ALPHA CREDIT GROUP PLC

Annual report and accounts
for the year ended 31 December 2002

Registered number: 3747110

Directors' Report

For the year ended 31 December 2002

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2002.

Principal activities

The principal activities of the company are acting as a financial intermediary and raising finance for its parent company.

Business review

The Euro Medium Term Note Programme of Euro 3,000,000,000, under which subordinated notes are issued, was updated on 17 December 2002. These subordinated notes are guaranteed by the parent company.

Five drawings were made under the Programme during the year.

Results and dividends

The audited accounts for the year ended 31 December 2002 are set out on pages 4 to 13. The profit for the year after taxation was £234,104 (2001 £164,251).

The directors do not recommend the payment of a dividend (2001 £nil).

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. At 31 December 2002 the company had trade creditors of £2,496,094 representing 66 days credit (2001 - £1,368,710 representing 54 days credit).

Directors

The directors who served throughout the financial year were as follows:

Emmanuel P. Zuridis

Anthony J. Polychroniadis (Resigned 27 February 2003)

On 27 February 2003 Martin J. Waghorn was appointed a director.

Directors' interests

The directors who held office at 31 December 2002 had no interests in the shares of the company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Donations

The company did not make any political or charitable contributions during the year.

Auditors

KPMG Audit Plc were appointed auditors on 1 August 2002 following the resignation of Arthur Andersen on 31 July 2002. A resolution to reappoint KPMG Audit Plc as auditors to the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board,

John Coxon

John Coxon
Secretary

66 Canon Street, London EC4N 6EP

27 March 2003

KPMG

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Alpha Credit Group PLC

We have audited the financial statements on pages 4 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

27 March 2003

Profit and Loss Account

For the year ended 31 December 2002

	Notes	2002	2001
		£	£
Interest receivable		14,102,691	9,423,360
Interest payable		(13,709,074)	(9,132,499)
Net interest income		393,617	290,861
Administrative expenses		(64,218)	(47,615)
Other operating income/(expense)		5,035	(8,573)
Profit on ordinary activities before tax	3	334,434	234,673
Tax on profit on ordinary activities	6	(100,330)	(70,422)
Retained profit for the year	12	234,104	164,251

All operations of the company continued throughout both years and no operations were acquired or discontinued.

The accompanying notes on pages 6 to 13 are an integral part of this profit and loss account.

There were no recognised gains and losses other than those shown in the profit and loss account.

Balance Sheet

As at 31 December 2002

	Notes	2002 £	2001 £
Current assets			
Debtors			
- due within one year	7	2,511,724	1,472,848
- due after one year	7	520,341,455	167,282,735
Cash at bank and in hand		518,517	182,903
		523,371,696	168,938,486
Creditors: Amounts falling due within one year	8	(2,496,094)	(1,368,710)
Net current assets		520,875,602	167,569,776
Creditors: Amounts falling due after more than one year	9	(520,373,200)	(167,301,478)
Net assets		502,402	268,298
Capital and reserves			
Called-up share capital	10	12,500	12,500
Profit and loss account	12	489,902	255,798
Shareholders' funds (equity interests)	11	502,402	268,298

The financial statements on pages 4 to 13 were approved by the board of directors on 27 March 2003 and signed on its behalf by:

Emmanuel P. Zuridis Director

Martin J. Waghorn Director

The accompanying notes on pages 6 to 13 are an integral part of this balance sheet.

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Taxation

The charge for taxation is based on the profit for the year as adjusted for tax purposes. Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

c) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

d) Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

e) Cash flow information

The company has not prepared a cash flow statement as it has taken advantage of the exemption available in Financial Reporting Standard No. 1 (Revised 1996): Cash Flow Statements. The company is a wholly owned subsidiary of Alpha Bank AE, a company which prepares consolidated accounts including a cash flow statement incorporating the results of Alpha Credit Group PLC. The accounts of Alpha Bank AE are available from 40 Stadiou Street, 102 52 Athens, Greece

f) Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Accrued finance costs are included in accruals rather than the carrying amount of the debt to the extent that they have accrued in one accounting period and will be paid in cash in the next. Convertible debt is reported as a liability unless conversion actually occurs. No gain or loss is recognised on conversion.

2. Segment information

The company has one area of activity, the issue of Euro Medium Term Notes to raise finance for its parent company. The company operates in one geographical area, the European Union.

3. Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging:

		2002	2001
		£	£
Staff costs		Nil	Nil
Auditors' remuneration	- (for audit services)	7,000	7,000
	- (for non-audit services)	18,040	8,750

Excluded from the above is remuneration to Arthur Andersen for non-audit services performed during 2002, which amounted to £20,350. Arthur Andersen resigned as auditors on 31 July 2002.

4. Staff

The company employed no staff during the year or the preceding year. Staff costs are borne by another group company, Alpha Bank AE, London Branch.

5. Directors' remuneration and transactions

No directors received any emoluments during the year or the preceding year. No transactions have taken place with directors.

6. Taxation

	2002	2001
Tax on profit on ordinary activities	£	£
UK corporation tax at 30% (2001 – 30%)	100,330	70,422

Factors affecting tax charge for the period

Profit on ordinary activities before tax	334,434	234,673
Current tax at 30% (2001 – 30%)	100,330	70,422
Total charge for the period	100,330	70,422

7. Debtors

	2002 £	2001 £
Amounts falling due within one year:		
Interest payable by group undertakings	2,511,724	1,472,848
Amounts falling due after more than one year:		
Amounts owed by group undertakings	520,341,455	167,282,735
	522,853,179	168,755,583

8. Creditors: Amounts falling due within one year

	2002 £	2001 £
Interest payable on subordinated loan notes	2,426,949	1,295,798
UK corporation tax payable	51,981	57,931
Accrued expenses	17,164	14,981
	2,496,094	1,368,710

9. Creditors: Amounts falling due after more than one year

	2002	2001
	£	£
Subordinated loan notes	520,373,200	167,301,478

Euro 175,000,000 subordinated loan notes are repayable in 2009. Interest is payable quarterly at the rate of 0.90% above Euribor until 13 October 2004 and 2.20% above Euribor thereafter.

Euro 100,000,000 subordinated loan notes are repayable in 2010. Interest is payable quarterly at the rate of 0.80% above Euribor until 25 February 2005 and 2.10% above Euribor thereafter.

Euro 300,000,000 subordinated loan notes are repayable in 2012. Interest is payable quarterly at the rate of 0.90% above Euribor until 8 March 2007 and 2.20% above Euribor thereafter.

Euro 25,000,000 subordinated loan notes are repayable in 2012. Interest is payable quarterly at the rate of 0.90% above Euribor until 8 May 2007 and 2.20% above Euribor thereafter.

Euro 200,000,000 subordinated loan notes are repayable in 2033. Interest is payable quarterly at the rate of 2.68% above Euribor until 5 December 2012 and 4.005% above Euribor thereafter. These loan notes have been issued to a fellow subsidiary undertaking.

All loans are syndicated under the Euro Medium Term Note ("EMTN") Programme of Euro 3,000,000.000.

The subordinated loans are fully guaranteed by the parent company, Alpha Bank AE.

As at 31 December 2002 the unamortised discount on the subordinated loan notes was £26,800 (2001 - £36,022).

10. Called-up share capital

	2002	2001
	£	£
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called-up and partly-paid		
50,000 ordinary shares of £1 each, 25p partly-paid	12,500	12,500

11. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	234,104	164,251
Net addition to shareholders' funds	234,104	164,251
Opening shareholders' funds	268,298	104,047
Closing shareholders' funds	502,402	268,298

12. Reserves

	Profit and loss account £	Total £
At 31 December 2001	255,798	255,798
Retained profit for the year	234,104	234,104
At 31 December 2002	489,902	489,902

13. Financial instruments

The company's financial instruments comprise borrowings in the form of Euro Subordinated Loan Notes, cash, loans to its parent company and various other items that arise directly from its operations. The main purpose of the subordinated notes is to raise finance for the parent company. The Programme under which the subordinated notes are issued was updated on 17 December 2002. These notes are guaranteed by the parent company. Notes are issued as and when finance is required. Consequently there is no specific timetable for draw-downs under the Programme. The first tranche was drawn during 1999 and the second tranche drawn during 2000. Five tranches were drawn in 2002.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and market price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the company was incorporated on 1 April 1999.

Interest rate risk

The company finances its operations through a Euro Medium Note Term Programme. The company borrows in the desired currencies at floating rates of interest and then lends to its parent company at a higher rate of interest for the same period.

13. Financial instruments (continued)

Interest rate risk profile of financial assets and financial liabilities

Financial assets

The company held the following financial assets as at 31 December:

	Currency	2002	2001
		£	£
Loan 1 to parent company:	Euro	113,837,500	106,487,500
Loan 2 to parent company:	Euro	64,991,455	60,795,235
Loan 3 to parent company:	Euro	195,150,000	-
Loan 4 to parent company:	Euro	16,262,500	-
Loan 5 to parent company:	Euro	130,100,000	-
Interest payable by parent company	Euro	2,511,724	1,472,848
Total		522,853,179	168,755,583

Loan 1 is due to mature in 2009. It has a floating rate which is based on three-month EURIBOR.
Loan 2 is due to mature in 2010. It has a floating rate which is based on three-month EURIBOR.
Loan 3 is due to mature in 2012. It has a floating rate which is based on three-month EURIBOR.
Loan 4 is due to mature in 2012. It has a floating rate which is based on three-month EURIBOR.
Loan 5 is due to mature in 2033. It has a floating rate which is based on three-month EURIBOR.
The company also holds an immaterial amount of cash at bank.

Financial liabilities

At 31 December the company held the following floating rate financial liabilities, which comprise Euro denominated borrowings that bear interest at rates based on three-month EURIBOR.

	Currency	2002	2001
		£	£
Loan 1 under EMTN Programme:	Euro	113,837,500	106,487,500
Loan 2 under EMTN Programme:	Euro	65,023,200	60,813,978
Loan 3 under EMTN Programme:	Euro	195,150,000	-
Loan 4 under EMTN Programme:	Euro	16,262,500	-
Loan 5 under EMTN Programme:	Euro	130,100,000	-
Financial liabilities on which no interest is paid	Euro	2,426,949	1,295,798
	Sterling	69,145	72,912
Total		522,869,294	168,670,188

13. Financial instruments (continued)

Loan 2 was issued at a discount and the value shown above is the net of the maturity value of Euro 100,000,000 and the unamortised discount at the end of the year. The weighted average period until maturity for the financial liabilities on which no interest is paid was 78 days at 31 December 2002 (2001 – 36 days).

Liquidity risk

The company's liquidity policy throughout the year has been that the majority of its borrowings should mature between five and ten years from the date of drawing. At the year-end, all of the company's borrowings were due to become callable within five years with the exception of £130,100,000 which is due to become callable within ten years. In addition all borrowings are matched by loans to the parent company for the same amount and maturity period.

Short-term flexibility is achieved by overdraft facilities.

Foreign currency risk

In order to protect the company's sterling balance sheet from currency movements all borrowings are matched in the same currency for the same maturity periods. Interest streams are also matched by currency and time, only the margin is subject to exchange risk.

As at 31 December 2002 the company had a currency exposure of Euro 112,322 (2001 - Euro 294,006).

Market price risk

The company's exposure to market price risk comprises interest rate and currency risk exposures. The company's policy towards interest rate risk and currency risk is explained above.

Maturity of financial liabilities

The maturity profile of the company's financial liabilities at 31 December 2002 was as follows:

	2002	2001
	£	£
In one year or less, or on demand	2,496,094	1,368,710
In one year but not more than two years	113,837,500	-
In more than two years but not more than five years	276,435,700	167,301,478
In more than five years	130,100,000	-
	522,869,294	168,670,188

13. Financial instruments (continued)

Borrowing facilities

Under the Euro Note Medium Term Programme, the company had facilities outstanding of Euro 2,200,000,000 (2001 Euro 2,725,000,000) as at 31 December, which may be drawn as and when, required. A further drawing of Euro 100,000,000 was made on 19 February 2003.

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of book values and fair values of the company's financial assets and liabilities as at 31 December.

	2002 Book value £	2002 Fair value £	2001 Book value £	2001 Fair value £
Primary financial instruments held or issued to finance the company's operations:				
Short-term financial liabilities and current portion of long-term borrowings	2,496,094	2,496,094	1,368,710	1,368,710
Long-term borrowings	520,373,200	519,806,419	167,301,478	166,698,575
Financial assets	522,853,179	522,853,179	168,755,583	168,755,583

The fair values of the long-term borrowings have been determined by reference to prices available from the markets on which the instruments involved are traded.

14. Related party transactions

Substantially all the company's income and assets are derived from transactions with the parent company. Alpha Bank AE holds more than 90% of the voting rights of Alpha Credit Group PLC and accordingly Alpha Credit Group PLC adopts the Financial Reporting Standard No. 8: Related Party Disclosures exemption not to disclose related party transactions with its parent company

15. Ultimate controlling party

Alpha Bank AE is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from 40 Stadiou Street, 102 52 Athens, Greece.