

Company Registration Number: 07715233

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

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KARTA II PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2 - 3
Strategic report	4 - 5
Independent auditors' report	6 - 10
Statement of comprehensive income	11
Statement of changes in equity	11
Statement of financial position	12
Statement of cash flows	13
Notes to the financial statements	14 - 26

KARTA II PLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors	M H Filer (resigned on 11 April 2017) Wilmington Trust SP Services (London) Limited D J Wynne (appointed on 27 March 2017)
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	07715233
Registered office	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 PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and the audited financial statements of Karta II PLC (the "Company" or the "Issuer") 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 Holdings Limited (the "Holdings") 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 as amended by the Amendment Deed and Noteholder Consent dated 8 February 2016 and further amended by the Amendment Deed and Noteholder Consent dated 13 October 2017 (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.

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 14 on financial risk management.

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. All creditors are paid in accordance with the priority of payments set out in the Offering Circular.

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 PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is 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 a director 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



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

KARTA II PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company is set by the Offering Circular and is that of a special purpose company incorporated for 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 Company issued €900,000,000 Class A Asset Backed Floating Rate Notes due 2019 (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 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 February 2021. On 13 October 2017 the due date and final maturity date of the notes was amended from October 2019 to February 2021. During the year the Company redeemed €300,000,000 floating rate loan notes.

The sale of the Receivables to the Company is considered to fail the derecognition criteria of IAS 39 Financial instruments: Recognition and Measurement, and therefore they are retained on the statement of financial position of the Originator. The Company records in its statement of financial position a receivable from the Originator (the “Deemed Loan to the Originator”), rather than the Receivables it has legally purchased.

In accordance with the Offering Circular, the Company will only retain €400 in respect of any interest payment date and the resulting difference is included in arriving in at the deferred consideration payable to the originator.

The Company’s only sources of funds for the payment of principal and interest due on the Notes are the principal and interest collections which the Company will be entitled to receive from the Receivables.

Credit enhancement is provided to the Notes mainly through deferred consideration and a reserve fund account funded through a subordinated loan from the Originator.

The directors have reviewed data and information relating to the credit quality of the credit card agreements underlying the Deemed Loan to the Originator up to the date of approval of the financial statements and are satisfied that the level of impairment of the underlying assets does not exceed the amount of credit enhancement supplied to the Company by the Originator.

RESULTS AND DIVIDENDS

The results for the year and the Company’s financial position at the end of the year are shown in the attached financial statements. The profit for the year was €3,876 (2016: €3,840). At the year end, the Company had net assets of €38,187 (2016: €34,311). The directors have not recommended a dividend (2016: €nil).

FUTURE DEVELOPMENTS

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

KARTA II PLC

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

KEY PERFORMANCE INDICATORS

The key financial performance indicator of the business is considered to be the net interest margin of 5.76% (2016: 4.8%) and the credit quality of the underlying Receivables as detailed in note 7. Details of other performance indicators are included in the Investor reports which are publicly available on the following website: www.eurobank.gr.

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. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose challenges to the borrowers with whom the Company 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
14 September 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Karta II PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

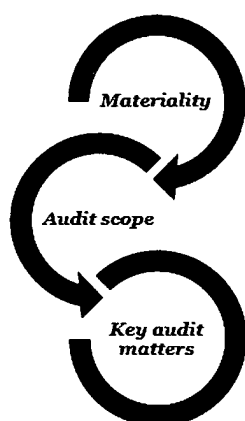
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview



- Overall materiality: €4,001,276 (2016: €7,001,345), based on 1% of total assets.
- Karta II PLC is a subsidiary of Eurobank Ergasias S.A.. The Company was incorporated for the securitisation of a portfolio of credit card agreements originated by Eurobank Ergasias S.A..
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the annual report and financial statements, ensuring audit procedures were performed in respect of every material financial statements line item.
- In establishing the overall approach to the audit, we determined the type of work that needed to be performed by us, taking into consideration the accounting processes in place, and the industry in which the company operates.
- Risk of Impairment of deposits held in banks.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II PLC (CONTINUED)

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, the Companies Act 2006. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Risk of Impairment of deposits held in banks</i></p> <p>Karta II PLC is a subsidiary of Eurobank Ergasias S.A, and its business strategy and activities are linked to those of its Parent Company. The Company was incorporated for the securitisation of a portfolio of credit card agreements originated by Eurobank Ergasias S.A.. The Company's main business and basic accounting framework is to issue debt instruments and invest the proceeds from these in time deposits with the Parent on a matched basis.</p> <p>Therefore the risk of impairment is intrinsically linked to the Going Concern of its parent.</p>	<p>As part of our procedures we have reviewed:</p> <ul style="list-style-type: none"> - the going-concern assessment performed by the Eurobank Ergasias S.A. ("Group") auditor and assessed the developments in the macroeconomic environment and their impact on the entity. - the Group's updated 3-years Business and restructuring Plan (including assumptions for 2018-2020) and assessed its relevance to the economic environment. - the results/performance of the Group/Bank (including restructuring plan) and how they are monitored ensuring perceived adequate challenge from those charged with governance. - stress tested the medium term funding plans of the Group envisioning the gradual reduction of ECB/ELA dependence and assessed the level of contingent funds. - the Group's capital adequacy calculations (Pillar 1) and the results from the Supervisory Review and Evaluation Process/Pillar 2 process. - compliance with Single Supervisory Mechanism (SSM) targets. - latest minutes from Group committee meetings up until 28 March 2018. - current liquidity buffers and sovereign exposures. <p>Additionally we have;</p> <ul style="list-style-type: none"> - held meetings with management of the parent entity.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II PLC (CONTINUED)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
	- confirmed that the Parent entity had issued €500m to international and domestic investors following a successful covered bond transaction with a 2.98% yield, concluded at the end of October 2017. This demonstrates the ability of the Parent to issue debt to external parties.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall materiality</i>	€4,001,276 (2016: €7,001,345).
<i>How we determined it</i>	1% of total assets.
<i>Rationale for benchmark applied</i>	As an SPE is established as a not for profit entity, funded almost entirely by debt, it would follow that users may focus their attention on the SPE's total assets as suggested by ISA (UK) 320 paragraph A3. It is therefore considered appropriate that overall materiality could in the context of an SPE audit be calculated as 1% of total assets..

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €200,064 (2016: €350,067) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II PLC (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA II PLC (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 31 December 2011 to audit the financial statements for the year ended 31 December 2012 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 December 2012 to 31 December 2017.



Jessica L Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 September 2018

KARTA II PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTINUING OPERATIONS	Note	2017 €	2016 €
Interest income	3	4,622,946	5,012,046
Interest expense	4	<u>(4,356,661)</u>	<u>(4,771,044)</u>
Net interest income		266,285	241,002
Administrative expenses	5	<u>(261,485)</u>	<u>(236,202)</u>
Profit before tax		4,800	4,800
Income tax charge	6	<u>(924)</u>	<u>(960)</u>
Profit for the year and total comprehensive income		<u><u>3,876</u></u>	<u><u>3,840</u></u>

The result for the year was derived from continuing operations.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital €	Retained Earnings €	Total Equity €
Balance as at 1 January 2016	14,385	16,086	30,471
Profit for the year and total comprehensive income	-	<u>3,840</u>	<u>3,840</u>
Balance as at 1 January 2017	14,385	19,926	34,311
Profit for the year and total comprehensive income	-	<u>3,876</u>	<u>3,876</u>
Balance as at 31 December 2017	<u>14,385</u>	<u>23,802</u>	<u>38,187</u>

The notes on pages 14 to 26 form part of these financial statements.

KARTA II PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 €	2016 €
Assets			
Deemed Loan to the Originator	7	305,615,987	241,815,058
Other receivables	8	2,026	2,026
Cash and cash equivalents	9	<u>94,509,610</u>	<u>458,317,446</u>
Total assets		<u>400,127,623</u>	<u>700,134,530</u>
Equity			
Share capital	10	14,385	14,385
Retained earnings		<u>23,802</u>	<u>19,926</u>
Total equity		<u>38,187</u>	<u>34,311</u>
Liabilities			
Liabilities evidenced by paper held at amortised cost	11	400,000,000	700,000,000
Other liabilities	12	88,512	99,259
Tax payable	6	<u>924</u>	<u>960</u>
Total liabilities		<u>400,089,436</u>	<u>700,100,219</u>
Total equity and liabilities		<u>400,127,623</u>	<u>700,134,530</u>

These financial statements of Karta II Plc, company registration number 07715233, on pages 11 to 27 were approved by the Board of directors on 14 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 14 to 26 form part of these financial statements.

KARTA II PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 €	2016 €
Cash flows from operating activities		
Profit before tax	4,800	4,800
<i>Adjustments for:</i>		
Interest income	(4,622,946)	(5,012,046)
Interest expense	4,356,661	4,771,044
Increase/(decrease) in accruals and deferred income	<u>1,862</u>	<u>(34,191)</u>
Cash used in operating activities	(259,623)	(270,392)
Income tax paid	<u>(960)</u>	<u>(972)</u>
Net cash used in operating activities	<u>(260,583)</u>	<u>(271,364)</u>
Cash flows generated from investing activities		
Interest received	4,622,946	3,484,522
Deemed loan to the Originator movements	<u>(63,800,929)</u>	<u>29,142,435</u>
Net cash (used in)/generated from investing activities	<u>(59,177,983)</u>	<u>32,626,957</u>
Cash flows used in financing activities		
Interest paid	(4,369,270)	(4,767,791)
Loan Note repayments	<u>(300,000,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(304,369,270)</u>	<u>(4,767,791)</u>
Net (decrease)/increase in cash and cash equivalents	(363,807,836)	27,587,802
Cash and cash equivalents at start of year	<u>458,317,446</u>	<u>430,729,644</u>
Cash and cash equivalents at end of year	<u><u>94,509,610</u></u>	<u><u>458,317,446</u></u>

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

The notes on pages 14 to 26 form part of these financial statements.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES

General information

Karta II PLC is a public limited company, limited by shares incorporated and domiciled in the United Kingdom with registered number 07715233. The principal activity of the Company is set by the Offering Circular and is that of a special purpose company incorporated for 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.

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 PLC

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 PLC

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.

Financial assets

The Deemed Loan to the Originator, other receivables and cash and cash equivalents are carried at amortised cost using the effective interest method as explained below.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Deemed Loan to the Originator

Under IAS 39 Financial instruments: Recognition and Measurement, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The directors of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised Receivables and as a consequence, the Company does not recognise the Receivables on its statement of financial position but rather a Deemed Loan to the Originator.

The Deemed Loan to the Originator initially represents the consideration paid by the Company in respect of the acquisition of an interest in securitised Receivables and is subsequently adjusted due to repayments made by the Originator to the Company. The Deemed Loan to the Originator is carried at amortised cost using the effective interest method. The subordinated loan provided by the Originator to the Company is the main form of credit enhancement for the Notes. The subordinated loan is netted off against the Deemed Loan to the Originator since they have the same counterparty. The Company will repay the subordinated loan to the Originator only if it first receives an equivalent amount from the Originator.

In addition to the subordinated loan, deferred consideration payable to the Originator, representing the excess of the Company's collections regarding the Receivables above the Company's payments as determined by the Offering Circular, is also netted off against the Deemed Loan to the Originator since they have the same counterparty, they were entered into at the same time and in contemplation of one another, they relate to the same risk and there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction. In the statement of comprehensive income the deferred consideration charge is netted off against interest income as it represents income that the Company is not entitled to retain.

The Company regularly reviews the underlying collateral in relation to the Deemed Loan to the Originator to assess for impairment. The methodology applied is further discussed in note 2 below.

Liabilities evidenced by paper held at amortised cost

Liabilities evidenced by paper comprise the Notes issued by the Company through the Offering Circular dated 15 August 2011. These Notes were initially recognised at the fair value of the issue proceeds net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method. In the event that impairment losses exceed the credit enhancement provided by the Originator, some loss may be borne by the Noteholders.

The terms and conditions of the Notes state that the Company is entitled to an optional early redemption of the Notes. This option has been exercisable in full on any interest payment date on or after 25 September 2011 or on the occurrence of a Regulatory Event which materially affects the amount of capital which the Originator is required to allocate in respect of the Portfolio or if it becomes unlawful for the Issuer to perform its obligations under the Notes. The directors of the Company have concluded that the economic characteristics and risks of this prepayment option are closely related to the economic characteristics and risks of the Notes. As such, the option is not separately accounted for as an embedded derivative.

Cash and cash equivalents

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.

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.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Interest income and interest expense

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

Foreign currencies

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

Effective interest rates

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

In order to determine the effective interest rate applicable to loans 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. The Company regularly reviews the underlying collateral in relation to the Deemed Loan to the Originator to assess for impairment. The methodology applied is further discussed in note 2 below

Taxation

Current tax is recognised at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the year end date. The Company is taxed under The Taxation of Securitisation Companies Regulations 2006 (the "Permanent Tax Regime") under which the Company is taxed by reference to its retained profit as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)".

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 Loan to the Originator

The recoverability of the Deemed Loan to the Originator is dependent on the collections from the underlying Receivables. The Receivables are considered impaired when as a result of incurred losses it is probable that the Company will be unable to collect all amounts due according to the relevant contractual terms. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and are updated regularly as new data becomes available.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 economic and market 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.

Credit enhancement is provided to the securitisation structure mainly through a reserve fund account funded through a €45,000,000 (2016: €45,000,000) subordinated loan from the Originator. The income from the Receivables is expected to exceed the interest payable on the Notes issued by the Company. This excess spread is available to make good any reductions in the principal balance of the Receivables as a result of defaults by borrowers.

As explained in note 7 the Deemed Loan to the Originator was not impaired as at 31 December 2017 (2016: €nil) as the balance of the credit card agreements after impairment losses was higher than the balance of the Deemed Loan to the Originator.

Fair values

A majority of the fair values of Company's financial instruments 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 checked 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. The fair value of the Deemed Loan to the Originator is calculated by reference to the fair value of the Notes and cash. Where cash is in excess of the fair value of the Notes the fair value of the Deemed Loan is calculated to be nil.

3. INTEREST INCOME

Interest income represents the net interest income on the Deemed Loan to the Originator together with interest on bank deposits, as analysed below.

	2017	2016
	€	€
Net interest income on Deemed Loan to the Originator	4,622,946	5,007,874
Bank interest income	-	4,172
	<u>4,622,946</u>	<u>5,012,046</u>

4. INTEREST EXPENSE

	2017	2016
	€	€
Interest on liabilities evidenced by paper	<u>4,356,661</u>	<u>4,771,044</u>

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

5. ADMINISTRATIVE EXPENSES

Profit before tax is stated after charging/(crediting):

	2017	2016
	€	€
Auditors' remuneration – audit of the statutory financial statements of the Company	16,875	16,875
Auditors' remuneration – audit of the statutory financial statements of the Holdings	5,625	5,625
Tax and other compliance services of the Company	4,380	3,989
Tax and other compliance services of the Holdings company	2,340	2,189
Accountancy fees	5,550	5,225
Servicing fees	191,752	186,115
Other expenses	34,513	13,836
Exchange losses recognised	450	2,348
	<u>261,485</u>	<u>236,202</u>

Apart from the directors, the Company has no employees (2016: 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 year (2016: €nil). Accountancy, tax and other compliance services were not provided by the Company's appointed auditors during the year.

6. INCOME TAX CHARGE

(a) Analysis of tax charge in the year

	2017	2016
	€	€
Current tax:		
Corporation tax charge for the year	<u>924</u>	<u>960</u>
Total income tax charge in the statement of comprehensive income	<u>924</u>	<u>960</u>

(b) Reconciliation of effective tax rate

The tax on the Company's profit 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:

	2017	2016
	€	€
Profit before tax	<u>4,800</u>	<u>4,800</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	<u>924</u>	<u>960</u>
Total income tax charge	<u>924</u>	<u>960</u>

Under the powers conferred by Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)". Therefore the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction and as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)".

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

6. INCOME TAX CHARGE (continued)

The directors are satisfied that the 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.

7. DEEMED LOAN TO THE ORIGINATOR

	2017	2016
	€	€
Receivables Balance at 1 January	357,158,810	391,285,074
Net movement in Deemed Loan to the Originator	<u>77,126,763</u>	<u>(34,126,264)</u>
Receivables Balance at 31 December	434,285,573	357,158,810
Amounts payable to Bank of Greece under Law 128/75	(216,454)	(178,142)
Subordinated loans due to the Originator	(45,000,000)	(45,000,000)
Deferred consideration due to the Originator	<u>(83,453,132)</u>	<u>(70,165,610)</u>
At 31 December	<u>305,615,987</u>	<u>241,815,058</u>

Under Law 128/75 of the Hellenic Republic, consumer loans bear a 0.60% p.a. levy charge. The levy charge is payable to the Bank of Greece

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

	2017	2016
	€	€
Neither past due nor impaired	358,677,150	274,619,232
Past due but not impaired	42,023,356	38,804,246
Impaired	<u>33,585,067</u>	<u>43,735,332</u>
	434,285,573	357,158,810
Less: allowance for impairment	<u>(31,674,352)</u>	<u>(38,574,045)</u>
	<u>402,611,221</u>	<u>318,584,765</u>

The Deemed Loan to the Originator was not impaired as at 31 December 2017 (2016: €nil) as the balance of the Receivables after impairment losses was higher than the balance of the Deemed Loan to the Originator.

8. OTHER RECEIVABLES

	2017	2016
	€	€
Accrued income	<u>2,026</u>	<u>2,026</u>

9. 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
	€	€
Cash and bank current accounts	49,495,537	413,302,873
Bank deposit accounts	<u>45,014,073</u>	<u>45,014,573</u>
	<u>94,509,610</u>	<u>458,317,446</u>

All cash is held with the Originator.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

10. SHARE CAPITAL

	2017	2016
Issued, called up and allotted:	€	€
2 (2016: 2) fully paid ordinary shares at £1 each	2	2
49,998 (2016: 49,998) partly paid ordinary shares at £1 each	<u>14,383</u>	<u>14,383</u>
	<u>14,385</u>	<u>14,385</u>

There are 50,000 authorised ordinary shares of £1 each. The issued share capital consists of 2 fully paid ordinary shares and 49,998 quarter paid ordinary shares. The issued share capital is reflected in the financial statements as €14,385 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.

11. LIABILITIES EVIDENCED BY PAPER HELD AT AMORTISED COST

	2017	2016
Non-current liabilities	€	€
Floating rate loan notes	<u>400,000,000</u>	<u>700,000,000</u>

The Notes are listed on the Irish Stock Exchange, and are secured over a portfolio of credit card agreements originated in Greece.

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

	2017	2016
	€	€
3 months or less	<u>400,000,000</u>	<u>700,000,000</u>

Interest on the Notes is payable on a monthly basis at the one month EURIBOR plus 1.00%. All of the floating rate loan notes are due to be repaid by 2021 and are secured by means of a fixed and floating charge over the Company's assets. On 13 October 2017 the due date and final maturity date of the notes was amended from October 2019 to February 2021.

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

12. OTHER LIABILITIES

	2017	2016
	€	€
Interest payable	42,124	54,733
Accruals and deferred income	<u>46,388</u>	<u>44,526</u>
	<u>88,512</u>	<u>99,259</u>

13. RELATED PARTY TRANSACTIONS

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

During the year, administration and accounting services were provided 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. 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.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

13. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, there were net movements of €77,126,763 to Eurobank Ergasias S.A. from the Company in respect of the principal on the Deemed Loan (2016: repaid €34,126,264). The interest income earned on the underlying Receivables for the year was €57,560,954 (2016: €55,788,989).

Eurobank Ergasias S.A. administers the Receivables on behalf of the Company and earned €191,752 (2016: €186,115) during the year.

Eurobank Ergasias S.A. earned €57,004,393 (2016: €47,200,489) with respect to deferred consideration during the year and was owed €83,453,132 (2016: €70,165,610) at the end of the year, which is included within the Deemed Loan to the Originator at amortised cost above.

All the notes are held by Eurobank Ergasias S.A. entities as at 31 December 2017.

14. FINANCIAL RISK MANAGEMENT

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

Interest rate risk

After taking into consideration the administered interest rate nature of the Company's Deemed Loan to the Originator, 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.

Credit risk

The maximum exposure to credit risk is considered by the directors to be the carrying value of the Deemed Loan to the Originator (see note 7) and bank deposits. 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.

Liquidity risk

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

Currency risk

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

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.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

14. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments

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

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

Fair values

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

	Note	Carrying amount 2017 €	Approximate fair value 2017 €	Carrying amount 2016 €	Approximate fair value 2016 €
Deemed Loan to the Originator	7	305,615,987	145,490,390	241,815,058	101,682,554
Other assets	8	2,026	2,026	2,026	2,026
Cash and cash equivalents	9	<u>94,509,610</u>	<u>94,509,610</u>	<u>458,317,446</u>	<u>458,317,446</u>
		<u>400,127,623</u>	<u>240,002,026</u>	<u>700,134,530</u>	<u>560,002,026</u>
Liabilities evidenced by paper	11	400,000,000	240,000,000	700,000,000	560,000,000
Other liabilities	12	88,512	88,512	99,259	99,259
Tax payable	6	<u>924</u>	<u>924</u>	<u>960</u>	<u>960</u>
		<u>400,089,436</u>	<u>240,089,436</u>	<u>700,100,219</u>	<u>560,100,219</u>

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

The fair value of the liabilities evidenced by paper has been estimated based on valuation models, calibrated to ensure that outputs reflect actual data and comparative market prices. The fair value of the Deemed Loan to the Originator has been determined based on the estimated fair value of the liabilities evidenced by paper and cash. Where cash is in excess of the fair value of the Notes the fair value of the Deemed Loan is calculated to be nil. Determining fair value is dependent on many factors and can only be an estimate of what value may be obtained in the open market at any point in time.

Management notes the significant shortfall between the carrying amount and fair value of the notes (and of the Deemed Loan to the Originator) as a possible indication that the deemed loan may be impaired and therefore that the notes may not be repaid in full. The low fair value is due to the high impact risks associated with Greece in general and therefore the difference to the carrying amount does not represent an expectation with a high degree of certainty that the Noteholders will not be fully repaid. The ability to repay the issued notes depends on the quality of the underlying receivables and their servicing by the Originator. The Deemed Loan to Eurobank Ergasias S.A. is not considered to be impaired and the low fair value of the Deemed Loan to the Originator and the notes does not indicate that the impairment losses recognised on the Receivables portfolio are understated.

KARTA II PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

14. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy

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

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

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

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

The Company has no financial instruments included in its balance sheet that are measured at fair value. The fair value the Loans and Notes are categorised as level 3.

As at 31 December 2017 Financial assets at fair value	Total €	Level 1 €	Level 2 €	Level 3 €
Deemed Loan to the Originator	<u>145,490,390</u>	—	—	<u>145,490,390</u>

As at 31 December 2017 Financial liabilities at fair value	Total €	Level 1 €	Level 2 €	Level 3 €
Liabilities evidenced by paper	<u>240,000,000</u>	—	—	<u>240,000,000</u>

As at 31 December 2016 Financial assets at fair value	Total €	Level 1 €	Level 2 €	Level 3 €
Deemed Loan to the Originator	<u>101,682,554</u>	—	—	<u>101,682,554</u>

As at 31 December 2016 Financial liabilities at fair value	Total €	Level 1 €	Level 2 €	Level 3 €
Liabilities evidenced by paper	<u>560,000,000</u>	—	—	<u>560,000,000</u>

15. SEGMENTAL REPORTING

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

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The shares in the Company are held by Wilmington Trust SP Services (London) Limited under Declarations 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 Eurobank Ergasias S.A., which are available online at www.eurobank.gr.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY (Continued)

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.

17. OTHER SIGNIFICANT AND POST BALANCE SHEET EVENTS

There were no other significant post balance sheet events to report.