,207,313</u></b>   |
| <b>Total assets</b>                                   |      | <b><u>758,663,028</u></b> | <b><u>756,207,313</u></b> |
| <b>Equity and Reserves</b>                            |      |                           |                           |
| Issued capital                                        | 10   | 18,137                    | 18,137                    |
| Retained earnings                                     | 10   | <u>63,201</u>             | <u>31,701</u>             |
| <b>Total equity and reserves</b>                      | 10   | <b><u>81,338</u></b>      | <b><u>49,838</u></b>      |
| <b>Non-current Liabilities</b>                        |      |                           |                           |
| Liabilities evidenced by paper held at amortised cost | 11   | <u>747,505,157</u>        | <u>746,960,828</u>        |
| <b>Total non-current liabilities</b>                  |      | <b><u>747,505,157</u></b> | <b><u>746,960,828</u></b> |
| <b>Current Liabilities</b>                            |      |                           |                           |
| Other liabilities                                     | 12   | 11,063,033                | 9,183,061                 |
| Tax payable                                           |      | <u>13,500</u>             | <u>13,586</u>             |
| <b>Total current liabilities</b>                      |      | <b><u>11,076,533</u></b>  | <b><u>9,196,647</u></b>   |
| <b>Total liabilities</b>                              |      | <b><u>758,581,690</u></b> | <b><u>756,157,475</u></b> |
| <b>Total equity and liabilities</b>                   |      | <b><u>758,663,028</u></b> | <b><u>756,207,313</u></b> |

These financial statements were approved by the Board of directors on 29 July 2008 and are signed on their behalf by:

  
On behalf of Wilmington Trust SP Services (London) Limited  
Director

The notes on pages 8 to 19 form part of these financial statements.



# KARTA 2005-1 PLC

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

|                                                                            | 2007<br>€                    | 2006<br>€                    |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Cashflows from operating activities</b>                                 |                              |                              |
| Profit before tax for the year*                                            | 45,000                       | 45,000                       |
| Amortisation of issue costs                                                | <u>544,329</u>               | <u>558,969</u>               |
| <b>Operating profit before changes in operating assets and liabilities</b> | <b>589,329</b>               | <b>603,969</b>               |
| <br>                                                                       |                              |                              |
| (Increase) in other receivables                                            | (2,352,201)                  | (1,020,329)                  |
| Increase in other payables                                                 | <u>1,879,972</u>             | <u>410,204</u>               |
| <b>Net cash from operating activities before tax</b>                       | <b>117,100</b>               | <b>(6,156)</b>               |
| <br>                                                                       |                              |                              |
| <b>Tax paid in year</b>                                                    | <u>(13,586)</u>              | -                            |
| <b>Net cashflow from operating activities after tax</b>                    | <u><b>103,514</b></u>        | <u><b>(6,156)</b></u>        |
| <br>                                                                       |                              |                              |
| <b>Cashflows from financing activities</b>                                 |                              |                              |
| Transaction costs paid                                                     | -                            | (245,938)                    |
| <b>Net cashflow from financing activities</b>                              | <u><b>103,514</b></u>        | <u><b>(245,938)</b></u>      |
| <br>                                                                       |                              |                              |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                | <b>103,514</b>               | <b>(252,094)</b>             |
| Cash and cash equivalents at start of year                                 | <u>412,309</u>               | <u>664,403</u>               |
| Cash and cash equivalents at end of year                                   | <u><u><b>515,823</b></u></u> | <u><u><b>412,309</b></u></u> |

\*The company has prepared cash flow under the indirect method. The interest received and paid during the year amounted to €31,243,810 and €32,126,893 respectively (2006: €24,516,333 and €22,202,281 respectively) are included in arriving at the profit before tax for the years ended 31 December 2007 and 2006.

The notes on pages 8 to 19 form part of these financial statements.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 1. PRINCIPAL ACCOUNTING POLICIES

Karta 2005-1 PLC is a public limited company incorporated and domiciled in the United Kingdom with registered number 05328219.

The principal activity of the Company is that of a securitisation vehicle by facilitating the securitisation of a portfolio of credit card receivables (the "Receivables") originated by EFG Eurobank Ergasias S.A. ("the Originator", a bank incorporated in Greece) through the issue of Asset-Backed Floating Rate Loan Notes (the "Notes"), and to enter into all financial arrangements on behalf of the Originator in connection with the issue of the Notes. On 29 July 2005, the Company issued the Notes amounting to €750,000,000.

The Company used the entire proceeds to purchase the Limited Recourse Loan Notes (the "LRNs" or the "Intra group loan") from Karta LNI 1 Limited ("LNI"), a fellow group company. LNI used the proceeds to purchase the Global Loan Notes (the "GLNs") from Karta APC Limited (the "APC"), a fellow group company, which has purchased an interest in the Receivables originated by EFG Eurobank Ergasias S.A. The Notes start to mature in July 2010 and are listed on the London Stock Exchange.

#### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRIC interpretations as adopted by the European Union (EU) and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company mainly transacts in euros ("€"), therefore, the euro is its functional and presentational currency.

#### **Standards, amendment and interpretations effective in 2007 and relevant to the Company's operations**

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC 9, 'Re-assessment of embedded derivatives'. There was no significant impact on the Company due to IFRIC 9.

#### **Standards, amendments and interpretations effective in 2007 but not relevant**

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Company's operations:

IFRS 4, 'Insurance contracts';

IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies';

IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2; and

IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods, but the Company has not early adopted them:

IFRS 8, 'Operating segments' is effective from 1 January 2009. The standard is still subject to endorsement by the European Union. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The new standard is not expected to have a significant impact on the Company's financial statements.

**Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the Company's operations**

The following interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Company's operations:

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The new standard is not expected to have any impact on the Company's financial statements.

IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. IAS 27 revised is not relevant to the Company's operations because the Company does not have controlling or non-controlling interests.

IAS 32 (amended) 'Financial Instruments- Presentation' (effective from 1 January 2009). In February 2008, the IASB amended IAS 32 by requiring some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. This revision is not relevant to the Company as it does not have any such instruments.

IFRS 3 (amended), 'Business combinations' (effective from 1 July 2009). The IASB published a revised IFRS 3, 'Business combinations'. The standard continues to apply the acquisition method to business combinations, with some significant changes. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. IFRS 3 is not relevant to the Company's operations because the Company does not have any business combinations.

IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Company's operations because the Company does not provide for public sector services.

IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Company's operations because the Company does not operate any loyalty programmes.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 is not relevant to the Company's operations because the Company has no employees and also does not provide pension.

Amendment to IFRS 2, Share based payments (effective from 1 January 2009). The IASB has published an amendment to IFRS 2, 'Share-based payment' dealing with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The new standard is not expected to have any impact on the Company's financial statements.

IFRIC 11, 'IFRS 2 – Group and treasury share transactions', (effective from 1 periods beginning 1 March 2007). IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Company's financial statements.

A summary of the more important accounting policies which have been used for the preparation of these financial statements is set out below.

#### **Financial assets**

The Company's financial assets are comprised of loans and receivables and cash and cash equivalents. The acquisition of the LRNs from the LNI is classified as "Intra-group loan" and is carried at amortised cost using the effective interest method.

#### **Intra-group loan**

The intra-group loan initially represents the consideration paid by the Company in respect of the acquisition of the LRNs from the LNI and is subsequently adjusted due to repayments made by the LNI to the Company. The loan is carried at amortised cost using the effective interest method.

The Directors do not expect the amount of incurred credit losses on the Originator's securitised loans and advances to customers underlying the intra-group loan to exceed the amount of credit enhancement supplied by the Originator to APC and accordingly conclude that there is no objective evidence of impairment of the intra-group loan. Therefore, in accordance with IAS 39, there is no requirement to recognise any impairment loss against the intra-group loan.

#### **Liabilities evidenced by paper**

Liabilities evidenced by paper are comprised of the Notes issued by the Company through its offering circular dated 29 July 2005. The Notes were initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method.

#### **Cash and cash equivalents**

For the purposes of the Cashflow Statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the offering circular and as such the cash and cash equivalents are not freely available to be used for any other purposes.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### **Interest income and interest expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

##### **Taxation**

Up to the year ended 31 December 2006, the Company elected to be taxed under the Finance Act 2005 temporary tax regime for securitisation companies, wherein the Company's tax charge for the year was based on the taxable profits calculated in accordance with the Generally Accepted Accounting Principles in the United Kingdom ("UK GAAP") as applicable as of 31 December 2004. During this year, the Company has elected to be taxed under the permanent tax regime under which the Company is taxed by reference to its net cash flows during the year.

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates in the financial statements are based wholly or in part on estimates or assumptions made by the directors. There is, therefore, a potential risk that they may be subject to change in future periods. The most significant of these are as follows:

##### **Impairment losses on deemed loans to the intra group loan to LNI**

The recoverability of the deemed loan to the intra group loan to LNI is dependant on the collections from underlying Receivables. Receivables are considered impaired when it is probable that the APC will be unable to collect all amounts due according to the contractual terms of the agreement. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts and their timing. These key assumptions are based on observed data from historical patterns and are updated regularly as new data becomes available.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

In addition, the directors consider how appropriate past trends and patterns could impact the current economic climate and may make any adjustments they believe are necessary to reflect the current conditions.

The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes.

#### 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 cashflows to the relevant instrument's initial carrying amount. 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 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. The accuracy of the effective interest rate would therefore be affected by any differences between the actual borrower behaviour and that predicted.

#### Fair values

A majority of the fair values of Company's financial instruments for disclosure in Note 14 are not quoted in active markets and are arrived at using valuation techniques. These valuation techniques (for example, models) are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data.

#### 3. INTEREST INCOME

Interest income represents the interest income on the Intra-group loan together with interest on bank deposits, as analysed below.

|                                                | 2007              | 2006              |
|------------------------------------------------|-------------------|-------------------|
|                                                | €                 | €                 |
| Interest income on intra group loans (note 13) | 34,452,738        | 24,567,647        |
| Bank interest income                           | <u>19,884</u>     | <u>11,186</u>     |
|                                                | <u>34,472,622</u> | <u>24,578,833</u> |

The analysis of interest income by geographic location is set out below:

| Geographic     |                   |                   |
|----------------|-------------------|-------------------|
| United Kingdom | <u>34,472,622</u> | <u>24,578,833</u> |
|                | <u>34,472,622</u> | <u>24,578,833</u> |

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 4. INTEREST EXPENSE

|                                            | 2007                     | 2006                     |
|--------------------------------------------|--------------------------|--------------------------|
|                                            | €                        | €                        |
| Interest on liabilities evidenced by paper | 33,671,616               | 23,793,197               |
| Amortisation of issue costs                | <u>544,329</u>           | <u>558,969</u>           |
|                                            | <u><u>34,215,945</u></u> | <u><u>24,352,166</u></u> |

#### 5. ADMINISTRATIVE EXPENSES

|                                                                                     | 2007                  | 2006                  |
|-------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                     | €                     | €                     |
| Auditors' remuneration – audit of the statutory financial statements of the Company | 15,750                | 15,000                |
| Auditors' remuneration - tax services                                               | 3,125                 | 3,125                 |
| Auditors' remuneration - audit of the company's connected companies                 | 16,800                | 16,000                |
| Auditors' remuneration – tax services of connected companies                        | 3,333                 | 3,333                 |
| - unrecoverable VAT on above fees payable to the auditors                           | 6,826                 | 8,062                 |
| Other services                                                                      | -                     | 4,167                 |
| Other expenses                                                                      | 164,501               | 132,313               |
| Exchange (gains)/losses recognised                                                  | <u>1,342</u>          | <u>(333)</u>          |
|                                                                                     | <u><u>211,677</u></u> | <u><u>181,667</u></u> |

Apart from the directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in note 13, the directors received no remuneration during the period (2006: £nil).

#### 6. TAXATION

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

|                                     | 2007          | 2006          |
|-------------------------------------|---------------|---------------|
|                                     | €             | €             |
| <b>Current tax:</b>                 |               |               |
| Corporation tax charge for the year | 13,500        | 13,500        |
| Total taxation in income statement  | <u>13,500</u> | <u>13,500</u> |

##### (b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is equal to (2006: equal to) the standard rate of corporation tax in the UK of 30% (2006: 30%).

|                                                                                                   | 2007                 | 2006                 |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                   | €                    | €                    |
| Profit before tax                                                                                 | <u>45,000</u>        | <u>45,000</u>        |
| Profit before tax multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%) | <u>13,500</u>        | <u>13,500</u>        |
| Total taxation                                                                                    | <u><u>13,500</u></u> | <u><u>13,500</u></u> |

The Finance Act 2005 provided that corporation tax for a 'securitisation company' within the meaning of the Act, would be calculated with reference to UK GAAP as applicable up to 31 December 2004, for accounting periods ending by 1 January 2008.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 6. TAXATION (continued)

Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in November 2006 which ensures that, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the retained profit of the securitisation company required. As a consequence, the taxation treatment of securitisation companies will remain largely unchanged as a result of the introduction of IFRS.

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

The directors will elect that this Company be taxed by reference to the profit required to be retained in accordance with the applicable capital market arrangement.

As at 31 December 2007, there are no tax-related contingent assets or contingent liabilities in accordance with International Accounting Standard No. 37 'Provisions, Contingent Liabilities and Contingent Assets' (IAS37).

#### 7. INTRA-GROUP LOAN TO LNI

|                | 2007               | 2006               |
|----------------|--------------------|--------------------|
|                | €                  | €                  |
| At 31 December | <u>750,000,000</u> | <u>750,000,000</u> |

The intra-group loan consists of the LRNs acquired from the LNI to fund the acquisition from the Originator of an interest in its credit cards portfolio ("the Receivables"). The Receivables are due to be repaid at various times before July 2010. The Receivables may be redeemed at any time at the option of the borrower.

Interest on the LRNs is payable on a quarterly basis at three month EURIBOR, plus agreed margins.

The LRNs were purchased on 29 July 2005. During the period to 15 July 2010 (the scheduled redemption date), except in situations where certain triggering events occur, there will be no repayments by LNI to the Company. In July 2010, the proceeds collected by APC from the Receivables will be applied in a defined priority to repay the LRNs. Thereafter, the LRNs will be repaid on monthly basis as and when cash is collected by APC from the Receivables. If not already repaid, the final maturity date of LRNs will be 15 July 2012.

Please refer to note 14 for disclosures relating to credit quality of the Receivables.

Intra-group loan is repaid as and when cash is received from APC.

|                                                       | 2007               | 2006               |
|-------------------------------------------------------|--------------------|--------------------|
|                                                       | €                  | €                  |
| In less than one month                                | -                  | -                  |
| In more than one month but not more than three months | -                  | -                  |
| In more than three months but not more than one year  | -                  | -                  |
| In more than one year but not more than five years    | 750,000,000        | -                  |
| In more than five years                               | -                  | 750,000,000        |
|                                                       | <u>750,000,000</u> | <u>750,000,000</u> |

#### 8. OTHER ASSETS

|                                     | 2006             | 2006             |
|-------------------------------------|------------------|------------------|
|                                     | €                | €                |
| Amounts owed by connected companies | 105,893          | -                |
| Prepayments and accrued income      | <u>8,041,312</u> | <u>5,795,004</u> |
|                                     | <u>8,147,205</u> | <u>5,795,004</u> |



# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 9. CASH AND CASH EQUIVALENTS

|                                | 2007           | 2006           |
|--------------------------------|----------------|----------------|
|                                | €              | €              |
| Cash and bank current accounts | <u>515,823</u> | <u>412,309</u> |

#### 10. TOTAL EQUITY

Reconciliation of movement in capital and reserves

|                             | Share capital | Retained earnings | Total         |
|-----------------------------|---------------|-------------------|---------------|
|                             | €             | €                 | €             |
| Balance at 1 January 2006   | 18,137        | 201               | 18,338        |
| Profit for the year         | -             | <u>31,500</u>     | <u>31,500</u> |
| Balance at 1 January 2007   | <u>18,137</u> | <u>31,701</u>     | <u>49,838</u> |
| Profit for the year         | -             | <u>31,500</u>     | <u>31,500</u> |
| Balance at 31 December 2007 | <u>18,137</u> | <u>63,201</u>     | <u>81,338</u> |

There are 50,000 authorised ordinary shares of £1 each (2006: 50,000). The issued share capital consists of 2 (2006: 2) fully paid ordinary shares of £1 each and 49,998 (2006: 49,998) of £1 each, quarter paid. The issued share capital is reflected in the financial statements as €18,137 based on the prevailing exchange rate at 29 July 2005 (£/€ 0.689) on the date the Company changed its functional and presentational currency from sterling to Euros. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### 11. LIABILITIES EVIDENCED BY PAPER HELD AT AMORTISED COST

|                                | 2007               | 2006               |
|--------------------------------|--------------------|--------------------|
|                                | €                  | €                  |
| <b>Non-current liabilities</b> |                    |                    |
| Floating rate loan notes       | 750,000,000        | 750,000,000        |
| Unamortised issue costs        | <u>(2,494,843)</u> | <u>(3,039,172)</u> |
| <b>Total</b>                   | <u>747,505,157</u> | <u>746,960,828</u> |

The Notes which are split into three classes (A to C) were issued on 29 July 2005 and are scheduled to mature between 15 July 2010 and 15 July 2012, unless certain triggering events occur which will require early repayment. In July 2010, in a defined priority, cash collected by the Company from the LRNs will be used to repay the Notes. Thereafter, repayment of the Notes will be on a monthly basis subject to collection by the Company from the LNI against the LRNs. If not repaid earlier, the final maturity date of the Notes will be 15 July 2012. The Notes are secured against LRNs issued by the LNI and ultimately against the Receivables legally owned by APC.

Interest on the Notes is payable on a quarterly basis at three month EURIBOR, plus the following margins: 0.15% for the Class A notes; 0.32% for the Class B notes, and 0.60% for the Class C notes. The Notes are listed on the London Stock Exchange.

The Company has not had any defaults on principal, interest or any other breaches with respect to their liabilities during the period.

## KARTA 2005-1 PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2007

##### 12. OTHER LIABILITIES

|                               | 2007              | 2006             |
|-------------------------------|-------------------|------------------|
|                               | €                 | €                |
| Amounts due to the Originator | 2,984,434         | 3,166,095        |
| Interest payable              | 8,041,312         | 5,952,260        |
| Accruals and deferred income  | <u>37,287</u>     | <u>64,706</u>    |
|                               | <u>11,063,033</u> | <u>9,183,061</u> |

##### 13. PARTY AND RELATED PARTY TRANSACTIONS

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

During the year administration and accounting services were provided to Karta APC Limited, Karta 2005-1 PLC, Karta Holdings Limited, Karta Options Limited and Karta LNI 1 Limited by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €31,500 (2006: €31,500). These fees were borne by Karta 2005-1 PLC. Mr M H Filer, who is a director of the Company is also a director of Wilmington Trust SP Services (London) Limited. Mrs R L Samson and Mr S Masson, who are directors of the Company, are employees of Wilmington Trust SP Services (London) Limited.

During the year, audit, tax and other expenses amounting to €11,828 (2006:€13,970) incurred by Karta Holdings Limited were borne by the Company and included within 'Administrative expenses'.

During the year, audit, tax and other expenses amounting to €11,828 (2006:€13,970) incurred by Karta Options Limited were borne by the Company and included within 'Administrative expenses'.

During 2005, the Company acquired €750,000,000 LRNs from the LNI. At 31 December 2007, €750,000,000 (2006: €750,000,000) was still outstanding.

The interest income for the year on the LRN's acquired from LNI was €34,452,738 (2006: €24,567,647). At 31 December 2007, €8,041,312 (2006: €5,795,004) in respect of interest receivable on the loan notes was still outstanding and disclosed within 'Other assets: Prepayments and accrued income'.

Notes held by EFG Eurobank group entities at 31 December 2007 amounted to €28,400,000 (31 December 2006: € 16,078,692)

##### 14. PRINCIPAL RISKS AND UNCERTAINTIES

The Originator considers the Company to be its subsidiary. The Originator manages the mortgage portfolio under the servicer agreement with the Company. In managing the mortgage portfolio, the Originator applies its own formal risk management infrastructure 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 balance sheet exposures of the Originator. The minutes of ALCO relating to the operations of the Company are presented to the Board of the Company on a regular basis.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 14. PRINCIPAL RISKS AND UNCERTAINTIES (continued)

##### Interest rate risk

The Company is exposed to basis risk due to the timing difference in interest payment dates on the Notes and the intra group loan.

The administered interest rate nature of the Company's intra group loan, the regular re-pricing of the Company's floating rate notes, together with the nature of the Company's other assets and liabilities, the directors do not believe that the Company has any significant interest rate re-pricing exposure.

##### Interest rate sensitivity

The sensitivity analysis below has been determined on the Company's exposure to interest rates for interest bearing assets and liabilities at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates and has been based on managements assessment of the possible changes in interest rates.

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the Company only retains 0.006% of the available liabilities evidenced by paper balance. If interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2007 would have been €113 higher (2006: €113 higher). If interest rates had been 25 basis points lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2007 would have been lower by €113 (2006: €113 lower).

##### Credit risk

The maximum exposure to Credit risk is considered by the directors to be the carrying value of the intra group loan and bank deposits.

The credit quality of the Receivables underlying intra group loan is summarised as follows:

|                                | <b>31 December<br/>2007</b> | 31 December<br>2006       |
|--------------------------------|-----------------------------|---------------------------|
|                                | €                           | €                         |
| Neither past due nor impaired  | -                           | -                         |
| Past due but not impaired      | <b>750,000,000</b>          | 750,000,000               |
| Impaired                       | -                           | -                         |
|                                | <b>750,000,000</b>          | 750,000,000               |
| Less: allowance for impairment | -                           | -                         |
|                                | <b><u>750,000,000</u></b>   | <b><u>750,000,000</u></b> |

The directors monitor the credit rating of the banks with which deposits are placed on a regular basis. The credit rating of banking counterparties is at least investment grade or better.

##### Currency risk

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

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 14. PRINCIPAL RISKS AND UNCERTAINTIES (continued)

##### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 1985. The Company has not breached the minimum requirement. The gearing ratios at 31 December 2007 and 31 December 2006 were 99.99% and 99.99% respectively.

##### Financial instruments

The Company's financial instruments comprise an intra-group loan, cash and liquid resources, 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 approximate fair values together with the carrying amounts shown in the balance sheet are as follows:

|                                                                    | Note | Carrying<br>amount<br>2007<br>€ | Approximate<br>fair value<br>2007<br>€ | Carrying<br>amount<br>2006<br>€ | Approximate<br>fair value<br>2006<br>€ |
|--------------------------------------------------------------------|------|---------------------------------|----------------------------------------|---------------------------------|----------------------------------------|
| <b>Financial assets at fair value through profit or loss:</b>      |      |                                 |                                        |                                 |                                        |
| Intra-group loan                                                   | 7    | 750,000,000                     | 750,000,000                            | 750,000,000                     | 750,000,000                            |
| Other assets                                                       | 8    | 8,147,205                       | 8,147,205                              | 5,795,004                       | 5,795,004                              |
| Cash and cash equivalents                                          | 9    | 515,823                         | 515,823                                | 412,309                         | 412,309                                |
|                                                                    |      | <u>758,663,028</u>              | <u>758,663,028</u>                     | <u>756,207,313</u>              | <u>756,207,313</u>                     |
| <b>Financial liabilities at fair value through profit or loss:</b> |      |                                 |                                        |                                 |                                        |
| Liabilities evidenced by paper                                     | 11   | (747,505,157)                   | (720,375,000)                          | (746,960,828)                   | (750,479,925)                          |
| Interest payable                                                   | 12   | (8,041,312)                     | (8,041,312)                            | (5,952,260)                     | (5,952,260)                            |
| Other payables                                                     | 12   | (3,021,721)                     | (3,020,721)                            | (3,230,801)                     | (3,230,801)                            |
| Tax payable                                                        |      | (13,500)                        | (13,500)                               | (13,586)                        | (13,586)                               |
|                                                                    |      | <u>(758,581,690)</u>            | <u>(731,450,533)</u>                   | <u>(756,157,475)</u>            | <u>(757,676,572)</u>                   |

Please see Note 2 for information on calculation of fair values.

##### Interest rate risk profile of financial liabilities

All of the company's financial liabilities are floating rate and carry interest rates based on the relevant three-month EURIBOR rate.

# KARTA 2005-1 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 14. PRINCIPAL RISKS AND UNCERTAINTIES (continued)

##### Effective interest rates and re-pricing analysis

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

| At 31 December 2007            | Weighted average effective interest rate | 1 to 3 months      | Non interest bearing | Total              |
|--------------------------------|------------------------------------------|--------------------|----------------------|--------------------|
|                                | %                                        | €                  | €                    | €                  |
| <b>Assets</b>                  |                                          |                    |                      |                    |
| Non-interest bearing           | -                                        | -                  | 8,147,205            | 8,147,205          |
| Intra-group loan               | 3.13%                                    | 750,000,000        | -                    | 750,000,000        |
| Cash and cash equivalents      | -                                        | 515,823            | -                    | 515,823            |
| Total assets                   |                                          | <u>750,515,823</u> | <u>8,147,205</u>     | <u>758,663,028</u> |
| <b>Liabilities</b>             |                                          |                    |                      |                    |
| Non-interest bearing           | -                                        | -                  | 11,076,533           | 11,076,533         |
| Liabilities evidenced by paper | 3.13%                                    | <u>747,505,157</u> | -                    | <u>747,505,157</u> |
| Total liabilities              |                                          | <u>747,505,157</u> | <u>11,076,533</u>    | <u>758,581,690</u> |

| At 31 December 2006            | Weighted average effective interest rate | 1 to 3 months      | Non interest bearing | Total              |
|--------------------------------|------------------------------------------|--------------------|----------------------|--------------------|
|                                | %                                        | €                  | €                    | €                  |
| <b>Assets</b>                  |                                          |                    |                      |                    |
| Non-interest bearing           | -                                        | -                  | 5,795,004            | 5,795,004          |
| Intra-group loan               | 3.27%                                    | 750,000,000        | -                    | 750,000,000        |
| Cash and cash equivalents      | -                                        | 412,309            | -                    | 412,309            |
| Total assets                   |                                          | <u>750,412,309</u> | <u>5,795,004</u>     | <u>756,207,313</u> |
| <b>Liabilities</b>             |                                          |                    |                      |                    |
| Non-interest bearing           | -                                        | -                  | 9,196,647            | 9,196,647          |
| Liabilities evidenced by paper | 3.277%                                   | <u>746,960,828</u> | -                    | <u>746,960,828</u> |
| Total liabilities              |                                          | <u>746,960,828</u> | <u>9,196,647</u>     | <u>756,157,475</u> |

#### 15. SEGMENTAL REPORTING

The principal asset of the Company is the deemed loan to the Originator which is originated in Greece, funded by the Notes issued and listed in the Irish Stock Exchange. Cash is held mainly in the UK. The directors do not use any other segments for the purpose of managing the Company.

#### 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Karta Holdings Limited owns 99.99% of the share capital of the Company. Wilmington Trust SP Services (London) Limited holds 1 share in the Company under a Declaration of Trust for charitable purposes. EFG Eurobank Ergasias S.A. has no direct ownership interest in the Company. However, in accordance with IFRS, and particularly SIC 12, the Originator considers the Company to be its subsidiary and the results of the Company are included in the consolidated financial statements of EFG Eurobank Ergasias S.A, which are available online at [www.eurobank.gr](http://www.eurobank.gr).