Company Registration Number: 06720661

KATANALOTIKA PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

KATANALOTIKA PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

KATANALOTIKA PLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr M H Filer Miss M Clarke Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	06720661
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Auditor	KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square Canary Wharf London E14 5GL

KATANALOTIKA PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report of Katanalotika Plc (the "Company") for the year ended 31 December 2014.

GENERAL

PRINCIPAL ACTIVITIES

The Company was incorporated as a Public Limited Company on 10 October 2008. The principal activities of the Company are those of a special purpose vehicle, set up to acquire a portfolio of loans (personal consumer and auto), and to finance such activities by issuing securities, entering into financial instruments and derivative contracts, raising or borrowing money and lending money with or without security subject to and in accordance with the terms of the relevant transaction documents.

In accordance with its Offering Circular dated 9 December 2008, on 9 December 2008 the Company issued €1,520,000,000 of floating rate loan notes in order to purchase a portfolio of loans (personal consumer and auto) from Alpha Bank AE (the "Originator") in Greece. The floating rate loan notes are due to mature in December 2029 and are listed on the Irish Stock Exchange.

The sale of the portfolio of loans to the Company is considered to fail the derecognition criteria of IAS 39, Financial Instrument: recognition and measurement, in the books of Alpha Bank AE and therefore they are retained on the Statement of Financial Position of the Originator. As such the Company records in its Statement of Financial Position a 'Deemed Loan to the Originator' rather than the portfolio of loans it has legally purchased.

REVIEW OF THE BUSINESS

RESULTS

The Company's results for the year and its financial position at the year-end are shown in the attached financial statements. The profit after taxation for the year was €4,961 (2013: €6,268). As at year end carrying value of the Deemed Loan to Originator was €1,210,610,313 (2013: €1,048,772,482). Loan notes and borrowings held at the year end amounted to €1,519,339,180 (2013: €1,519,291,944). As of 31 December 2014 cash and cash equivalents, including reserve funds, were €350,149,264 (2013: €746,574,364).

MANAGEMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors expect that the present level of activity will be sustained in the foreseeable future and the activities of the Company are limited to those of the holding and management of the portfolio of loans (personal consumer and auto) acquired from Alpha Bank AE.

The key business risks affecting the Company and its management are set out in note 13, "Financial Risk Management" to the financial statements. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to the underlying borrowers with whom the Company has exposure through the deemed loan to the Originator. Conditions may deteriorate further due to the continued financial and economic uncertainty in Greece. However, based on the terms of transaction documents, the risk for the company in being able to pay off its obligation is limited to receipt of funds from the Originator. A detailed consideration of the risk factors relevant to the Securitisation Transaction is included in the section "Risk Factors" of the Offering Circular.

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 is also referred to in the basis of preparation of the Originator's 2014 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.

RISK MANAGEMENT

Business risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them.

The Company has financed the acquisition of the portfolio of loans underlying the Deemed Loan to the Originator through loan notes issuance and various loans which are at variable rates of interest. Income received on the portfolio of loans itself is predominantly fixed rate whilst bank deposits are at variable rates.

Interest rate risk

The Company receives interest predominantly at floating rates on the Deemed Loan to Originator and pays interest at floating rates on the funding and hence is not exposed to interest rate risk. Also, the margin between the effective interest received from the portfolio of loans and interest paid on loan notes is considered sufficient to hedge risk of increases in floating rates on loan notes.

Credit risk

The Company is exposed to credit risk, in relation to defaults from repayments of the portfolio of loans underpinning the Deemed Loan to Originator. At the time of acquisition, the portfolio of loans was carefully selected to meet certain criteria, as set out in the offering circular issued in connection with the issue of the floating rate loan notes. These criteria and the day to day management of the portfolio of loans are undertaken by Alpha Bank AE which actively manages the collection of the outstanding amounts. As mentioned in note 1, the issues prevalent in Greece could impact on the ability of the borrower to repay the loans. However, the credit risk is ultimately borne by the Originator since the Notes are held by the Originator and the transaction is structured as limited recourse, such that the ability of the company to meet its obligations under the loan notes will directly depend upon receipt of funds from the Originator, which in turn is dependent on the ability of underlying borrowers to service their loans.

In order to ensure the collateral test (note 7) is maintained, Alpha Bank AE have repurchased defaulted loans from the Company of €104,471,689 (2013: €122,097,090) which might otherwise have become impaired.

Liquidity risk

Notwithstanding the factors noted above in relation to the risks associated with collecting amounts due from the Deemed Loan to Originator, the liquidity risk is not regarded as significant, given that the entity is only obliged to make payments to the loan note holders and the Originator for the subordinated reserve loan, set-off (reclaimable amounts) loan and set-off (deposits) loan, from amounts collected from the loans portfolio.

By order of the Board

Andreas Demosthenous for and on behalf of Wilmington Trust SP Services (London) Limited
Director
31 July 2015

KATANALOTIKA PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the audited financial statements of Katanalotika PLC (the "Company") for the year ended 31 December 2014 with comparatives for the year ended 31 December 2013.

THE DIRECTORS
The directors who served the Company during the year were as follows:

Mr M H Filer
Miss M Clarke
Wilmington Trust SP Services (London) Limited

DIVIDENDS
The directors have not recommended a dividend (2013: £nil).

DONATIONS
The Company made no political or charitable donations during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 are required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU.

The financial statements are required by law to present fairly the financial position of the Company and the performance for that period; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

KATANALOTIKA PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

By order of the Board

Andreas Demosthenous for and on behalf of Wilmington Trust SP Services (London) Limited
Director
31 July 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATANALOTIKA PLC

We have audited the financial statements of Katanalotika Plc for the year ended 31 December 2014 set out on pages 8 to 25. 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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant for its ongoing funding and ability to meet its obligations to its Loan Note holders on receipts under a deemed loan to its parent, Alpha Bank A.E., which will be settled from cash flows on an underlying portfolio of receivables. Note 1 refers to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that affect the banking sector, and in particular its liquidity, and also the future performance of the underlying borrowers of the receivables. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATANALOTIKA 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 2, in relation to going concern.

M.McG

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
31 July 2015

KATANALOTIKA PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 €	2013 €
Interest income	3	**13,601,771**	13,426,126
Interest expense	4	**(13,251,560)**	(13,127,765)
Net interest income		**350,211**	298,361
Administrative expenses	5	**(344,924)**	(290,194)
Profit before tax for the year		**5,287**	8,167
Taxation	6	**(326)**	(1,899)
Profit for the year		**4,961**	6,268
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the year attributable to equity holders of the Company	10	**4,961**	6,268

The notes on pages 12 to 25 form part of these financial statements.

KATANALOTIKA PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 €	2013 €
Assets			
Deemed Loan to Originator	**7**	**1,210,610,313**	1,048,772,482
Other assets	**8**	**3,921**	3,921
Cash and cash equivalents	**9**	**350,149,264**	746,574,364
Total assets		**1,560,763,498**	1,795,350,767
Equity			
Issued capital	**10**	**16,393**	16,393
Retained earnings	**10**	**47,829**	42,868
Total equity		**64,222**	59,261
Liabilities			
Loan notes and borrowings	**11**	**1,519,339,180**	1,519,291,944
Other liabilities	**12**	**41,358,959**	275,995,241
Tax payable		**1,137**	4,321
Total liabilities		**1,560,699,276**	1,795,291,506
Total equity and liabilities		**1,560,763,498**	1,795,350,767

These financial statements for Katanalotika Plc, Company registration 06720661, on pages 8 to 25 were approved and authorised for issue by the directors on 31 July 2015 and are signed on their behalf by:

Andreas Demosthenous for and on behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 12 to 25 form part of these financial statements.

KATANALOTIKA PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital	Retained Earnings	Total
	€	€	€
Balance at 1 January 2014	**16,393**	**42,868**	**59,261**
Profit for the year	-	**4,961**	**4,961**
Other comprehensive income, net of tax	-	-	-
Balance attributable to equity holders as at 31 December 2014	**16,393**	**47,829**	**64,222**

	Share Capital	Retained Earnings	Total
	€	€	€
Balance at 1 January 2013	**16,393**	**36,600**	52,993
Profit for the year	-	**6,268**	6,268
Other comprehensive income, net of tax	-	-	-
Balance attributable to equity holders as at 31 December 2013	16,393	42,868	59,261

The notes on pages 12 to 25 form part of these financial statements.

KATANALOTIKA PLC

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
Cash flows from operating activities	**€**	€
Profit before tax for the year	**5,287**	8,167
Amortisation of issue cost	**47,236**	47,236
Decrease in other assets	**-**	103,854,508
(Decrease)/increase in other liabilities	**(234,636,282)**	275,405,592
Net (increase)/decrease in deemed loan to Originator	**(161,837,831)**	(387,935,034)
Net cash (used) in/from operating activities before tax	**(396,421,590)**	(8,619,531)
Tax paid	**(3,510)**	-
Net cash from operating activities after tax	**(396,425,100)**	(8,619,531)
Net increase in cash and cash equivalents	**(396,425,100)**	(8,619,531)
Cash and cash equivalents at start of the year	**746,574,364**	755,193,895
Cash and cash equivalents at end of the year	**350,149,264**	746,574,364

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

The notes on pages 12 to 25 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Katanalotika PLC is a public limited company incorporated and domiciled in the United Kingdom with registered number 06720661.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union (EU) ("Adopted IFRS").

The Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting year beginning 1 January 2014.

The financial statements have been prepared under the historical cost convention.

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

The Company has made estimates and judgements in relation to valuation and impairment of loans (refer note 13).

Going concern
The directors have undertaken a detailed assessment of the Company's ongoing business model, in view of the importance of the recovery of the deemed loan to the Originator (Alpha Bank A.E. or the Group) in being able to repay its liabilities on the loan notes, and have made enquiries of the management of the Originator. Given the details set out below, which are also referred to the Originator's 2014 Annual Report, updated with current developments, 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, there is material uncertainty over its ability to do so, as explained below.

Receipts in relation to the deemed loan to the Originator (see note 7), and subordinated loans from the Originator, are the principal sources of ongoing funds for the company. The Originator is affected by the adverse economic environment in Greece, and abroad, as well by the progress of the negotiations of the Greek Republic for the financial support program for Greece and the impact from all these uncertainties on the liquidity levels of the Hellenic Republic and the banking system. These uncertainties also affect the borrowers of the receivables that underlie the deemed loan.

The operations of the Originator have been adversely affected, during the last years, by the crisis of the Greek public debt. The adverse effects were mainly caused by the participation of the Group, in 2012, in the exchange program of Greek Government bonds and loans guaranteed by the Hellenic Republic (PSI), and by the prolonged recession of the Greek economy which led to an increase in non- performing loans and, consequently, to an increase in impairment losses on loans and advances to customers.

Liquidity, of the whole Greek banking sector, was negatively affected in the beginning of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of the ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2009). European Central Bank announced that, their decision to lift the waiver for securities does not bear consequences for the participation of Greek financial institutions in monetary policy operations, since their liquidity needs can be satisfied by the Emergency Liquidity mechanisms of the Bank of Greece. The maximum funding of the credit institutions by the Bank of Greece is short-term and is determined by the European Central Bank with a decision of its Board of Directors that is periodically reviewed.

Following the 4-month extension of the Master Financial Assistance Facility Agreement (MFFA) in the framework of the previous arrangement between Greece and the Institutions, which was given on the 20th of February by the council of the ministers of finance of the Euro zone, Greece did not reach an agreement by the end of June with its creditors. At the same time, due to the ceaseless withdrawal of customer deposits, capital controls were imposed and a short-term bank holiday was announced by a legislative act (published in the Government Gazette on 28 June 2015).

Discussions were continued and finally an agreement was reached on 12 July 2015 in the Euro Summit. Greece will receive new financing as part of a 3-year ESM programme, on the precondition that Greek authorities will legislate in the following weeks a set of measures to mandate the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF) to negotiate a Memorandum of Understanding (MoU).

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern (continued)
Upon the successful and timely legislation of the initial measures by the Greek authorities, the council of the ministers of finance of the Euro zone reached on 16 July 2015 a decision to grant in principle a 3-year ESM stability support to Greece. Moreover the Council of the European Union adopted on 17 July 2015 a decision granting up to €7.16 billion in short term financial assistance to Greece under the European Financial Stability Mechanism (EFSM). Eventually, the bank holiday was finalised on 19 July 2015.

Despite the uncertainties and the risks existing in the Greek banking system, the following supportive factors shall be taken into consideration:

- The Originator's share capital was increased by €4,571 million and €1,200 million in the second quarter of 2013 and first quarter of 2014 respectively, thus covering the Group's capital requirements as determined by the Bank of Greece, while the Group maintained capital adequacy ratios at sufficiently higher levels than those defined by the supervisory authorities;
- The Group is currently implementing the restructuring plan approved by the European Commission. The restructuring plan would create suitable conditions in order for the Bank to return to viability.
- During 2014 the Group participated in the Single Supervisory Mechanism of the systemically important banks of the European Union by the European Central Bank; in addition during 2014 the Group completed successfully the European Central Bank comprehensive assessment;
- In expectation of the successful agreement on a new MoU, it must be stressed that the decision of the Euro Summit includes the establishment of a buffer of EUR 10 to 25bn for the banking sector in order to address potential bank recapitalisation needs and resolution costs, of which EUR 10bn would be made available immediately in a segregated account at the ESM;

The key risk which is relevant in the assessment of going concern is the ability of the Company to meet its obligations to the Loan Note holders, which is dependent on the Originator's ability to service the underlying securitised receivables and the ability of borrowers of these loans to make payments on the loans to the Originator as scheduled. Should the Company be unable to make payments of interest and principal to the Loan Note holders when due, the Trustee acting for the Loan Note holders would be entitled to enforce its security, as explained in the Condition 10 of the Terms of the Notes, and to take charge over the Company's assets. Current economic conditions in Greece and the ongoing developments, as explained above, give rise to uncertainty over the continued ability of the Company to service its loans, failing which would lead to high uncertainty over the future actions of the Trustee, and may therefore have an adverse effect on the Company's ability to continue as a going concern.

However, taking into consideration the factors above, the directors of the Company have a reasonable expectation that the Originator and the Company will continue in operational existence for the foreseeable future, therefore the financial statements have been prepared on a going concern basis.

Nevertheless, this material uncertainty may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Financial Instruments
The Company classifies its financial instruments into two categories: financial assets at fair value through profit or loss and carried at amortised cost using effective interest method.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Deemed Loan to 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 have concluded that the Originator has retained substantially all the risks and rewards of the securitised loan portfolio and as a consequence, the Company does not recognise the portfolio of loans as Loans and Advances on its Statement of Financial Position, but rather a Deemed Loan to Originator.

The Deemed Loan to Originator is initially recognised at fair value and subsequently carried at amortised cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Deferred consideration payable to the Originator

Under the term of the securitisation, the Company retains the right of 0.01% available revenue receipts from the beneficial interest in the portfolio of loans. Income in excess of 0.01% is payable to Alpha Bank AE and treated as a component of the effective interest on the Deemed Loan to Originator. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised.

Loan notes and borrowings

Loans Notes and Borrowings comprise of loan notes issued by the Company through its Offering Circular dated 9 December 2008 and a Subordinated Loan from the Originator. Loan notes are initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method.

Subordinated loans are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method.

Cash and cash equivalents

For the purposes of the Statement of Cash flow, cash and cash equivalents comprise balances with less than 3 months to maturity. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for 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 that the Company may be exposed to. 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, deferred consideration payable to Originator, transaction costs and all other premiums or discounts.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment losses on financial assets and liabilities
Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the Statement of Comprehensive Income and reflected in an allowance account against portfolio of loans underpinning the Deemed Loan to Originator. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

Taxation
Income tax expense consists of current tax and deferred tax. It is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year.

Deferred tax is the tax that will be paid or for which relief will be obtained in the future resulting from the different period that certain items are recognised for financial reporting and tax purposes. It is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are provided based on the expected manner of realisation or settlement using tax rates (and laws) enacted at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, taking into consideration the enacted tax rates at the balance sheet date.

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

IFRS 9 Financial Instruments: Classification and Measurement
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application was before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

Early adoption of standards
The directors consider that there are no standards relevant to the Company which should be adopted earlier.

2. SEGMENTAL REPORTING

An operating segment is a component of a Company that engages in business activities from which it may earn revenues and incur expenses. The principal asset of the Company is portfolio of loans underpinning the Deemed Loan to Originator, originated in Greece which generates the Company's revenue, which is managed by the board in the United Kingdom, funded by floating rate loan notes issued and listed on Irish Stock Exchange. The Board believes that the Company has only one operating segment and operates in only one geographical area being Europe.

3. INTEREST INCOME

	2014	2013
	€	€
Interest income on Deemed Loan to Originator	**13,601,769**	9,985,936
Bank interest income	**2**	3,440,190
	13,601,771	13,426,126

Income from the Deemed Loan to Originator is calculated using the effective interest method. Contractual interest on the underlying portfolio of loans less deferred consideration payable to the Originator and impairment losses are included as part of the effective yield.

4. INTEREST EXPENSE

	2014	2013
	€	€
Interest on loan notes	**13,251,560**	13,127,765
	13,251,560	13,127,765

5. ADMINISTRATIVE EXPENSES

	2014	2013
	€	€
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**36,868**	34,420
Fees payable to the Company's auditor for other services:		
- tax services	**8,684**	6,590
Corporate service fees	**37,805**	34,267
Other fees	**16,500**	16,401
Servicing fees	**245,067**	198,516
	344,924	290,194

Apart from the directors, the Company has no employees and, other than the corporate services fees paid to Wilmington Trust SP Services (London) Limited as set out above and in note 14, the directors received no remuneration during the year.

6. TAXATION

(a) Analysis of charge for the year:

	2014	2013
	€	€
Current tax:		
Corporation tax charge for the year 21.5% (2013: 23.25%)	326	1,899
Total income tax charge in income statement	326	1,899

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. It has not been possible to quantify the full anticipated effect of the announced further rate reduction, although this will reduce the company's future current tax charge accordingly.

(b) Reconciliation of effective tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%).

	2014	2013
	€	€
Profit before tax	5,287	8,167
Profit before tax multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25)%	1,137	1,899
Prior year adjustment	(811)	-
Total income tax charge	326	1,899

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.

As at 31 December 2014, 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).

7. DEEMED LOAN TO ORIGINATOR

	2014	2013
	€	€
At start of the year	**1,017,442,974**	684,205,673
Loans portfolio acquired from Originator	**494,156,646**	779,788,341
Repurchased by Originator	**(104,471,689)**	(122,097,090)
Repayments by Borrowers	**(225,927,815)**	(271,222,628)
Impairment provision	**(11,165,245)**	(53,231,322)
At 31 December 2014	**1,170,034,871**	1,017,442,974
Accrued interest receivable	**4,871,722**	4,172,399
Portfolio of loans at year end	**1,174,906,593**	1,021,615,373
Adjustment to expected future cash flows related to Deferred consideration due to the Originator	**35,703,720**	27,157,109
Deemed Loan to Originator at year end	**1,210,610,313**	1,048,772,482
The balance can be analysed as follows:		
Current assets	**109,880,557**	147,930,767
Non-current assets	**1,100,729,756**	900,841,715
	1,210,610,313	1,048,772,482

The Deemed Loan to Originator underpinned by a portfolio of loans which is determined based upon criteria set out in the loan notes offering circular dated 9 December 2008. The portfolio of loans comprises personal consumer and auto loans originated by Alpha Bank AE. Under the terms of the offering circular, the Company can continue to purchase additional loans subject to meeting the criteria in the offering circular. Alpha Bank AE as a seller warrants the eligibility criteria of the loans in addition to ensuring the portfolio meets the following Collateral Test:

a. not less than 17 per cent of the contractual balance of the loans in the portfolio relate to auto loans;
b. the weighted average interest rate of the loans included in the portfolio is not less than the sum of (i) 3-month EURIBOR as at the immediately preceding interest payment date, and (ii) 4 per cent;
c. the weighted average remaining life of the loans in the portfolio is greater than or equal to 50 months but less than or equal to 85 months.

The portfolio of loans is due to be repaid at various times before September 2018. The portfolio of loans may be redeemed at any time at the option of the borrower.

8. OTHER ASSETS

	2014	2013
	€	€
Amount due from parent Company	**3,921**	3,921
	3,921	3,921

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.

	2014	2013
	€	€
Cash and bank current accounts	**16,505**	16,133
Bank deposit accounts	**350,132,759**	746,558,231
	350,149,264	746,574,364

10. TOTAL EQUITY

Reconciliation of movement in capital and reserves

	Share capital	Retained earnings	Total
	€	€	€
Balance at start of the year	16,393	36,600	52,993
Profit for the year	-	6,268	6,268
Balance at 31 December 2013	**16,393**	**42,868**	**59,261**
Profit for the year	-	4,961	4,961
Balance at 31 December 2014	16,393	47,829	64,222

There are 50,000 authorised ordinary shares of £1 each. The issued share capital consists of 2 fully paid ordinary shares and 49,998 quarter paid ordinary shares. The 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. LOAN NOTES AND BORROWINGS

	2014	2013
Non-current liabilities	€	€
Class A floating rate loan notes	**912,000,000**	912,000,000
Class Z floating rate loan notes	**608,000,000**	608,000,000
Less: Unamortised issue cost	**(660,820)**	(708,056)
	1,519,339,180	1,519,291,944

The Asset Backed Floating Rate Loan Notes due for repayment by December 2029 are listed on the Irish Stock Exchange, and are secured over a portfolio of loans originated by Alpha Bank AE, in Greece (the 'Deemed Loan to Originator'). Interest on the floating rate loan notes is payable on a quarterly basis at the three month EURIBOR plus the margins of 0.40% for the Class A loan notes and 1.00% for the Class Z loan notes. All of the floating rate loan notes are due to be repaid by December 2029. Class Z loan note interest and principal is subordinated to the Class A loan note.

Under the terms of the offering circular, the Class A and Class Z loan notes will have full recourse to the Company; however, the ability of the Company to meet its obligations under the loan notes will be directly or indirectly dependent primarily upon the receipt by it of principal and interest from the borrowers underpinning the Deemed Loan to Originator, the receipt of funds (if available to be drawn) under the subordinated loan agreement, the receipt of funds (if available to be drawn) under the set-off reserve loan agreements. Other than the foregoing and any interest earned by the Company in respect of the Company's bank accounts, the Company is not expected to have any other funds available to it to meet its obligations under the loan notes and/or any other payment obligation ranking in priority to, or pari passu with, the loan notes. Upon enforcement of the security for the loan notes, the trustee or any receiver and the Noteholders will have recourse only to the Deemed Loan to Originator, the Company's interest in the relevant ancillary rights and to any other assets of the Company then in existence as described in the offering circular.

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

	2014	2013
	€	€
Amount due to Originator	**40,825,026**	275,338,953
Interest payable	**457,267**	583,933
Accruals and deferred income	**76,666**	72,355
	41,358,959	275,995,241

13. FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties are set out in the Strategic Report on page 3.

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

The directors have considered the financial risks affecting the Company and have included the relevant disclosures of interest rate, credit, liquidity and currency risks in the Strategic Report.

Fair value of financial instruments

The fair values together with the carrying amounts shown in the balance sheet of the financial assets and financial liabilities are as follows:

	Note	**Carrying amount 2014 €**	**Fair value 2014 €**	Carrying amount 2013 €	Fair value 2013 €
Financial assets:					
Deemed Loan to Originator	7	**1,210,610,313**	**1,156,360,900**	1,048,772,482	1,040,558,963
Cash and cash equivalents	9	**350,149,264**	**350,149,264**	746,574,364	746,574,364
Financial liabilities:					
Loan notes	11	**1,519,339,180**	**1,245,518,400**	1,519,291,944	1,187,819,200
Other liabilities		**41,358,959**	**41,358,959**	275,995,241	275,995,241

The fair value of the deemed loan to originator has been based on the discounted cash flows methodology applying market rates adjusted for the appropriate fair value credit spread. Deemed Loan to Originator was classified in Level 3 of the fair value hierarchy.

The fair value of Class A and Z Notes is calculated using the relevant Bloomberg Swap curve, plus the average appropriate CDS spread for discounting the note's projected cash flows. Loan Notes and borrowings were classified in Level 3 of the fair value hierarchy.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	Total fair value €	**Fair value €**	**Valuation method**	**Significant non-observable inputs**
Financial assets:				
Deemed Loan to Originator	**1,156,360,900**	**1,156,360,900**	Discounted cash flows using the swap curve, plus the weighted average fair value credit spread 6.64% of the loans	Valuation of reserve adequacy for payment of hybrid securities' dividends
Financial liabilities:				
Loan notes and borrowings	**1,245,518,400**	**1,245,518,400**	Discounted cash flows using the Bloomberg Swap S45 curve, plus the average CDS spread of 456.62bps	Valuation of reserve adequacy for payment of hybrid securities' dividends

Interest rate risk

Interest rate risk arises from the mismatch between the fixed rate interest received on the Deemed Loan to Originator and the floating rate interest which it pays on the funding or vice versa. The Company receives interest predominantly at floating rates and pays interest at floating rates and hence is not exposed to interest rate risk. Also, the margin between the effective interest received from the portfolio of loans and interest paid on loan notes is considered sufficient to hedge risk of increases in floating rates on loan notes.

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined on the Company's exposure to interest rates for interest bearing assets and liabilities at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates and has been based on management 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 0.01% of available revenue receipts from the beneficial interest in the portfolio of loans with the resulting fluctuations being taken up by the deferred consideration due to Alpha Bank A.E. If interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the period ended 31 December 2014 would have been €274 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 2014 would have been lower by €274.

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 2014	**On Demand €**	**1 to 3 months €**	**Non-interest bearing €**	**Total €**
Assets				
Deemed Loan to Originator	-	1,210,610,313	-	1,210,610,313
Other assets	-	-	3,921	3,921
Cash and cash equivalents	350,149,264	-	-	350,149,264
Total assets	350,149,264	1,210,610,313	3,921	1,560,763,498
Equity				
Issued capital	-	-	16,393	16,393
Retained earnings	-	-	47,829	47,829
	-	-	64,222	64,222
Liabilities				
Loan notes and borrowings	-	1,519,339,180	-	1,519,339,180
Other liabilities	-	-	41,358,959	41,358,959
Tax payable	-	-	1,137	1,137
Total liabilities	-	1,519,339,180	41,360,096	1,560,699,276

At 31 December 2013	On Demand €	1 to 3 months €	Non- interest bearing €	Total €
Assets				
Deemed Loan to Originator	-	1,048,772,482	-	1,048,772,482
Other assets	-	-	3,921	3,921
Cash and cash equivalents	746,574,364	-	-	746,574,364
Total assets	746,574,364	1,048,772,482	3,921	1,795,350,767
Equity				
Issued capital	-	-	16,393	16,393
Retained earnings	-	-	42,868	42,868
	-	-	59,261	59,261
Liabilities				
Loan notes and borrowings	-	1,519,291,944	-	1,519,291,944
Other liabilities	-	-	275,995,241	275,995,241
Tax payable	-	-	4,321	4,321
Total liabilities	-	1,519,291,944	275,999,562	1,795,291,506

13. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Company's assets and liabilities are denominated in Euros and therefore there is no foreign currency risk.

Liquidity risk

The Company's policy is to manage liquidity risk through its use of its start-up loan and subordinated loan. As the length of the loan notes is designed to match the length of the loans portfolio, there are deemed to be limited liquidity risks facing the Company. Payments made by the Company are made in accordance with the priority of payments as set out in the offering circular issued in connection with the issue of the floating rate notes. Under these terms, payments are made quarterly on the 17th day of March, June, September and December. The repayment of the loan notes is determined by the collection of the principal on the underlying secured assets.

The following table details the Company's liquidity analysis for its financial liabilities at 31 December 2014. The interest payable on the loan notes is estimated based on the outstanding principal and interest rates at the year end calculated up to the expected redemption date.

At 31 December 2014	Carrying Amount	Gross nominal outflow	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
	€	€	€	€	€	€	€
Liabilities							
Loan notes	1,520,000,000	1,520,000,000	-	-	-	1,520,000,000	-
Interest payable	457,267	35,659,283	902,005	1,804,011	8,268,384	24,684,883	-
Total liabilities	1,520,457,267	1,555,659,283	902,005	1,804,011	8,268,384	1,544,684,883	-

At 31 December 2013	Carrying Amount	Gross nominal outflow	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
	€	€	€	€	€	€	€
Liabilities							
Loan notes	1,520,000,000	1,520,000,000	-	-	-	1,520,000,000	-
Interest payable	583,933	59,551,601	1,151868	2,303,737	10,558,795	45,537,201	-
Total liabilities	1,520,583,933	1,579,551,601	1,151,868	2,303,737	10,558,795	1,565,537,201	-

The maturity analysis in the table above assumes no Event of Default during the life of the loan notes. If an Event of Default is triggered, then the loan notes, under the terms of the offering circular, may become due and payable. The key Event of Default triggers are if the payment of principal or interest is delayed more than three or five days respectively.

Credit risk

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

The credit quality of underlying portfolio of loans (before deferred consideration) is summarised as follows:

	2014	2013
	€	€
Neither past due nor impaired	**400,613,588**	573,663,856
Past due but not impaired	**368,813,148**	105,072,244
Impaired	**536,305,052**	462,539,223
	1,305,731,788	1,141,275,323
Less: allowance for impairment	**(130,825,195)**	(119,659,950)
	1,174,906,593	1,021,615,373

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit quality of loans that are neither past due nor impaired	**2014**	2013
	€	€
Satisfactory	**400,613,588**	573,663,856
Watch list	**-**	-
	400,613,588	573,663,856

Ageing analysis of past due not impaired amounts	**2014**	2013
	€	€
Past due 1 – 29 days	**219,950,144**	58,567,841
Past due 30 – 89 days	**127,065,191**	33,355,496
Past due > 90 days	**21,797,813**	13,148,907
	368,813,148	105,072,244

The pre condition that there must be a need for objective evidence in order for the loss to be recognised and effectively the impairment loss to be indicated on individual loans, may lead to a delay in the recognition of a loan's impairment, which has already occurred. Within this context and in accordance with IAS 39, it is appropriate to recognise impairment losses for those losses which have been incurred but have not yet been reported ("IBNR"). Provisions for loss events that have occurred but have not yet been reported ("IBNR provisions") are calculated on a collective basis. The collective provision has been accordingly applied on the 'neither past due nor impaired' and the 'past due but not impaired' population.

For the purpose of collective assessment with regards to restructured accounts, all retail restructured loans are included in impairment groups and an impairment loss is recognised based on the Loss Given Default ('LGD') of each group.

At 31 December 2014 the collective provision amounted to €96,009,988 (2013: €116,204,299). The IBNR provision amounted to €34,815,208 (2013: €3,455,651).

Portfolio of loans categorise as satisfactory are all performing loans but the underlying borrowers have missed occasional scheduled payments.

In order to ensure the collateral test (note 7) is maintained, Alpha Bank AE have repurchased defaulted loans from the Company of €104,471,689 (2013: €122,097,097) which might otherwise have become impaired.

As set out in the policy on going concern, the current economic conditions in Greece may have an impact on the credit quality of the portfolio of loan underlying the Deemed Loan to Originator which could result in a significant additional impairment provision. However, the credit risk is ultimately borne by the Originator since the Notes are held by the Originator and the transaction is structured as limited recourse, such that the ability of the company to meet its obligations under the loan notes will directly depend upon receipt of funds from the Originator, which is in turn dependant on the ability of underlying borrowers to service their loans.

The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flow from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observable date from historical patterns and are updated regularly by Alpha Bank AE as new data becomes available.

13. FINANCIAL RISK MANAGEMENT (continued)

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

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

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. 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.

14. 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 €37,805 (2013: €34,267) including irrecoverable VAT and expenses. Mr M H Filer, a director of the Company is also a director of Wilmington Trust SP Services (London) Limited. Miss M Clarke, who is a director of the Company, is an employee of Wilmington Trust SP Services (London) Limited.

During 2008, the Company acquired a portfolio of loans for €1,513,930,883 from Alpha Bank AE and under the terms of the securitisation transaction Alpha Bank AE was appointed as the loans servicer to administer this portfolio of loans. Under the terms of the securitisation transaction, the Company is able to purchase additional loans during a revolving period under certain conditions. During 2014, €494,156,646 (2013: €779,788,341) of additional loans were acquired and €104,471,689 (2013: €122,097,090) of defaulted loans repurchased by Alpha Bank AE During 2014 Alpha Bank AE made cash transfers to the Company of €225,927,815 (2013: €271,222,628) of principal and €59,892,699 (2013: €60,593,035) of interest in relation to the servicing of the portfolio of loans. Alpha Bank AE earned €245,067 (2013: €198,516) in servicing fees for acting as the servicer of the portfolio of loans. At 31 December 2014 €22,683 (2013: €19,939) was outstanding and included in accruals and deferred income.

As part of the securitisation in 2008, Alpha Bank AE granted a subordinated reserve loan of €39,600,000 to the Company. This loan was fully repaid during 2009.

During 2010, Alpha Bank AE granted a set-off reserve loan of €61,150,000 to the Company. This loan was fully repaid during 2010.

Under the terms of the sale agreement relating to portfolio of loans, Alpha Bank AE earns deferred consideration. During the year this amounted to €78,243,135 (2013: €22,006,996). At 31 December 2014 €35,703,720 (2013: €27,157,109) was owed by Alpha Bank AE and is included within the Deemed Loan to Originator.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Katanalotika Holdings Limited holds 49,999 shares in the Company. The remaining one share is held under a nominee Declaration of Trust for charitable purposes. Wilmington Trust SP Services (London) Limited holds the entire share capital in Katanalotika Holdings Limited under a declaration of trust for charitable purposes. Alpha Bank AE has no direct ownership interest in the Company. However, in accordance with IFRS 10 the results of the Company are included in the consolidated financial statements of Alpha Bank AE. The financial statement of Alpha Bank AE can be obtained from www.alpha.gr.

16. POST BALANCE SHEET EVENTS

Portfolio of loans amounted to €45,682,708 have been redeemed since the year end. Company has also acquired Portfolio of loans amounted to €54,812,385 since the year end.