

**Company Registration Number: 06652476**

**ANDROMEDA LEASING I PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**ANDROMEDA LEASING I PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECMEBER 2011**

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# **ANDROMEDA LEASING I PLC**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

Mr M H Filer  
Mr S Masson  
Wilmington Trust SP Services (London) Limited

### **Company secretary**

Wilmington Trust SP Services (London) Limited

### **Company number**

06652476

### **Registered office**

c/o Wilmington Trust SP Services (London) Limited  
Third Floor  
1 King's Arms Yard  
London  
EC2R 7AF

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London  
Riverside  
London  
SE1 2RT

# ANDROMEDA LEASING I PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report and the audited financial statements of Andromeda Leasing I PLC (the "Company" or the "Issuer") for the year ended 31 December 2011. In accordance with IFRSs, and particularly SIC 12 - Consolidation - Special purpose entities, the Company is considered to be controlled by EFG Eurobank Ergasias Leasing 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 Andromeda Leasing I Holdings Limited (the "Holdings") to take part in the Andromeda Leasing I 2009 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 26 January 2009 as amended by the Global Amendment Deed and Noteholder Consent dated 2 February 2011 (the "Offering Circular") which can be obtained from the Originator at [www.eurobank.gr](http://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 receivables (the "Receivables"). The Receivables consist of real estate, equipment and vehicle lease receivables entered into by the Originator with borrowers in Greece.

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

On 26 January 2009

- The Company issued €504,000,000 Class A Asset backed Floating Rate Notes due 2038 (the "Class A Notes"), and €336,000,000 Class B Asset Backed Floating Rate Notes due 2038 (the "Class B Notes", and together with the Class A Notes, the "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 quarterly in arrears on the 10th day of January, April, July and October subject to adjustment for non-business days. The interest rate for the Class A Notes is 0.75 per cent per annum above the three month EURIBOR rate and for the Class B Notes is 0.95 per cent per annum above the three month EURIBOR rate.
- The Notes amortisation period, prior to which no Notes capital repayments are made, will start in October 2012 and their scheduled final maturity date is the Interest Payment Date falling in April 2038. The Company used the entire proceeds from the issue of the Notes to purchase the Receivables.
- 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 retained a profit of £7,000 per quarter in relation with Interest Payment Dates prior to 10 October 2009, and £250 in relation with Interest Payment Dates from and after 10 October 2009.

The Company has entered into a swap agreement with the Originator. Under the terms of the swap agreement the Originator effectively covers any potential shortfall in the cash flows of the Company which may arise as a result of the Notes bearing interest at a variable rate while some of the securitised assets bearing interest at a fixed rate.

Following the de-recognition rules of IAS 39 the swap agreement is not recognised on the statement of financial position of the Company.

# **ANDROMEDA LEASING I PLC**

## **DIRECTORS' REPORT (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **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 on ordinary activities after taxation for the year was €850 (2010: €827). At the year end, the Company had net assets of €32,798 (2010: €31,948). The directors have not recommended a dividend (2010: €nil).

#### **FUTURE DEVELOPMENTS**

The future performance of the Company depends on the performance of the Receivables. Uncertainties around going concern are further detailed in note 1 to the financial statements.

#### **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. The directors of the Company monitor compliance with the performance criteria on a quarterly basis.

#### **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 significant challenges to the borrowers with whom the Company has exposure through the deemed loan to the Originator. Conditions may deteriorate further due to the continued financial, economic and political uncertainty in Greece. A detailed consideration of the risk factors relevant to the Securitisation Transaction is included in the section "Risk Factors" of the Offering Circular.

#### **GOING CONCERN**

As explained in more detail in note 1 to the financial statements, the directors have undertaken a detailed assessment of the Company's ongoing business model and have made extensive enquiries of the management of the Originator. Given the details set out in note 1, which are also referred to in the basis of preparation of the Originator's 2011 financial statements, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future. However, the substantial impairment losses as a result of the Hellenic Republic's debt restructuring and the impact of those losses on the accounting and regulatory capital of the Originator as well as the ongoing general economic and political uncertainties in Greece indicate the existence of material uncertainties that may cast significant doubt on the Originator's and therefore the Company's ability to continue as a going concern. In particular the uncertainty about Greece's ability to remain within the Eurozone could impact the Company's policy of managing foreign exchange risk.

#### **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:

Mr M H Filer

Mr S Masson

Wilmington Trust SP Services (London) Limited

# **ANDROMEDA LEASING I PLC**

## **DIRECTORS' REPORT (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors confirms that

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of the Board



Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited  
Director  
26 June 2012

## **ANDROMEDA LEASING I PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDROMEDA LEASING I PLC**

We have audited the financial statements of Andromeda Leasing I Plc for the year ended 31 December 2011 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosure in note 1 regarding the Company's ability to continue as a going concern. The current conditions in Greece and in particular the uncertainty about Greece's ability to remain within the Eurozone could result in significant disruption in the Greek economy which may impact the Company's policy for managing foreign exchange risk and impact the quality of the underlying Receivables and their servicing, raising material uncertainties as to the future timing and levels of collections. There is therefore material uncertainty about the Company's ability to fully repay the Notes. Along with the other matters as set forth in note 1, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

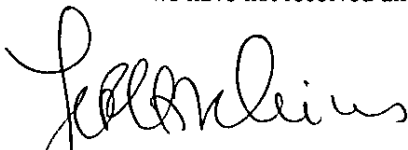
## **ANDROMEDA LEASING I PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDROMEDA LEASING I PLC (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



John Hitchins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 June 2012



# ANDROMEDA LEASING I PLC

## STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	2011 €	2010 €
Interest income	3	19,293,050	14,617,881
Interest expense	4	<u>(18,974,135)</u>	<u>(13,991,442)</u>
Net interest income		318,915	626,439
Administrative expenses	5	<u>(317,759)</u>	<u>(625,290)</u>
Profit before tax		1,156	1,149
Taxation	6	<u>(306)</u>	<u>(322)</u>
Profit for the year		<u>850</u>	<u>827</u>

There is no comprehensive income other than the profit for the year. All the Company's income is derived from continuing activities.

## STATEMENT OF CHANGES IN EQUITY

	Share Capital €	Retained Earnings €	Total €
At 1 January 2010	14,240	16,881	31,121
Profit for the year and total comprehensive income	<u>-</u>	<u>827</u>	<u>827</u>
Balance at 1 January 2011	14,240	17,708	31,948
Profit for the year and total comprehensive income	<u>-</u>	<u>850</u>	<u>850</u>
Balance at 31 December 2011	<u>14,240</u>	<u>18,558</u>	<u>32,798</u>

The notes on pages 10 to 22 form part of these financial statements

# ANDROMEDA LEASING I PLC

## STATEMENT OF FINANCIAL POSITION

As at 31 December			
	Note	2011 €	2010 €
<b>Assets</b>			
Deemed loan to the Originator	7	273,961,776	476,026,407
Other Receivables	8	4,281,784	3,024,278
Cash and cash equivalents	9	<u>566,113,553</u>	<u>364,013,387</u>
<b>Total assets</b>		<b><u>844,357,113</u></b>	<b><u>843,064,072</u></b>
<b>Equity</b>			
Issued capital	10	14,240	14,240
Retained earnings		<u>18,558</u>	<u>17,708</u>
<b>Total equity</b>		<b><u>32,798</u></b>	<b><u>31,948</u></b>
<b>Liabilities</b>			
Liabilities evidenced by paper held at amortised cost	11	839,368,891	838,948,151
Other liabilities	12	4,955,118	4,083,651
Tax payable	6	<u>306</u>	<u>322</u>
<b>Total liabilities</b>		<b><u>844,324,315</u></b>	<b><u>843,032,124</u></b>
<b>Total equity and liabilities</b>		<b><u>844,357,113</u></b>	<b><u>843,064,072</u></b>

These financial statements of Andromeda Leasing I Plc, company registration number 06652476 were approved by the board of directors on 26 June 2012 and are signed on their behalf by



Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited  
Director

The notes on pages 10 to 22 form part of these financial statements

# ANDROMEDA LEASING I PLC

## STATEMENT OF CASH FLOWS

	2011 €	2010 €
<b>Cash flows from operating activities</b>		
Profit before tax for the year *	1,156	1,149
<i>Adjustments for</i>		
Interest income	(19,293,050)	(14,617,881)
Interest expense	18,553,395	13,570,702
Decrease in other receivables	3,673	38,893
(Decrease)/increase in other payables	(265,164)	415,972
Amortisation of issue costs	420,740	420,740
Principal receipts from securitised assets	<u>202,064,631</u>	<u>145,168,752</u>
Cash generated from operations	<u>201,485,381</u>	<u>144,998,327</u>
Income tax paid	<u>(323)</u>	<u>(6,565)</u>
Net cash generated from operating activities	<u>201,485,058</u>	<u>144,991,762</u>
<b>Cash flows from investing activities</b>		
Interest received	<u>18,031,870</u>	<u>14,552,978</u>
Net cash generated from investing activities	<u>18,031,870</u>	<u>14,552,978</u>
<b>Cash flows from financing activities</b>		
Interest paid	<u>(17,416,762)</u>	<u>(13,171,037)</u>
Net cash generated from investing activities	<u>(17,416,762)</u>	<u>(13,171,037)</u>
<b>Net increase in cash and cash equivalents</b>	<b>202,100,166</b>	<b>146,373,703</b>
Cash and cash equivalents at start of year	<u>364,013,387</u>	<u>217,639,684</u>
Cash and cash equivalents at end of year	<u>566,113,553</u>	<u>364,013,387</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 10 to 22 form part of these financial statements

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. PRINCIPAL ACCOUNTING POLICIES**

##### **General information**

Andromeda Leasing I PLC is a public limited company incorporated and domiciled in the United Kingdom with registered number 06652476.

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 Receivables. The Receivables consist of real estate, equipment and vehicle lease receivables entered into by the Originator.

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union, and with the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative instruments at fair value through profit or loss.

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 directors have undertaken a detailed assessment of the Company's ongoing business model and have made extensive enquiries of the management of EFG Eurobank Ergasias S.A. Given the details set out below, which are also referred to in the basis of preparation of the EFG Eurobank Ergasias S.A.'s 2011 financial statements, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future. However, given the substantial impairment losses as a result of the Hellenic Republic's debt restructuring and the impact of those losses on the accounting and regulatory capital of EFG Eurobank Ergasias S.A. as well as the ongoing general economic and political uncertainties in Greece and in particular uncertainty about Greece's ability to remain within the Eurozone, the directors recognise the existence of material uncertainties that may cast significant doubt on EFG Eurobank Ergasias S.A.'s and therefore the Company's ability to continue as a going concern. These uncertainties may impact the Company's policy of managing foreign exchange risk, impact the servicing as well as the quality of the underlying Receivables, and the future timing and levels of collections, resulting in significant doubt about the Company's ability to fully repay the Notes.

As noted in its 2011 annual report which can be found at [www.eurobank.gr](http://www.eurobank.gr), EFG Eurobank Ergasias S.A. incurred significant losses during the financial years ended 31 December 2011 of €5,508 million. EFG Eurobank Ergasias S.A. has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring (PSI+). Such losses had a respective impact on the accounting and regulatory capital of the EFG Eurobank Ergasias S.A. as of 31 December 2011, which has fallen below the minimum capital requirements as determined by the Bank of Greece.

The continued deterioration of the Greek economy throughout 2011 has adversely affected EFG Eurobank Ergasias S.A.'s operations and presents significant risks and challenges for the years ahead. Currently, there are a number of material economic, political and market risks and uncertainties that impact the Greek banking system. The main risks stem from the adverse macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustment efforts and their impact on the Greek economy. The progress made to date could be compromised by external shocks from the global economy as well as implementation risks, reform fatigue and political instability in Greece.

# ANDROMEDA LEASING I PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

##### Going concern (continued)

The restoration of confidence after the successful implementation of the PSI+ agreement, the attraction of new investments and the revival of economic growth remain the key challenges of the Greek economy. Continuation of the recession could adversely affect the region and could lead to lower profitability, deterioration of asset quality and further reduction of deposits. In addition, increased funding cost remains a significant risk, as it is dependent on both the level of sovereign spreads as well as on foreign exchange rate risk, due to the unstable nature of some currencies.

The Bank of Greece is currently in the process of assessing the capital needs of the Originator in order to be able to reach the level of Core Tier I capital of 9% at 30 September 2012 and 10% at 30 June 2013. In the event that capital needs, as eventually determined by Bank of Greece, are higher, any remaining capital shortfall following the private investor contribution, would need to be covered by the second tranche of the recapitalization facility which is conditional on the next EC/ECB/IMF review report on the program implementation by the Greek government. The programme implementation could be adversely affected by the continuing political instability in Greece.

Notwithstanding the conditions and uncertainties mentioned above, the Directors, having considered the mitigating factors set out below, have a reasonable expectation that the recapitalisation of EFG Eurobank Ergasias S.A. will be promptly and successfully completed and hence are satisfied that the financial statements of EFG Eurobank Ergasias S.A. and therefore the Company can be prepared on a going concern basis.

(a) Bank of Greece (BoG) recommendation of 18 April 2012 for EFG Eurobank Ergasias S.A.'s accession to the provisions of Law 3864/2010 as amended (Establishment of the Hellenic Financial Stability Fund-HFSF and Recapitalisation of Greek financial institutions),

(b) the HFSF's commitment of 20 April 2012, following the relevant application submitted by EFG Eurobank Ergasias S.A. and the confirmation received by the BoG about the viability and credibility of EFG Eurobank Ergasias S.A. business plan, that it will provide capital, in order to ensure that EFG Eurobank Ergasias S.A. is sufficiently capitalized to the current minimum level of 8% (Total Capital Adequacy Ratio),

(c) the availability of additional recapitalisation funds from the official sector that can support any capital needs on top of the amounts already committed by HFSF,

(d) the existence of the comprehensive financial support program of the EC/ECB/IMF (including the € 50 bn recapitalisation facility), aiming to correct Greece's competitiveness gap and restore growth, employment and public debt sustainability and secure the banking system stability,

(e) the Greek authorities' commitment to support the banking system and create a viable and well capitalised private banking sector, and

(f) EFG Eurobank Ergasias S.A.'s continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future

(g) As at 30 May 2012, the total capital adequacy ratio of the Originator was restored to 9.0% (on a pro-forma basis) following the €4 billion advance from the HFSF. Core Tier 1 according to EBA definition was 7.9% (pro-forma).

The directors have a reasonable expectation that the recapitalisation of EFG Eurobank Ergasias S.A. will be successfully completed within the timetable provisionally agreed between EFG Eurobank Ergasias S.A., the BoG and the HFSF and that EFG Eurobank Ergasias S.A. and therefore the Company will continue in operational existence for the foreseeable future.

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

##### **Standards affecting presentation and disclosure**

The directors consider that there are no new and revised standards relevant to the Company which should be adopted and reported in the 2011 Financial Statements

##### **Early adoption of standards**

The directors consider that there are no new standards, amendments and interpretations issued and available for early adoption for the financial year beginning 1 January 2011 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

##### **Financial assets**

The Company classifies its financial assets into two categories assets at fair value through profit or loss and assets carried at amortised cost using the effective interest method as explained below

The Company's derivative instruments are classified as financial assets or liabilities at fair value through profit or loss These derivatives are accounted for as set out in the 'derivative financial instruments' accounting policy set out below The Deemed Loan to the Originator and cash and cash equivalents are carried at amortised cost using the effective interest method as explained below

##### **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

This Deemed Loan to the Originator initially represents the consideration paid by the Company in respect of the acquisition of an interest in the securitised Receivables and is subsequently adjusted due to repayments made by the Originator to the Company The deemed loan 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 Directors of the Company consider that the subordinated loan does not meet the definition of a liability as the Company will repay the subordinated loan to the Originator only if it first receives an equivalent amount from the Originator

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 since it is due to the same counterparty, and there is the ability and intention to settle on a net basis 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

##### **Swap agreement between the Company and the Originator**

The Company uses derivative financial instruments to economically hedge its exposure to interest rate risk arising from its activities In accordance with its policy, the Company does not hold or issue derivative financial instruments for trading purposes

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

##### **Swap agreement between the Company and the Originator (continued)**

Derivatives are initially recognised in the statement of financial position at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value with gains and losses recognised in the statement of comprehensive income. The fair values of interest rate swap contracts have been determined by reference to market observable data. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Any fixed to floating interest rate swaps entered into between the Company and the Originator are not recognised separately as derivative financial instruments, as the amounts payable under the swaps reflect interest flows from the Receivables which is not recognised by the Company for accounting purposes. Instead the deemed loan to the Originator is recognised with an effective interest rate which reflects the amount receivable under the swap receiving leg.

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

Liabilities evidenced by paper comprise the Notes issued by the Company through the Offering Circular dated 26 January 2009. The 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. 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 Class B Notes.

The terms and conditions of the Notes state that the Company is entitled to an optional early redemption of the Notes. This option was exercisable in full on any Interest Payment Date on or after April 2009 if the outstanding principal amount of the Notes falls below 10% of the amount originally issued or if it becomes unlawful for the Issuer to perform its obligations under the Notes or any of the Securitisation Transaction documents. 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.

##### **Interest income and interest expense**

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

##### **Foreign currencies**

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

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

##### **Effective interest rates**

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

In order to determine the effective interest rate applicable to loans an estimate must be made of the expected life of the loans and hence the cash flows relating to them. These estimates are based on historical data from historical patterns and are updated regularly. The accuracy of the effective interest rate would therefore be affected by any differences between the actual borrower behaviour and that predicted.

##### **Taxation**

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 net cash flows during the period.

#### **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 underlying Receivables. Receivables are considered impaired when 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.

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 €42,000,000 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 2011 as the balance of the reserve fund account was higher than the estimated impairment losses on the Receivables.

##### **Fair values**

A majority of the fair values of Company's financial instruments are not based on observable prices quoted in active markets, but 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.



# ANDROMEDA LEASING I PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### Fair values (continued)

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.

#### 3. INTEREST INCOME

Interest income represents the net interest income on deemed loan to the Originator together with interest on bank deposits, as analysed below

	2011	2010
	€	€
Net interest income on deemed loan to the Originator	15,755,638	13,655,825
Net swap interest receivable	3,210,987	305,068
Bank interest income	326,425	656,988
	<u>19,293,050</u>	<u>14,617,881</u>

#### 4. INTEREST EXPENSE

	2011	2010
	€	€
Interest on liabilities evidenced by paper	18,553,395	13,570,702
Amortisation of issue costs	420,740	420,740
	<u>18,974,135</u>	<u>13,991,442</u>

#### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit before taxation is stated after charging

	2011	2010
	€	€
Auditors' remuneration – audit of the statutory financial statements of the Company	15,000	15,000
Auditors' remuneration – audit of the statutory financial statements of the Holdings	5,000	5,000
Accountancy fees	5,520	5,520
Servicing fees	184,866	317,804
Other expenses	107,779	282,066
Exchange gains recognised	(406)	(100)
	<u>317,759</u>	<u>625,290</u>

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 (2010: €nil).

# ANDROMEDA LEASING I PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### 6. TAXATION

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

	2011	2010
	€	€
Current tax:		
Corporation tax charge for the year	<u>306</u>	<u>322</u>
Total current tax charge in the Statement of comprehensive income	<u>306</u>	<u>322</u>

##### (b) Reconciliation of effective tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows

	2011	2010
	€	€
Profit before tax	<u>1,156</u>	<u>1,149</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	<u>306</u>	<u>322</u>
Total current tax charge	<u>306</u>	<u>322</u>

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 26.5% and will be taxed at 26% in the future.

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)".

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.

# ANDROMEDA LEASING I PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### 7. DEEMED LOAN TO THE ORIGINATOR

	2011	2010
	€	€
At 1 January	523,512,674	670,857,622
Repayments	<u>(201,303,896)</u>	<u>(147,344,948)</u>
At 31 December	322,208,778	523,512,674
Subordinated loans due to the Originator	<u>(13,154,328)</u>	<u>(26,934,760)</u>
Deferred consideration due to the Originator	<u>(35,092,674)</u>	<u>(20,551,507)</u>
	<u>273,961,776</u>	<u>476,026,407</u>

The Deemed Loan to the Originator was not impaired as at 31 December 2011 as the balance of the reserve fund account was higher than the impairment losses on the underlying Receivables

The credit quality of the underlying Receivables is summarised as follows

	31 December 2011	31 December 2010
	€	€
Neither past due nor impaired	317,029,115	518,975,552
Past due but not impaired	5,179,663	4,537,122
Impaired	<u>-</u>	<u>-</u>
	322,208,778	523,512,674
Less allowance for impairment	<u>-</u>	<u>-</u>
	<u>322,208,778</u>	<u>523,512,674</u>

The aggregate fair value of the underlying Receivables at 31 December 2011 amounted to €276,801,428 (2010 €425,093,273)

#### 8. OTHER RECEIVABLES

	2011	2010
	€	€
Accrued income	4,281,461	3,020,282
Prepayments	<u>323</u>	<u>3,996</u>
	<u>4,281,784</u>	<u>3,024,278</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. All cash is held with the Originator

	2011	2010
	€	€
Cash and bank current accounts	<u>566,113,553</u>	<u>364,013,387</u>

# ANDROMEDA LEASING I PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### 10. ISSUED SHARE CAPITAL

Authorised share capital

50 000 (2010 50 000) ordinary shares at £1 each

	2011	2010
	€	€
2 (2010 2) fully paid ordinary shares at £1 each	2	2
49,998 (2010 49,998) partly paid ordinary shares at £1	<u>14,238</u>	<u>14,238</u>
	<u>14,240</u>	<u>14,240</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 partly paid ordinary shares. The issued share capital is reflected in the financial statements as €14,240 based on the prevailing exchange rate at 10 December 2008 (€/\$ 0.878) being 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

	2011	2010
	€	€
<b>Non-current liabilities</b>		
Floating rate loan notes	840,000,000	840,000,000
Unamortised issue costs	<u>(631,109)</u>	<u>(1,051,849)</u>
	<u>839,368,891</u>	<u>838,948,151</u>

The Notes are listed on the Irish Stock Exchange, and are secured over a portfolio of leasing receivables with borrowers 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:

	2011	2010
	€	€
3 months or less	<u>840,000,000</u>	<u>840,000,000</u>

Interest on the floating rate loan notes is payable on a quarterly basis at the three month EURIBOR plus the following margins: 0.75% for the Class A Notes and 0.95% for the Class B Notes. All of the floating rate loan notes are due to be repaid by April 2038 and are secured by means of a fixed and floating charge over the Company's assets.

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

#### 12. OTHER LIABILITIES

	2011	2010
	€	€
Interest payable	4,730,030	3,593,399
Accruals and deferred income	<u>225,088</u>	<u>490,253</u>
	<u>4,955,118</u>	<u>4,083,651</u>

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **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 €20,559 (2010 €20,244) including irrecoverable value added tax. Mr M H Filer, a director of the Company is also a director of Wilmington Trust SP Services (London) Limited. Mr S Masson, who is a director of the Company, is an employee of Wilmington Trust SP Services (London) Limited.

During the year, EFG Eurobank Ergasias Leasing S A repaid to the Company amounts of principal on the Deemed Loan of €201,303,896 (2010 €147,344,948). The interest income earned on the Deemed Loan to the Originator for the year was €18,095,062 (2010 €23,346,240).

EFG Eurobank Ergasias Leasing S A administers the Receivables on behalf of the Company and earned €184,866 (2010 €317,804) during the year.

EFG Eurobank Ergasias Leasing S A earned €14,502,164 (2010 €8,906,240), with respect to deferred consideration during the year and was owed €35,092,674 (2010 €20,551,507) at the end of the year, which is included within the deemed loan to the Originator at amortised cost above.

The notes held by EFG Eurobank Ergasias S A entities at 31 December 2011 amounted to €840,000,000 (2010 €840,000,000).

#### **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. In managing the Receivables, the Originator applies its own formal risk management infrastructure 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.

##### **Going concern risk**

The Company's financial risk management objectives and policies could be severely affected by the material uncertainties regarding its going concern as described in detail in note 1.

##### **Interest rate risk**

The Company is exposed to movements in interest rates and manages this exposure using interest rate swaps. More specifically, the Company is exposed to basis risk due to the timing difference in Interest Payment Dates on the Notes and the deemed loan to the Originator. This is hedged using an interest rate 'basis' swap that is taken out on inception of the securitisation transaction.

After taking into consideration the Company's derivative instruments, 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.

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **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 deemed loan to the Originator, fair value of swaps and bank deposits (see note 7) The Receivables consist of real estate, equipment and vehicle lease receivables entered into by the Originator

##### **Liquidity risk**

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

##### **Currency risk**

All of the Company's assets and liabilities are denominated in Euros ("€"), and therefore currently there is no foreign currency risk As explained in more detail in note 1, the Company's position on foreign currency risk could be impacted by the uncertainty about Greece's ability to remain within the Eurozone

##### **Capital risk management**

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 the minimum requirement

##### **Financial instruments**

The Company's financial instruments, other than derivatives, 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 The Company also enters into derivative transactions (principally interest rate swaps) The purpose of such transactions is to manage the interest rate risks arising from the Company's operations and its sources of finance

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

# ANDROMEDA LEASING I PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### 14. FINANCIAL RISK MANAGEMENT (continued)

##### Fair values

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

	Note	Carrying amount 2011 €	Approximate fair value 2011 €	Carrying amount 2010 €	Approximate fair value 2010 €
Deemed loan to the Originator	7	273,961,776	-	476,026,407	184,177,333
Other assets	8	4,281,784	4,281,784	3,024,278	3,024,278
Cash and cash equivalents	9	<u>566,113,553</u>	<u>566,113,553</u>	<u>364,013,387</u>	<u>364,013,387</u>
		<u>844,357,113</u>	<u>570,395,337</u>	<u>843,064,072</u>	<u>551,214,998</u>
Liabilities evidenced by paper	11	(839,368,891)	(560,490,000)	(838,948,151)	(548,190,720)
Other liabilities	12	(4,955,118)	(4,955,118)	(4,083,651)	(4,083,651)
Tax payable	6	<u>(306)</u>	<u>(306)</u>	<u>(322)</u>	<u>(322)</u>
		<u>(844,324,315)</u>	<u>(565,445,424)</u>	<u>(843,032,124)</u>	<u>(552,274,693)</u>

Please see Note 2 for information on calculation of fair values

##### 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

During the year none of the financial assets were measured at fair value through profit or loss account

#### 15. SEGMENTAL REPORTING

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

# **ANDROMEDA LEASING I PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The shares in the Company are held by Wilmington Trust SP Services (London) Limited and under Declarations of Trust for charitable purposes. EFG Eurobank Ergasias Leasing S A has no direct ownership interest in the Company. However, in accordance with IFRS, and particularly SIC 12, 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 EFG Eurobank Ergasias Leasing S A, which are available online at [www.eurobank.gr](http://www.eurobank.gr)

EFG Eurobank Ergasias S A is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S A, whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family. As at 31 December 2011, the EFG Group held 44.7% of the ordinary shares and voting rights of the Bank through wholly owned subsidiaries of the ultimate parent company, the remaining ordinary shares and voting rights being held by institutional and retail investors, none of which, to the knowledge of the Bank, holds 5% or more.