

Company Registration Number: 07715262

KARTA II HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

KARTA II HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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KARTA II HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	D J Wynne (appointed on 20 March 2017) Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	07715262
Registered office	Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF

KARTA II HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and the financial statements of Karta II Holdings Limited (the "Company") for the year ended 31 December 2017. 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 and further amended by the Amendment Deed and Noteholder Consent dated 8 February 2016 (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, Key Performance Indicators, 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, despite the existence of material uncertainties relating to the completion of the second review of the Greece's current economic adjustment programme.

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:

M H Filer (resigned on 11 April 2017)
Wilmington Trust SP Services (London) Limited
D J Wynne (appointed on 27 March 2017)

THIRD PARTY INDEMNITIES

Third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements.

DIVIDENDS

The directors have not recommended a dividend (2016: €nil).

FUTURE DEVELOPMENTS

Information on future developments is included in the "Future Developments" section of the Strategic report.

FINANCIAL RISK MANAGEMENT

Information on Financial Risk Management is included in the "Principal Risks and Uncertainties" section of the Strategic report.

KARTA II HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

AUDIT EXEMPTION

For the period ending 31 December 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board



M Clarke-Whelan for and on behalf of Wilmington Trust SP Services (London) Limited
Director
28 September 2018

KARTA II HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report of Karta II Holdings Limited (“the Company”) for the year ended 31 December 2017.

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 2019, amended from 2018 on 8 February 2016, (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 2019, amended from October 2018 on 8 February 2016.

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 (2016: €14,385). The directors have not recommended a dividend (2016: €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.

KARTA II HOLDINGS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

The Originator's own going concern assessment is critical for the Company as the Originator is responsible for servicing and administering the Receivables. The factors affecting the Originator's going concern are set out in note 1 to the financial statements.

Signed on behalf of the Board



M Clarke-Whelan for and on behalf of Wilmington Trust SP Services (London) Limited
Director

28 September 2018

KARTA II HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital €	Retained earnings €	Total Equity €
Balance as at 1 January 2016	1	14,384	14,385
Result for the year and total comprehensive income	-	-	-
Balance as at 1 January 2017	1	14,384	14,385
Result for the year and total comprehensive income	-	-	-
Balance as at 31 December 2017	1	14,384	14,385

The notes on pages 9 to 15 form part of these financial statements.

KARTA II HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 €	2016 €
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 28 September 2018 and are signed on its behalf by:



M Clarke-Whelan for and on behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 9 to 15 form part of these financial statements.

KARTA II HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 €	2016 €
Cash flows generated 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><u>1</u></u>	<u><u>1</u></u>

The notes on pages 9 to 15 form part of these financial statements.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES

General information

Karta II Holdings Limited (the “Company”) is a limited liability company, limited by shares incorporated in England and Wales 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. Please also refer to the Going Concern section below.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), 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.

Going Concern

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

Macroeconomic environment

In 2018, Greece’s real GDP is expected to grow by 1.9%, according to the May 2018 forecast by European Commission (2017: 1.4%, according to the Hellenic Statistical Authority’s (ELSTAT) estimate). Based on ELSTAT and Ministry of Finance data, the unemployment rate in February 2018 was at 20.8%, remaining stable as in December 2017 and the 2017 primary surplus was at 4.2% of GDP, outperforming the respective 2017 Third Economic Adjustment Program (TEAP) target of 1.75% of GDP.

Greece nears the completion of the cycle of economic adjustment programs. The conclusion of the fourth and final review of the TEAP, which is expected in June 2018 following the staff-level agreement (SLA) reached by the Institutions and Greek authorities on 19 May 2018, an expected significant rise in investments (2018 Budget estimate at 11.4% compared to 9.6% increase in 2017), and a forecasted strong tourism season support expectations for a further improvement in domestic economic activity in 2018. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve the confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern (continued)

Currently, the relation between Greece and the European Institutions in the post program period, as well as the parameters of the sovereign debt relief proposal, the nature of a safety cash buffer that would facilitate its market access after the end of the program in August 2018 and the establishment of a framework that secures the continuation of reforms in the Greek economy, are under discussion. The main risks and uncertainties are associated with (a) the possible delays in the implementation of the reforms' agenda in order to meet the remaining targets and milestones of the TEAP, (b) the possible delays in the agreement of the post-program relation between Greece and the Institutions, (c) an agreement regarding debt relief measures that may be conceived by the markets that is not sufficient or includes too many conditionalities, (d) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP, (e) the ability to attract new investments in the country, (f) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (g) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures (NPEs) as a result of the macroeconomic conditions in Greece and (h) the geopolitical conditions in the near or in broader region and the external shocks from a slowdown in the global economy. The Group monitors closely the developments in the Greek macroeconomic environment taking into account its direct and indirect exposure to sovereign risk.

Liquidity risk

The gradual stabilisation of the macroeconomic environment in Greece has enhanced Greece's credibility towards the international markets, improved the domestic economic sentiment and facilitated the return of deposits as well as the further relaxation of capital controls. The successful completion of the fourth review of the TEAP and an agreement on the post-program relation of Greece with its official creditors and on meaningful debt relief measures will help further reinstating depositors' confidence and it will positively influence the financing of the economy.

Solvency risk

On 5 May 2018, the ECB announced the results of the Stress Test (ST) for the four Greek systemic banks, including Eurobank. Based on feedback received by the Single Supervisory Mechanism (SSM), the ST outcome pointed to no capital shortfall and no capital plan needed for the Bank as a result of the exercise. Going forward, a key priority remains the active management of NPEs, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place. As at 31 December 2017, the Bank has reduced its NPEs stock by € 2.4 bn to € 18.1 bn, outperforming the respective initial SSM target of € 18.8 bn

The Group's Common Equity Tier 1 (CET1) ratio stood at 17.9% at 31 December 2017, while the respective pro-forma ratio with the redemption of preference shares/issue of Tier 2 bonds and the completion of the sale transaction in Romania would be 15.8%.

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Group's capital position, as also evidenced by the performance to the ST, the outperformance of NPEs reduction targets and its anticipated continued access to Eurosystem funding over the foreseeable future, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to standards and new interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for the year commencing 01 January 2017.

Amendment to IAS 7 Statement of Cash Flows: Disclosure Initiative

Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The directors have assessed that there is no IFRS 9 impact on financial assets and liabilities.

New Standards and Interpretations not yet adopted by the Company

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards issued includes those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" was issued on 28 May 2014 by the International Accounting Standards Board. The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The adoption of IFRS 15 is not expected to have any impact on the financial statements of the Company since the Company does not have any contracts with customers within the scope of IFRS 15.

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 year beginning 1 January 2017 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.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

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

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.

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. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Dividend distribution on shares is recognised as a deduction in the Company's equity when approved by the General Meeting of the Company's shareholders. Interim dividends are recognised as a deduction in the Company's equity when approved by the Directors.

Consolidation

In accordance with Section 400 of the Companies Act 2006, group financial statements have not been prepared as the Company is a wholly owned subsidiary of Eurobank Ergasias S.A, which prepares consolidated financial statements which are publicly available.

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. RESULT 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.

Auditor's remuneration of €Nil (2016: €5,625) has been borne by the PLC and therefore not charged in arriving to the profit before taxation. No amounts were received by the Company's auditor in respect of services to the Company rendered other than audit of the financial statements. There was no audit in 2017 hence no audit fee has been incurred.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

4. INCOME TAX CHARGE

(a) Analysis of tax charge in the year

	2017 €	2016 €
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 result before tax is equal to (2016: equal to) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

Result before tax	<u>—</u>	<u>—</u>
Result before tax multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	—	—
Non –allowable items	—	—
Total income tax charge	<u>—</u>	<u>—</u>

5. INVESTMENTS

	2017 €	2016 €
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

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

	2017	2016
	€	€
Bank deposit accounts	<u>1</u>	<u>1</u>

7. SHARE CAPITAL

	2017	2016
	€	€
Issued, called up and allotted: 1 (2015: 1) fully paid ordinary shares at £1	<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 are 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 Limited by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €18,975 (2016: €18,709) including irrecoverable value added tax. These services were borne by the Issuer. M H Filer, whom was a director of the Company, was also a director of Wilmington Trust SP Services (London) Limited. D J Wynne, 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. All amounts are in Euros, therefore there is no interest rate risk.

Liquidity risk

The Company's principal activity is to hold an investment in Anaptyxi SME I Plc. Due to the nature of the company's activity there is no significant liquidity risk.

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.

KARTA II HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

9. FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Company considers its capital to comprise its ordinary share capital and its accumulated retained earnings. There have been no changes in what the Company considers to be its capital since the previous year. The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

10. SEGMENTAL REPORTING

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

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 2014, following the completion of the Bank's share capital increase fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF), the controlling shareholder of the Bank until that date, decreased from 95.23% to 35.41%. Accordingly, as of that date HFSF was considered to have significant influence over the Bank. In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by HFSF decreased to 2.38%.

In the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014, which regulates, among others, (a) the Bank's corporate governance, (b) the restructuring plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPL) management framework and of the Bank's performance on NPL resolution, (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy, (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and (g) the duties, rights and obligations of HFSF's Representative in the Bank's Board. Taking into account the terms of the revised RFA, the HFSF is still considered to have significant influence over the Bank.

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 other significant post balance sheet events to report.