Company Registration Number: 05456356

# KARTA LNI 1 LIMITED

## ANNUAL REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2008

**KARTA LNI 1 LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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# KARTA LNI 1 LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **Directors** | Mr M H Filer<br>Mrs R L Samson<br>Mr S Masson<br>Wilmington Trust SP Services (London) Limited |
| **Company secretary** | Wilmington Trust SP Services (London) Limited |
| **Company number** | 05456356 |
| **Registered office** | c/o Wilmington Trust SP Services (London) Limited<br>Fifth Floor<br>6 Broad Street Place<br>London<br>EC2M 7JH |
| **Auditors** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Registered Auditors<br>Hay's Galleria<br>1 Hay's Lane<br>London<br>SE1 2RD |

## KARTA LNI 1 LIMITED

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements of Karta LNI 1 Limited (the "Company") for the year ended 31 December 2008. In accordance with IFRSs, and particularly SIC 12 - Consolidation - Special purpose entities, the Company is considered to be a subsidiary of EFG 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 Holdings Limited ("Holdings"), Karta APC Limited ("APC") and Karta 2005-1 PLC ("PLC") to take part in the Karta 2005-1 securitisation transaction (the "Securitisation Transaction") as described below. In addition to the information below regarding the Securitisation Transaction, the directors manage the Company's affairs in accordance with the Offering Circular dated 22 July 2005 (the "Offering Circular") which can be obtained from the Originator at www.eurobank.gr .

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**
The principal activity of the Company is set by the Offering Circular and is that of a special purpose company to facilitate the securitisation of a portfolio of credit card receivables (the "Receivables") entered into by the Originator with obligors in Greece.

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

On 29 July 2005:

- PLC issued €592,500,000 Class A Asset Backed Floating Notes due 2010 (the "Class A Notes"), €75,000,000 Class B Asset Backed Floating Rate Notes due 2010 (the "Class B Notes") and, €82,500,000 Class C Asset Backed Floating Rate Notes due 2010 (the "Class C Notes" and, together with the Class A and B Notes, the "Notes") and used the entire proceeds to purchase the Receivables. The Notes are listed on the London Stock Exchange.

- PLC used the entire Notes issue proceeds to purchase the Series 2005-1 Loan Notes (the "Intra-group loan to LNI") comprising the €592,500,000 Class A Series 2005-1 Loan Note (the "Class A Loan Note") and the €75,000,000 Class B Series 2005-1 Loan Note (the "Class B Loan Note") and the €82,500,000 Class C Series 2005-1 Loan Note (the Class C Loan Note" and, together with the Class A Loan Note and the Class B Loan Note, the "Series 2005-1 Loan Notes") issued by the Company.

- The Company used the proceeds to purchase the Global Loan Note (the "GLN") from APC which purchased an interest in the Receivables.

Interest on the Notes is payable quarterly in arrears on the 15th day of July, October, January and April subject to adjustment for non-business days. The interest rate for the Class A Notes is 0.15 per cent per annum above the three month EURIBOR rate, for the Class B Notes is 0.32 per cent per annum above the three month EURIBOR rate and for the Class C Notes is 0.60 per cent per annum above the three month EURIBOR rate.

The Notes amortisation period, prior to which no Notes capital repayments are made, is scheduled to start on 15 July 2010 and their scheduled final maturity date is the interest payment date falling in July 2012.

The Directors do not expect the amount of incurred credit losses on the Receivables underlying the deemed to the Originator to exceed the amount of credit enhancement supplied by the Originator and accordingly conclude that there is no objective evidence of impairment of the deemed loan to the Originator.

The Company's results for the year and financial position at the end of the year are shown in the attached financial statements. The profit for the year after taxation was €10,412 (2007: €10,500). The directors have not recommended payment of a dividend (2007: €nil).

**KEY PERFORMANCE INDICATORS**
The performance of the Company is closely related to the performance of the Receivables. The key performance indicator of the Company is considered by its directors to be the compliance with the certain performance criteria as specified by the Offering Circular in order to avoid the trigger events that could lead to an early repayment of the Notes issued by the PLC. The directors of the Company who are also directors of the PLC monitor compliance with the performance criteria on a quarterly basis.

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

## DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the Company during the year were as follows:
Mr M H Filer
Mrs R L Samson
Mr S Masson (alternate director to Mrs R L Samson)
Wilmington Trust SP Services (London) Limited

Wilmington Trust SP Services (London) Limited holds 100% of the shares in the Company under a Declaration of Trust for charitable purposes.

## 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 payment waterfalls set out in the securitisation transaction on the respective quarterly interest payment dates.

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial period. Under the law the directors have elected to prepare financial statements in accordance with IFRSs as adopted by the European Union.

The financial statements are required by law and IFRSs as adopted by the European Union ("EU") to give a true and fair view of the state of affairs of the Company and the profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who were directors of the Company at the date when this report was approved confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## AUDITORS

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

By order of the Board

**On behalf of Wilmington Trust SP Services (London) Limited**
**Director**
**29 October 2009**

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA LNI 1 LIMITED

We have audited the financial statements of Karta LNI 1 Limited (the "Company") for the year ended 31 December 2008 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

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

**Opinion**
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2008 and of its results and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 October 2009

## KARTA LNI 1 LIMITED

## INCOME STATEMENT

| | Note | Year ended 31 December 2008 € | 2007 € |
|---|---|---|---|
| Interest income | 3 | 39,107,105 | 34,485,398 |
| Interest expense | 4 | (39,065,535) | (34,452,738) |
| **Net interest income** | | 41,570 | 32,660 |
| Administrative expenses | 5 | (26,570) | (17,660) |
| **Profit before tax for the year** | | 15,000 | 15,000 |
| Taxation | 6 | (4,588) | (4,500) |
| **Profit for the year** | 10 | 10,412 | 10,500 |

## STATEMENT OF CHANGES IN EQUITY

| | Share Capital € | Retained Earnings € | Total € |
|---|---|---|---|
| At 1 January 2007 | 146 | 10,569 | 10,715 |
| Profit for the year | - | 10,500 | 10,500 |
| **Balance at 1 January 2008** | 146 | 21,069 | 21,215 |
| **Profit for the year** | - | 10,412 | 10,412 |
| **Balance at 31 December 2008** | 146 | 31,481 | 31,627 |

The notes on pages 8 to 18 form part of these financial statements.

## KARTA LNI 1 LIMITED

## BALANCE SHEET

| | Note | As at 31 December 2008 € | 2007 € |
|---|---|---|---|
| **Non-current Assets** | | | |
| Intra-Group Loan | 7 | 750,000,000 | 750,000,000 |
| **Total non-current assets** | | 750,000,000 | 750,000,000 |
| **Current Assets** | | | |
| Other receivables | 8 | 8,860,235 | 8,110,012 |
| Cash and cash equivalents | 9 | 197,948 | 145 |
| **Total current assets** | | 9,058,183 | 8,110,157 |
| **Total assets** | | 759,058,183 | 758,110,157 |
| **Equity** | | | |
| Issued capital | 10 | 146 | 146 |
| Retained earnings | 10 | 31,481 | 21,069 |
| **Total equity** | 10 | 31,627 | 21,215 |
| **Non-current Liabilities** | | | |
| Liabilities evidenced by paper | 11 | 750,000,000 | 750,000,000 |
| **Total non-current liabilities** | | 750,000,000 | 750,000,000 |
| **Current Liabilities** | | | |
| Other liabilities | 12 | 9,017,468 | 8,084,442 |
| Tax payable | | 9,088 | 4,500 |
| **Total current liabilities** | | 9,026,556 | 8,088,942 |
| **Total liabilities** | | 759,026,556 | 758,088,942 |
| **Total equity and liabilities** | | 759,058,183 | 758,110,157 |

These financial statements were approved by the Board of directors on 29 October 2009 and are signed on their behalf by:

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

The notes on pages 8 to 18 form part of these financial statements.

## KARTA LNI 1 LIMITED

## CASH FLOW STATEMENT

| | Year ended 31 December | |
|---|---|---|
| | **2008** | 2007 |
| | **€** | € |
| **Cash flows from operating activities** | | |
| Profit before tax for the year* | **15,000** | 15,000 |
| *Adjustments for:* | | |
| Increase in other receivables | **(750,223)** | (2,278,963) |
| Increase in other payables | **933,026** | 2,268,484 |
| Cash generated from operations | **197,803** | 4,521 |
| Income tax paid | **-** | (4,530) |
| Net cash generated from operating activities | **197,803** | (9) |
| **Net increase/(decrease) in cash and cash equivalents** | **197,803** | (9) |
| Cash and cash equivalents at start of year | **145** | 154 |
| Cash and cash equivalents at end of year | **197,948** | 145 |

*The Company has prepared cash flow under the indirect method. The interest received and paid during the year amounted to €38,311,120 and €38,113,285 respectively (2007: €31,256,586 and €31,223,926 respectively) are included in arriving at the profit before tax for the years ended 31 December 2008 and 2007.

The notes on pages 8 to 18 form part of these financial statements.

# KARTA LNI 1 LIMITED

# NOTES TO THE FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2008

## 1. PRINCIPAL ACCOUNTING POLICIES

Karta LNI 1 Limited (the "Company") is a limited liability company incorporated and domiciled in the United Kingdom. The principal activity of the Company is set by the Offering Circular and is that of a special purpose company to facilitate the securitisation of a portfolio of credit card receivables (the "Receivables") entered into by the Originator with obligors in Greece.

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act, 1985 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 group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

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

**Standards and interpretations issued to but not yet effective and not early adopted by the Company**

- IAS 1, Revised - Presentation of Financial Statements (effective 1 January 2009)
- IAS 27, Revised - Consolidated and Separate Financial Statements (effective 1 July 2009)
- IAS 32, Amendment - Financial Instruments- Presentation (effective from 1 January 2009).
- IFRS 3, Revised - Business Combinations (effective 1 July 2009)
- IFRS 7, Amendment - Improving Disclosures about Financial Instruments (effective 1 January 2009)
- IFRIC 9 and IAS 39, Amendments - Embedded Derivatives (effective 1 January 2009)

The application of the above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application. IAS 1 affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.

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

**Financial assets**

The Company's financial assets are comprised of an Intra-Group Loan, and cash and cash equivalents. The acquisition of the GLNs from APC is classified as "Intra-Group Loan" and is carried at amortised cost using the effective interest method.

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

**Intra-Group Loan**

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 pool of Receivables and as a consequence, the Company does not recognise the Receivables on its balance sheet but rather a loan due from the Originator ("Intra-Group Loan"), where recourse to the Originator is limited to the cashflows from the Receivables and any additional credit enhancement provided by the Originator.

The Intra-Group Loan initially represents the consideration paid by the Company in respect of the acquisition of the GLNs from PLC and is subsequently adjusted due to repayments made by PLC to the Company. The loan is carried at amortised cost using the effective interest method.

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

**Liabilities evidenced by paper held at amortised cost**

Liabilities evidenced by paper are comprised of the GLNs issued by the Company through its offering circular dated 22 July 2005. The GLNs were initially recognised at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost using the effective interest method.

In the unlikely event that impairment losses exceed the credit enhancement provided by the Originator, it is possible that some loss may be borne by the Noteholders. According to the waterfall process as defined in the offering circular, the Company is entitled to write down the principal value of the Notes starting with the most junior tranches.

The terms and conditions of the Notes state that the Company is entitled to an optional early redemption of the Notes. This option is exercisable at par at any time if (the outstanding principal amount of the Notes falls below 10% of the amount originally issued or in full on any interest payment date on or after 15 October 2005). 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.

**Cash and cash equivalents**

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

**Interest income and interest expense**

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

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

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

**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 flows to the relevant instrument's initial carrying amount. Calculation of the effective interest rate takes into account early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.
In order to determine the effective interest rate applicable to loans an estimate must be made of the expected life of the loans and hence the cash flows relating to them. These estimates are based on historical data from historical patterns and are updated regularly. The accuracy of the effective interest rate would therefore be affected by any differences between the actual borrower behaviour and that predicted.

**Taxation**
Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates at the balance sheet date.

The Company elected to be taxed under The Taxation of Securitisation Companies Regulations 2006 (the "permanent tax regime") under which the Company is taxed by reference to its net cash flows during the year.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

**Impairment losses on Intra Group Loan to APC**

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

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

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

Credit enhancement is provided to the securitisation structure in a number of ways. The income on the credit card receivables pool is expected to exceed the interest payable on he Company's Intra-Group Loan to the Originator. This excess spread is available to make good any reductions in the principal balance of the mortgage pool as a result of defaults by customers. In addition the Originator provided a subordinated loan to create a reserve fund which can be utilised by the Company in certain circumstances.

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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

**Fair values**

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

## 3. INTEREST INCOME

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

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Interest income on Intra Group Loan (note 13) | 39,107,102 | 34,485,394 |
| Bank interest receivable | 3 | 4 |
| | 39,107,105 | 34,485,398 |

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

| | | |
|---|---|---|
| **Geographic** | | |
| United Kingdom | 39,107,105 | 34,485,398 |
| | 39,107,105 | 34,485,398 |

## 4. INTEREST EXPENSE

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Interest on liabilities evidenced by paper | 39,065,535 | 34,452,738 |
| | 39,065,535 | 34,452,738 |

## 5. ADMINISTRATIVE EXPENSES

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Auditors' remuneration – audit of the statutory financial statements of the Company | 12,000 | 12,600 |
| Auditors' remuneration - tax services | 11,000 | 2,500 |
| Unrecoverable VAT on fees payable to the auditors | 3,537 | 2,642 |
| Exchange gains recognised | 33 | ( 82) |
| | 26,570 | 17,660 |

Apart from the directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in note 13, the directors received no remuneration during the year (2007: £nil).

## 6. INCOME TAX

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

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| **Current tax:** | | |
| Corporation tax charge for the year | 4,500 | 4,500 |
| Under provision of prior year | 88 | - |
| Total taxation in income statement | 4,588 | 4,500 |

### (b) Reconciliation of effective tax rate

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

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Profit before tax | 15,000 | 15,000 |
| Profit before tax multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%) | 4,500 | 4,500 |
| Under provision of prior year | 88 | - |
| Total taxation | 4,588 | 4,500 |

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

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

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

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

As at 31 December 2008, there are no tax-related contingent assets or contingent liabilities in accordance with International Accounting Standard No. 37 'Provisions, Contingent Liabilities and Contingent Assets' (IAS37).

# KARTA LNI 1 LIMITED

# NOTES TO THE FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2008

## 7. INTRA-GROUP LOAN

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| At 31 December | 750,000,000 | 750,000,000 |

The Intra-Group Loan consists of the GLNs acquired from APC to fund the acquisition from the Originator of legal ownership of its credit cards portfolio. Credit card receivables are due to be repaid at various times before July 2010. Credit Card receivables may be redeemed at any time at the option of the borrower.

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

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

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

Intra-Group Loan is repaid as and when cash is received from APC.

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| In less than one month | - | - |
| In more than one month but not more than three months | - | - |
| In more than three months but not more than one year | - | - |
| In more than one year but not more than five years | 750,000,000 | 750,000,000 |
| In more than five years | - | - |
| | 750,000,000 | 750,000,000 |

## 8. OTHER RECEIVABLES

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Amount owned by connected companies | 1,481 | - |
| Prepayments and accrued income | 8,858,754 | 8,110,012 |
| | 8,860,235 | 8,110,012 |

## 9. CASH AND CASH EQUIVALENTS

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Cash and bank current accounts | 197,948 | 145 |

## 10. TOTAL EQUITY

Reconciliation of movement in capital and reserves

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | € | € | € |
| Balance at 1 January 2007 | 146 | 10,569 | 10,715 |
| Profit for the year | - | 10,500 | 10,500 |
| Balance at 1 January 2008 | **146** | **21,069** | **21,215** |
| Profit for the year | - | 10,412 | 10,412 |
| Balance at 31 December 2008 | 146 | 31,481 | 31,627 |

There are 12,700 authorised ordinary shares of £1 each (2007: 12,700). The issued share capital consists of 100 (2007: 100) fully paid ordinary shares. The issued share capital is reflected in the financial statements as €146 based on the prevailing exchange rate at 15 July 2005 (£/€ 0.687) on the date the Company changed its functional and presentational currency from sterling to Euros. The holders of ordinary shares as entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## 11. LIABILITIES EVIDENCED BY PAPER

| | 2008 | 2007 |
|---|---|---|
| **Non-current liabilities** | € | € |
| Limited Recourse Loan Notes | 750,000,000 | 750,000,000 |
| **Total** | 750,000,000 | 750,000,000 |

The LRNs were issued on 29 July 2005 and are scheduled to mature between 15 July 2010 and 15 July 2012, unless certain triggering events occur which will require early repayment. In July 2010, in a defined priority, cash collected by the Company from the GLNs will be used to repay the LRNs. Thereafter, repayment of the LRNs will be on a monthly basis subject to collection by the Company from PLC against the GLNs. If not repaid earlier, the final maturity date of the LRNs will be 15 July 2012. The LRNs are secured against GLNs issued by PLC.

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

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

| | 2008 | 2007 |
|---|---|---|
| | € | € |
| Interest payable | 8,993,563 | 8,041,312 |
| Amounts owed to connected company | - | 32,790 |
| Accruals and deferred income | 23,905 | 10,340 |
| | 9,017,468 | 8,084,442 |

## 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 to Karta APC Limited, Karta 2005-1 Plc, Karta Holdings Limited, Karta Options Limited and Karta LNI 1 Limited by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €31,500 (2007: €31,500). These fees were borne by Karta 2005-1 Plc. Mr M H Filer, who is a director of the Company is also a director of Wilmington Trust SP Services (London) Limited. Mrs R L Samson and Mr S Masson, who are directors of the Company, are employees of Wilmington Trust SP Services (London) Limited.

During 2005, the Company issued €750,000,000 LRNs to PLC and used the proceeds to acquire €750,000,000 GLNs from APC. At 31 December 2008, €750,000,000 (2007: €750,000,000) of the GLNs were still outstanding and disclosed as 'Intra-Group Loan'. At 31 December 2008, €750,000,000 (2007: €750,000,000) of the LRNs were still outstanding and disclosed within 'Liabilities evidenced by paper'.

The interest income on the GLNs for the year was €39,107,102 (2007: €34,485,394) and the interest expense on the LRNs for the year was €39,065,535 (2007: €34,452,738). At 31 December 2008, €8,837,297 (2007: €8,041,312) in respect of interest receivable on the GLNs was still outstanding and disclosed within 'Other assets: Prepayments and accrued income'. At 31 December 2008, €8,993,563 (2007: €8,041,312) in respect of interest payable on the LRNs was still outstanding and disclosed within 'Other liabilities: Interest payable'.

## 14. FINANCIAL RISK MANAGEMENT

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

**Interest rate sensitivity**

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the balance sheet date and has been based on management's assessment of the possible changes in interest rates.

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the Company only retains 0.002% of available liabilities evidenced by paper. If interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2008 would have been €38 higher (2007: €38 higher). If interest rates had been 25 basis points lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2008 would have been lower by €38 (2007: €38 lower).

### 14. FINANCIAL RISK MANAGEMENT (continued)

**Credit risk**
The maximum exposure to Credit risk is considered by the directors to be the carrying value of the Intra Group Loan and bank deposits.

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

| | **31 December 2008 €** | 31 December 2007 € |
|---|---|---|
| Neither past due nor impaired | **752,306,457** | 750,936,750 |
| Past due but not impaired | **251,856,772** | 188,622,607 |
| Impaired | **38,030,192** | 36,230,650 |
| | **1,042,193,421** | 975,790,007 |
| Less: allowance for impairment | **(29,642,508)** | (29,807,917) |
| | **1,012,550,913** | 945,982,090 |

The fair value of collateral at 31 December 2008 amounted to €nil (31 December 2007: €nil).

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

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

**Capital risk management**
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 1985. The Company has not breached the minimum requirement. The gearing ratios at 31 December 2008 and 31 December 2007 were 99.99% and 99.99% respectively.

**Financial instruments**
The Company's financial instruments comprise an Intra-Group Loan, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations.

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

## 14. FINANCIAL RISK MANAGEMENT (continued)

**Fair values**

The fair values together with the carrying amounts shown in the balance sheet are as follows:

| | Note | Carrying amount 2008 € | Approximate Fair value 2008 € | Carrying amount 2007 € | Approximate Fair value 2007 € |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit or loss:** | | | | | |
| Intra-Group Loan | 7 | 750,000,000 | 750,000,000 | 750,000,000 | 750,000,000 |
| Other receivables | 8 | 8,860,235 | 8,860,235 | 8,110,012 | 8,110,012 |
| Cash and cash equivalents | 9 | 197,948 | 197,948 | 145 | 145 |
| | | 759,058,183 | 759,058,183 | 758,110,157 | 758,110,157 |
| **Financial liabilities at fair value through profit or loss:** | | | | | |
| Liabilities evidenced by paper | 11 | (750,000,000) | (689,953,950) | (750,000,000) | (722,869,843) |
| Interest payable | 12 | (8,993,563) | (8,993,563) | (8,041,312) | (8,041,312) |
| Other payables | 12 | (23,905) | (23,905) | (43,130) | (43,130) |
| Tax payable | | (9,088) | (9,088) | (4,500) | (4,500) |
| | | (759,026,556) | (698,980,506) | (758,088,942) | (730,958,785) |

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

**Interest rate risk profile of financial liabilities**

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

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

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

| At 31 December 2008 | Weighted average effective interest rate % | 1 to 3 months € | Non interest bearing € | Total € |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-interesting bearing | - | - | 8,860,235 | 8,860,235 |
| Intra-Group Loan | 5.21% | 750,000,000 | - | 750,000,000 |
| Cash and cash equivalents | - | 197,948 | - | 197,948 |
| Total assets | | 750,197,948 | 8,860,235 | 759,058,183 |
| **Liabilities** | | | | |
| Non-interest bearing | - | - | 9,026,556 | 9,026,556 |
| Liabilities evidenced by paper | 5.08% | 750,000,000 | - | 750,000,000 |
| Total liabilities | | 750,000,000 | 9,026,556 | 759,026,556 |

# KARTA LNI 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2008

### 14. FINANCIAL RISK MANAGEMENT (continued)

| At 31 December 2007 | Weighted average effective interest rate % | 1 to 3 months € | Non interest bearing € | Total € |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-interesting bearing | - | - | 8,110,012 | 8,110,012 |
| Intra-Group Loan | 3.132% | 750,000,000 | - | 750,000,000 |
| Cash and cash equivalents | - | 145 | - | 145 |
| Total assets | | 750,000,145 | 8,110,012 | 758,110,157 |
| **Liabilities** | | | | |
| Non-interest bearing | - | - | 8,088,942 | 8,088,942 |
| Liabilities evidenced by paper | 3.13% | 750,000,000 | - | 750,000,000 |
| Total liabilities | | 750,000,000 | 8,088,942 | 758,088,942 |

### 15. SEGMENTAL REPORTING

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

### 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The shares in the Company are held by Wilmington Trust SP Services (London) Limited and Mrs R L Samson under Declarations of Trust for charitable purposes. EFG Eurobank Ergasias S.A has no direct ownership interest in the Company. However, in accordance with IFRS, and particularly SIC 12, the Originator considers the Company to be its subsidiary and results of the Company are included in the consolidated financial statements of the EFG Eurobank Ergasias S.A., which are available online at www.eurobank.gr. As advised by the EFG Group on 11 August 2009, following a restructuring of the EFG Group on 6 August 2009, Private Financial Holding Limited (PFH) became the ultimate parent company of the EFG Eurobank Ergasias S.A., holding 44.1% of EFG Eurobank Ergasias S.A. through its 100% controlled subsidiaries. Both before and after restructuring, the voting rights of the ultimate parent company (i.e. the EFG Bank European Financial Group or the Private Financial Holdings Limited respectively) are held directly and/or indirectly by members of the Latsis family.

### 17. CONTINGENCIES AND CAPITAL COMMITMENTS

As at 31 December 2008 the Company did not enter into any capital commitments. The Company did not have any contingent liabilities or legal claims outstanding or made against it.

### 18. POST BALANCE SHEET EVENTS

There were no significant post balance sheets events to report.