

Company Registration Number: 07715262

KARTA II HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

KARTA II HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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KARTA II HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr M H Filer Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	07715262
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

KARTA II HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their annual report and the audited financial statements of Karta II Holdings Limited (the "Company") for the year ended 31 December 2014. In accordance with IFRSs, 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 England and Wales together with Karta II PLC (the "Issuer") to take part in the Karta II securitisation transaction (the "Securitisation Transaction") as described in the Strategic Report. In addition to the information in the Strategic Report regarding the Securitisation Transaction, the directors manage the Company's affairs in accordance with the Offering Circular dated 15 August 2011 as amended by the Global Amendment Deed and Noteholder Consent dated 25 September 2013 (the "Offering Circular") which can be obtained from the Originator at www.eurobank.gr.

The principal activities of the company, results and dividends, future developments, KPIs, principal risks and uncertainties are detailed in the Strategic Report.

The Company did not trade during the year or the preceding year and made neither a profit nor a loss. There were also no other gains and losses for the current financial year or the preceding financial year. Accordingly, neither an income statement nor a statement of comprehensive income has been presented.

GOING CONCERN

As explained in more detail in note 1 to the financial statements, the directors have undertaken a detailed assessment of the Company's ongoing business model and have made extensive enquiries of the management of the Originator. Given the details set out in note 1, which are also referred to in the basis of preparation of the Originator's financial statements, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future.

CORPORATE GOVERNANCE STATEMENT

The Directors are responsible for the Company's internal control environment and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with any regulatory obligations. For further details, refer to the notes to the financial statements particularly note 9 on financial risk management.

DIRECTORS

The directors who served the Company during the year and up to the date of signing the financial statements were as follows:

Mr M H Filer
Mr M McDermott – resigned on 5 December 2014
Wilmington Trust SP Services (London) Limited

KARTA II HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

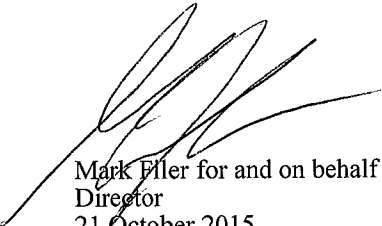
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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.

Signed on behalf of the Board



Mark Filer for and on behalf of Wilmington Trust SP Services (London) Limited
Director
21 October 2015

KARTA II HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report of Karta II Holdings Limited (“the Company”) for the year ended 31 December 2014.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company’s principal activity is to hold an investment in Karta II Plc.

The principal activity of Karta II Plc is set by the Offering Circular and is that of a special purpose company to facilitate the securitisation of a portfolio of receivables (the “Receivables”). The Receivables consist of credit card agreements selected from the total portfolio of agreements entered into by the Transferor with obligors in Greece and originated by Eurobank Ergasias S.A.

The Offering Circular sets out the details of the Securitisation Transaction.

On 16 August 2011 the Issuer issued €900,000,000 Class A Asset Backed Floating Rate Notes due 2018, amended from 2016 on 25 September 2013, (the “Class A Notes” or “Notes”) and used the entire proceeds to purchase the Receivables. The Notes are listed on the Irish Stock Exchange.

Interest on the Notes is payable monthly in arrears on the 25th day of each month subject to adjustment for non-business days. The interest rate for the Notes is 1.00 per cent per annum above the one month EURIBOR rate. The first Interest Payment Date was on 25 September 2011.

The Notes amortisation year/period, prior to which no Notes capital repayments are made, started on 25 September 2013 with a partial repayment of €200,000,000 and their scheduled final maturity date is the interest payment date falling in October 2018, amended from October 2016 on 25 September 2013.

RESULTS AND DIVIDENDS

The Company’s financial position at the end of the year is shown in the attached financial statements. At the year end, the Company had net assets of €14,385 (2013: €14,385). The directors have not recommended a dividend (2013: €nil).

FUTURE DEVELOPMENTS

No significant change in the principal activity of the Company is envisaged in the foreseeable future and the directors expect the Company’s performance to be in line with the current year.

KEY PERFORMANCE INDICATORS

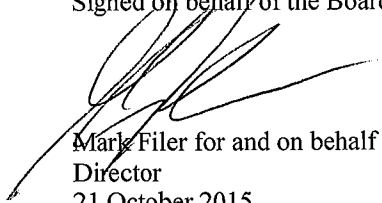
The carrying value of its investment in PLC is considered to be the key performance indicator for the Company. The Directors have reviewed the investment for impairment and are satisfied that the investment is not impaired.

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 9 to the financial statements. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose challenges to the borrowers with whom the Issuer has exposure through the Deemed Loan to the Originator. A detailed consideration of the risk factors relevant to the Securitisation Transaction is included in the section “Risk Factors” of the Offering Circular.

Signed on behalf of the Board



Mark Filer for and on behalf of Wilmington Trust SP Services (London) Limited
Director
21 October 2015

KARTA II HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II HOLDINGS LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its **result** and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The current conditions in Greece could result in significant disruption in the Greek economy, which may impact the profitability, capital adequacy and liquidity of Eurobank Ergasias S.A., and adversely impact the quality and servicing of the underlying Receivables, raising uncertainties about the future timing and level of collections in relation to these Receivables, resulting in significant doubt about the Company's ability to fully repay the Notes. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

What we have audited

The financial statements, which are prepared by Karta II Holdings Limited, comprise:

- the statement of financial position as at 31 December 2014;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

KARTA II HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II HOLDINGS LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

KARTA II HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II HOLDINGS LIMITED (continued)

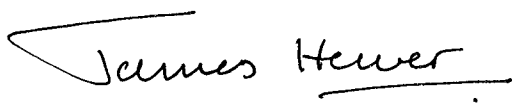
Responsibilities for the financial statements and the audit (continued)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



James Hewer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 October 2015

KARTA II HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital €	Retained earnings €	Total Equity €
Balance at 1 January 2013	1	14,384	14,385
Result for the year and total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 1 January 2014	1	14,384	14,385
Result for the year and total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2014	<u>1</u>	<u>14,384</u>	<u>14,385</u>

The notes on pages 11 to 18 form part of these financial statements.

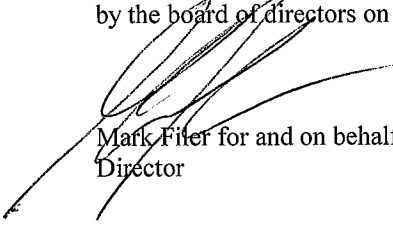
KARTA II HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 €	2013 €
Assets			
Investments	5	14,384	14,384
Cash and cash equivalents	6	<u>1</u>	<u>1</u>
Total assets		<u>14,385</u>	<u>14,385</u>
Equity			
Share capital	7	1	1
Retained earnings		<u>14,384</u>	<u>14,384</u>
Total equity		<u>14,385</u>	<u>14,385</u>

These financial statements of Karta II Holdings Limited, company registration number 07715262, were approved by the board of directors on 21 October 2015 and are signed on their behalf by:



Mark Filer for and on behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 11 to 18 form part of these financial statements.

KARTA II HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 €	2013 €
Cash flows from operating activities		
Result before tax for the year	<u>-</u>	<u>-</u>
Net cash generated from operating activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at start of year	<u>1</u>	<u>1</u>
Cash and cash equivalents at end of year	<u>1</u>	<u>1</u>

The notes on pages 11 to 18 form part of these financial statements.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACCOUNTING POLICIES

General information

Karta II Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the United Kingdom with registered number 07715262.

The Company's principal activity is to hold an investment in Karta II Plc.

The principal activity of Karta II Plc is set by the Offering Circular and is that of the securitisation of a portfolio of Receivables. The Receivables consist of credit card agreements selected from the total portfolio of agreements entered into by the Transferor with obligors in Greece and originated by Eurobank Ergasias S.A.

The Company did not trade during the year or the preceding year and made neither a profit nor a loss. There were also no other gains and losses for the current financial year or the preceding financial year. Accordingly, neither an income statement nor a statement of comprehensive income has been presented.

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, taking into consideration the following:

- The Originator's own going concern assessment is critical for the Company as the Originator is responsible for servicing and administering the Receivables. Should the Originator fail in this role, this would create uncertainty about the Company's ability to fully repay the Notes.
- The directors have undertaken a detailed assessment of the Company's on-going business model and have made extensive enquiries of the management of the Originator. Given the details set out below, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future. However, given the on-going general economic and political uncertainties in Greece, the directors recognize the existence of material uncertainties that may cast significant doubt on the Originator's and therefore the Company's ability to continue as a going concern. These uncertainties may impact the servicing, as well as, the quality of the underlying Receivables and the future timing and levels of collections, resulting in significant doubt about the Company's ability to fully repay the Notes.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. 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.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

The financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

The Originator's own going concern assessment is critical for the Company as the Originator is responsible for servicing and administering the Receivables. Should the Originator fail in this role, this would create uncertainty about the Company's ability to fully repay the Notes.

The directors have undertaken a detailed assessment of the Company's on-going business model and have made extensive enquiries of the management of Eurobank Ergasias S.A. (The Bank). Given the details set out below, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future. However, given the on-going general economic and political uncertainties in Greece, the directors recognize the existence of material uncertainties that may cast significant doubt on Eurobank Ergasias S.A. and therefore the Company's ability to continue as a going concern. These uncertainties may impact the servicing, as well as, the quality of the underlying Receivables and the future timing and levels of collections, resulting to significant doubt about the Company's ability to fully repay the Notes.

Macroeconomic environment

Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through a program agreed with the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF) ('the Institutions'). This had led to primary fiscal surpluses in 2013 and 2014, but also to reform fatigue and social unrest. Following the parliamentary elections of 25 January the extension of the MFFA, that the Greek Government managed to achieve under the 20 February 2015 Agreement, expired on 30 June 2015 without a successful conclusion of the review or a new extension. After the imposition of capital controls and a referendum that led to the rejection of the Eurozone proposal as this was tabled in the negotiations before the expiration of the Master Financial Assistance Facility Agreement (MFFA), the government restarted the negotiations over a new 3-year European Financial Stabilization Mechanism (ESM) program with a ca €86billion financing envelope, which will permit Greece to service its debt, recapitalize its banks, clear accumulated arrears, and build cash buffers for the future. A Preliminary Agreement was reached in the 13 July 2015 Euro Summit. The final agreement on the 3-year ESM programme together with an additional series of prerequisite structural reforms passed in the Greek Parliament and got the approval of the Eurogroup on 14 August 2015. The reforms included in the new programme aim to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The first instalment of the new loan of €26billion, which includes €10billion for the upcoming banks' recapitalization, has already been approved. On 20th August the Greece' Prime Minister announced the resignation of the government and called early elections. These were held on 20th September 2015 and resulted in the re-election of the same coalition government.

Until sufficient progress is made with respect to the implementation of the reform measures required in the context of the financing agreement with the ESM, the above described conditions indicate the existence of material uncertainties on the Greek macroeconomic environment, with potentially significant adverse effects on the liquidity and solvency of the Greek banking sector.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern (continued)

Liquidity risk

Liquidity, of the whole Greek banking sector, was negatively affected in the first two months of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result Greek banks reverted to the fall back funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs.

The prolonged negotiations of the Greek government with the Institutions until the expiration of the extension of the MFFA on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July there has been some gradual relaxation of capital controls with the easing process expected to continue in the following months.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system. The decisive implementation of the measures agreed in the context of the new ESM programme will permit ECB to reinstate the waiver for the instruments issued or guaranteed by the Hellenic Republic.

Solvency risk

Despite the fact that the Greek economy showed early signs of recovery during 2014 for the first time since 2007, there are significant downside risks associated with political and fiscal gap funding uncertainties (as described earlier) and the low levels of investment and consumption levels, which undermine in the short-term the pace of recovery. The current adverse economic conditions in Greece, including the imposition of capital restrictions, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position. The new ESM Programme agreed between Greece and its European partners in August 2015 includes a buffer of up to €25billion for the banking sector in order to address potential bank recapitalization needs of viable banks and resolution costs of non-viable banks in full compliance with EU competition and state aid rules.

ECB Comprehensive assessment 2015

In this context, a comprehensive assessment of the Greek banks ("CA") has been initiated by the competent supervisory authorities in order to determine their potential capital needs. The CA is expected to take into account the combined effect of i) an Asset Quality Review (AQR), by reviewing the quality of the Bank's assets, including the adequacy of asset and collateral valuation and related provisions and ii) a forward looking Stress Test based on 1H2015 preliminary data to examine the resilience of the Greek banks' balance sheet to stress test scenarios for the period 2015-2017. The CA is expected to be completed by the end of October 2015.

The sufficient specification of the framework for actions to be taken to ensure financial stability and to strengthen the viability of Greek financial institutions (including the funds for potential recapitalization needs) may entail the prior contribution (bail-in) of the Bank's issued instruments in reducing a potential capital shortfall by end of 2015. The eligible instruments for contributing in the potential recapitalization may be preferred securities, subordinated notes and senior [unsecured] notes after taking into account the 14 August Eurogroup statement that the bail in instrument will apply for senior debt bondholders whereas bail in of depositors is excluded.

The above conditions pose a significant challenge for the Group, the capital adequacy of which was comfortably above the minimum required level a few months ago, following the April 14 share capital increase of €2,864million fully covered by private investors. Regarding the CA and the potential recapitalization process the Group expects that it will be completed within set deadlines constituting a key milestone for rebuilding trust in the banking system and in economy in general.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern (continued)

Going concern assessment

The Bank's Board of Directors, taking into consideration the above factors relating to the 14 August agreement of the Greek Government with its European partners, the commitment of the authorities to take decisive measures to safeguard the stability in the financial sector and the anticipated continuation of the liquidity support that the Bank receives from the Eurosystem, and despite the material uncertainties relating to the outcome of the Bank's comprehensive assessment and the sufficient specification of the recapitalization framework which are beyond the Bank's control, have been satisfied that the Bank has the ability to continue as a going concern into the foreseeable future.

Standards affecting presentation and disclosure

New standards, amendments to standards and interpretations of existing standards are detailed in the Originator's consolidated financial statements available at Eurobank Ergasias S.A.'s website at www.eurobank.gr. The directors consider that there are no new and revised standards relevant to the Company which should be adopted and reported in the 2014 Financial Statements.

Early adoption of standards

The directors consider that there are no new standards, amendments and interpretations issued and available for early adoption for the financial period beginning 1 January 2014 that are relevant to the Company.

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

Investments

Investments are stated in the statement of financial position at cost, less any provision for impairment. The Originator is deemed to be the parent of the group undertakings in which the Company has share holdings. The Company therefore does not prepare consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition.

Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised on an 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 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.

Income tax

Income tax on the profit or loss for the year comprises current tax. The current income charge tax is calculated on the basis of the tax laws enacted at the end of the reporting year/period in the country where the company operates and generates taxable income.

Share capital

Ordinary shares are classified as equity.

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.

3. PROFIT BEFORE TAX

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 8, the directors received no remuneration during the year.

The auditors' remuneration for the year ended 31 December 2014 of €7,200 (2013: €6,000) was borne by the Issuer.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

4. INCOME TAX CHARGE

(a) Analysis of tax charge in the year

	2014	2013
	€	€
Current tax:		
Corporation tax charge for the year	—	—
Total income tax charge in the statement of comprehensive Income	<u>—</u>	<u>—</u>

(b) Reconciliation of effective tax rate

The tax on the Company's profit before tax is equal to (2013: equal to) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	2014	2013
	€	€
Result before tax	<u>—</u>	<u>—</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	—	—
Non –allowable items	—	—
Total income tax charge	<u>—</u>	<u>—</u>

The standard rate of Corporation Tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 21.5%.

5. INVESTMENTS

	2014	2013
	€	€
Shares in group undertakings	<u>14,384</u>	<u>14,384</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Country of incorporation	Details of investments and proportion held by country	Nature of business
Karta II PLC	England and Wales	99.99% of ordinary shares	Special purpose entity which was established for the purpose of facilitating the securitisation of a portfolio of Receivables originated by Eurobank Ergasias S.A through the issue of Asset-Backed Floating Rate Loan Notes

6. CASH AND CASH EQUIVALENTS

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

	2014	2013
	€	€
Bank deposit accounts	<u>1</u>	<u>1</u>

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

7. SHARE CAPITAL

	2014	2013
Authorised share capital: 100 (2013: 100) ordinary shares at £1 each		
	€	€
1 (2013: 1) fully paid ordinary shares at £1 each	<u>1</u>	<u>1</u>

There are 100 authorised ordinary shares of £1 each. The issued share capital of the Company consists of 1 fully paid ordinary share. The issued share capital is reflected in the financial statements as €1 based on the prevailing exchange rate at 5 August 2011 (€/£0.869) on the date the Company changed its functional and presentational currency from sterling to Euros. The holders of ordinary shares as entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

8. RELATED PARTY TRANSACTIONS

During the year administration and accounting services were provided to the Karta II Plc and Karta II Holdings by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €17,563 (2013: €16,926) including irrecoverable value added tax. Mr M H Filer, a director of the Company, is also a director of Wilmington Trust SP Services (London) Limited.

9. FINANCIAL RISK MANAGEMENT

Interest rate risk

The Company's financial instruments comprise an investment, cash and liquid resources.

Liquidity risk

The Company's responsibility to make cash payments is limited to the funds available and accordingly, the Company is insulated from liquidity risk as experienced in the financial markets during the year.

Currency risk

With the minor exception of the Company's UK domiciled sterling cash deposit accounts, the remainder 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 an investment, cash and cash equivalents and various receivables and payables that arise directly from its operations.

Fair value

There is no significant difference between the carrying amount and the fair value of the Company's financial instruments.

10. SEGMENTAL REPORTING

Having considered the Company's activities the directors have not identified any reportable segments.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The shares in the Company are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes. Eurobank Ergasias S.A. has no direct 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 the Eurobank Ergasias S.A., which are available online at www.eurobank.gr.

In May 2013, following its full subscription in Eurobank Ergasias S.A.'s recapitalization of €5,839 million, the Hellenic Financial Stability Fund ('HFSF') became the controlling shareholder and a related party of Eurobank Ergasias S.A. On 19 June 2013, HFSF acquired 3,789,317,358 Eurobank Ergasias S.A.'s ordinary shares with voting rights, representing 98.56% of its ordinary share capital. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank Ergasias S.A. by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the percentage of the voting rights held by HFSF increased to 95.23%.

Following the completion of Eurobank Ergasias S.A.'s share capital increase of €2,864 million, fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%. In addition, in the context of the Law 3864/2010 as amended by Law 4254/2014, the HFSF's voting rights in Eurobank Ergasias S.A.'s General Assemblies have been switched to restricted ones. Accordingly, as of early May, the HFSF is no more the controlling shareholder of the Eurobank Ergasias S.A. Group but is considered to have significant influence over it. Therefore, the HFSF is considered to be a related party to the Eurobank Ergasias S.A. Group, whereas Greek Banks significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, are not regarded as such.

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.

12. OTHER SIGNIFICANT AND POST BALANCE SHEET EVENTS

There were no significant post balance sheet events to report.