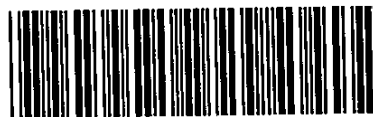


Company Registration Number: 068719<sup>3</sup>/~~51~~

**SYNERGATIS HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**SYNERGATIS HOLDINGS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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## **SYNERGATIS HOLDINGS LIMITED**

### **DIRECTORS AND COMPANY INFORMATION**

**Directors**

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

**Company secretary**

Wilmington Trust SP Services (London) Limited

**Registered office**

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

**Auditor**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

# **SYNERGATIS HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report and the financial statements of the company for the year ended 31 December 2010. The comparative period is from incorporation on 7 April 2009 to 31 December 2009.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company during the year was to hold an investment in Synergatis Plc as part of a securitisation transaction. The principal activity of Synergatis Plc was that of a special purpose vehicle, which was established solely for the purpose of issuing loan notes and other loans in order to acquire a Small, Medium and Large Enterprises ("SMLE") Asset Portfolio from Marfin Egnatia Bank S A.

On 19 August 2009 Synergatis Plc issued €1,414,500,000 of Class A fixed rate notes due for repayment in April 2045 and €885,500,000 of Class B floating rate notes due for repayment in April 2045 (together the "Loan Notes") in accordance with the securitisation transaction prospectus dated 13 August 2009. The proceeds from the issue of the Loan Notes was used to purchase the initial SMLE Asset Portfolio from Marfin Egnatia Bank S A.

The SMLE Asset Portfolio is comprised of SMLE Bonds and SMLE Loans issued by small, medium or large corporate issuers in Greece. The SMLE Bonds and SMLE Loans have been selected from a pool of unsecured or secured, unguaranteed or guaranteed SMLE Bonds and SMLE Loans. The SMLE Bonds and SMLE Loans have been issued by the respective SMLE Bond and SMLE Loan issuers for general business purposes including, financing working capital requirements and/or acquisition of assets (including shares).

The SMLE Asset Portfolio continues to be serviced by Marfin Egnatia Bank S A (the "Servicer").

As part of the securitisation structure, Synergatis Plc entered into a subordinated loan facility with Marfin Egnatia Bank S A to provide a subordinated expenses loan facility of €2,000,000 and a subordinated reserve loan facility of €115,000,000. Both facilities were fully drawn down on the issue of the Loan Notes.

Synergatis Plc also entered into a set-off reserve loan agreement with Marfin Popular Bank Public Co Ltd acting through its London Branch, to provide a set-off reserve (reclaimable amounts) loan facility and a set-off reserve (deposits) loan facility which will be drawn on the downgrading of Marfin Popular Bank Public Co Ltd or Marfin Egnatia Bank S A or where Marfin Egnatia Bank S A defaults on certain indemnities. The size of the facilities is determined by the Servicer based on the size of the SMLE Asset Portfolio on an on-going basis. During the year €2,488,614 (2009: €nil) was drawn down under this facility.

Due to the nature of the contractual obligations and reporting underlying the terms of the securitisation transaction the directors do not believe that KPI's provide additional useful information and therefore none have been provided in this report.

#### **RESULTS AND DIVIDENDS**

The trading results for the year and the Group's financial position at the end of the period are shown in the attached financial statements. The profit on ordinary activities after taxation for the year amounted to €1,375 (2009: €16,381 profit) following an impairment provision charge against the SMLE Asset portfolio of €65,988,103 (2009: €nil). The directors have not recommended payment of a dividend.

# **SYNERGATIS HOLDINGS LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **GOING CONCERN**

The directors have considered the use of the going concern basis in the preparation of the financial statements. The Group's most significant asset is the loan to originator, which comprises loans to obligors in Greece. As discussed further below, the current economic situation in the Eurozone and Greece in particular means it is not possible to predict, with any degree of accuracy, the ultimate level of collections on these loans and therefore the company's ability to meet its obligations under the Loan Notes. As described in Note 1, a default on these obligations would give the Note Trustee the right to appoint an administrator. The originator also has the right, in certain circumstances, to reacquire the SMLE Asset Portfolio. Due to the limitations on the company's activities set out in the securitisation agreement, in such circumstances the company would then be liquidated.

Notwithstanding these items and the matters discussed in note 1 of the financial statements, the directors have a reasonable expectation that the Company and Group will have access to adequate resources to continue in business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group's financial instruments comprise a loan to Marfin Egnatia Bank S.A., cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations. The main risk arising from the Group's financial instruments are credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

##### **Credit risk**

Credit risk arises on the individual loans within the SMLE Asset Portfolio. Under EU Adopted IFRS the SMLE Asset Portfolio is classified as a "loan to originator".

To the extent that the SMLE Asset Portfolio does not provide sufficient funds to recover the Group's investment in the SMLE Asset Portfolio, the Group has no claim on the assets of Marfin Egnatia Bank S.A. The Group's maximum gross exposure to credit loss on the SMLE Asset Portfolio is therefore equal to the carrying amount of the loan to originator (subject to mitigation resulting from reduction in or elimination of any obligation to pay deferred purchase consideration to Marfin Egnatia Bank S.A.).

The effects of the global economic downturn have severely impacted on the Greek economy culminating in the downgrading of Greek sovereign debt to sub-investment status in 2010, contributing to a Euro zone financial crisis and leading to a subsequent financial rescue package. The Greek Government's plan for fiscal consolidation and structural changes contains austere but necessary measures which may impact the ability of the underlying borrowers to repay the individual loans within the SMLE Asset Portfolio.

##### **Interest Rate Risk**

The Group is subject to

- (a) the risk of the contractual interest rates on the SMLE Asset Portfolio are less than that required by the Group in order to meet its commitments under the Loan Notes and its other obligations. This risk is mitigated in respect of the inclusion of additional SMLE Assets in the SMLE Asset Portfolio and by having a further SMLE Asset Portfolio criteria which specifies that the weighted average interest rate of all the variable rate SMLE Assets in the SMLE Asset Portfolio will not be lower than a minimum rate following the inclusion of such additional SMLE Assets,
- (b) the risk of changes in market interest rates on the variable interest payable on the Class B Loan Notes,
- (c) the risk that changes to market interest rates will change the fair value of the fixed rate Class A Loan Notes.

The restrictions placed upon the Group by the securitisation agreements mean the Group is not able to take any further steps to manage these risks.

# **SYNERGATIS HOLDINGS LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

##### **Liquidity risk**

Liquidity risk arises where the funds received by the Group are insufficient to meet the debts of the Group as they fall due for payment on the relevant interest payment dates. The availability of funds is determined on set determination dates under the terms of the securitisation by the cash manager. All payments are made in accordance with a pre-defined priority of payments schedule and the Group is structured so that it is only liable to pay amounts falling due to the extent that it has received funds.

In the event of the liquidation of the Group, the assets of the Group, including the SMLE Assets, may be realised by the Group at a value agreed between the Group and the relevant purchaser of such assets. The amount realised by the Group in respect of the transfer of its assets to a purchaser in such circumstances may not be sufficient to redeem all of the Notes in full. In addition, the Group may not be able to sell its assets to a third party as there is not, at present, an active and liquid secondary market for SMLE Assets of this type in Greece.

#### **MANAGEMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The directors acknowledge that the global market conditions remain extremely challenging and uncertain. In this environment, the directors expect that the present level of activity will be sustained in the near future. The activities of the Group are strictly limited to the holding and management of the SMLE Asset Portfolio acquired from Marfin Egnatia Bank S.A.

The directors acknowledge that the macro-economic indicators and general business environment in Greece have deteriorated significantly during 2010 and this has continued in 2011. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to the underlying borrowers to whom the Group has exposure through the SMLE Asset Portfolio underlying the deemed loan to the originator. Conditions may deteriorate further due to the continued financial and economic uncertainty in Greece. The Greek Government has implemented fiscal consolidation and structural changes as agreed with the European Union and International Monetary Fund which contain austere but necessary measures. The implementation of the program to revive economic growth is critical for the rationalisation of the country's public finances, the de-escalation of its cost of borrowing, the restoration of the country's international credibility and to provide better prospects for the future.

#### **DIRECTORS**

Mr M Filer

Mr S Masson

Mrs R Samson (Resigned 4 May 2011)

Wilmington Trust SP Services (London) Limited

#### **DONATIONS**

The Group made no political or charitable donations or incurred any political expenditure during the current year of the prior period.

#### **CREDITOR PAYMENT POLICY**

The Group's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations in accordance with the priority of payments as set out in the securitisation transaction Prospectus. The Group does not follow any other code or standard on payment practice.

Due to the nature of the business, the main creditors are the noteholders. Principal and interest is repaid monthly in accordance with the agreements in place. The Group owed no amounts to trade creditors at 31 December 2010 or 31 December 2009.

# **SYNERGATIS HOLDINGS LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors confirm that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act of 2006

#### **AUDITORS**

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006. The directors will also propose at the annual general meeting that the Company enters into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2010. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements.

#### **POST BALANCE SHEET EVENTS**

On 31 March 2011 Marfin Popular Bank Public Co Limited merged with Marfin Egnatia Bank S A to take effect from 1 April 2011. As part of this merger, and after agreement of the Note Trustee, the securitisation transaction documentation was amended to replace the roles undertaken by Marfin Egnatia Bank S A with Marfin Popular Bank Public Co Limited. The Group also entered into a new subordinated loan agreement with Marfin Popular Bank Public Co Limited which was used to repay the existing outstanding principal and interest on the subordinated expenses loan and the subordinated reserve loan granted by Marfin Egnatia Bank S A as part of the original securitisation transaction.

The terms of the securitisation documentation includes a revolving period under which principal collections from the underlying SMLE Asset Portfolio can be used to acquire further SMLE Assets rather than repay the principal on the Loan Notes. This revolving period finished in February 2011 and the Loan Notes are now being amortised and repaid in accordance with the terms of the securitisation transaction.

By order of the Board



**Mark Filer**

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

Date 16 January 2012

## **SYNERGATIS HOLDINGS LIMITED**

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

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 Group and Company and of the profit or loss of the Group and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names are listed on page 1, confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group, and
- the Directors' Report contained in the financial statements includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties they face.

By order of the Board



**Mark Filer**  
**On behalf of Wilmington Trust SP Services (London) Limited**  
**Director**  
Date 16 January 2012



# **INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF SYNERGATIS HOLDINGS LIMITED**

We have audited the financial statements of Synergatis Holdings Limited for the year ended 31 December 2010 which comprise the group and parent company Statement of Comprehensive Income, the group and parent company Statement of Changes in Equity, the group and parent company Statements of Financial Position, the group and parent company 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors**

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements on page 6, 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's and the parent company's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, and
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation

## **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The loan to originator, which is 88% of the company's assets, is made up of underlying loans to Small, Medium and Large businesses in Greece. The economic situation in the Eurozone and Greece in particular means there is material uncertainty regarding the eventual level of collections from these loans and therefore the company's ability to meet its obligations to its creditors. As described in note 1 to the financial statements a default on these obligations would empower, but not require, the Note Trustee to appoint an administrator. In certain circumstances, Marfin Egnatia Bank has the right to repurchase the underlying loan portfolio. The group is not able to carry out any activities other than those set out in the securitisation prospectus and, if such a right was exercised, the group would then be liquidated.

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 about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

## **Opinion on other matters 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.

## INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF SYNERGATIS HOLDINGS LIMITED (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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Marcus Swales

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London, United Kingdom

19 January 2012

# SYNERGATIS HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

		Year 1 Jan 2010 to 31 Dec 2010 €	Period 7 April 2009 to 31 Dec 2009 €
<b>Continuing activities</b>	<b>Note</b>		
Finance income	4	70,098,640	23,193,665
Finance charges	5	(38,339,504)	(13,778,333)
Impairment charge	8	(65,988,103)	-
Deferred purchase consideration		9,322,604	(9,322,604)
<b>Net finance (expense)/income</b>		<b>(24,906,363)</b>	<b>92,728</b>
Remeasurement adjustment of amortised cost of subordinated loans	13	25,031,019	-
Operating expenses	6	(124,628)	(70,019)
<b>Operating profit and profit before tax for the year/period</b>		<b>28</b>	<b>22,709</b>
UK Corporation tax	7	(19)	(6,328)
<b>Profit for the year/period</b>	12	<b>9</b>	<b>16,381</b>
<b>Total comprehensive income for the year/period</b>		<b>9</b>	<b>16,381</b>
Profit attributable to <b>Equity holders</b>	12	<b>9</b>	<b>16,381</b>

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital	Retained earnings	Total
	€	€	€
Balance at start of period	-	-	-
Issue of shares	1	-	1
Profit for the period and total comprehensive income	-	16,381	16,381
Balance at 31 December 2009	1	16,381	16,382
Profit for the year and total comprehensive income	-	9	9
Balance at 31 December 2010	1	16,390	16,391

The notes on pages 15 to 36 form part of these financial statements

# SYNERGATIS HOLDINGS LIMITED

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2010

		Year 1 Jan 2010 to 31 Dec 2010 €	Period 7 April 2009 to 31 Dec 2009 €
<b>Continuing activities</b>	<b>Note</b>		
Finance charges	5	<u>(917)</u>	<u>(391)</u>
<b>Net finance expense</b>		<u>(917)</u>	<u>(391)</u>
Operating (expenses)/income	6	<u>(449)</u>	<u>500</u>
<b>Operating (loss)/profit and (loss)/profit before tax for the year/period</b>		<u>(1,366)</u>	<u>109</u>
UK Corporation tax	7	<u>-</u>	<u>-</u>
<b>Profit for the year/period</b>	12	<u>(1,366)</u>	<u>109</u>
<b>Total comprehensive (expense)/income for the year/period</b>		<u>(1,366)</u>	<u>109</u>
<b>(Loss)/profit attributable to:</b>			
<b>Equity holders</b>	12	<u>(1,366)</u>	<u>109</u>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital £	(Accumulated deficit)/retained earnings £	Total £
Balance at start of period	-	-	-
Issue of shares	1	-	1
Total recognised income and expense	-	109	109
Balance at 31 December 2009	1	109	110
Total recognised income and expense	-	(1,366)	(1,366)
Balance at 31 December 2010	<u>1</u>	<u>(1,257)</u>	<u>(1,256)</u>

The notes on pages 15 to 36 form part of these financial statements

# SYNERGATIS HOLDINGS LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010 €	2009 €
<b>Assets</b>			
Loan to originator	9	<u>2,136,558,829</u>	<u>2,276,459,700</u>
<b>Total non-current assets</b>		<u>2,136,558,829</u>	<u>2,276,459,700</u>
<b>Assets</b>			
Other receivables	10	17,145,561	8,555,322
Tax recoverable	7	1,547	-
Cash at bank	11	<u>267,032,049</u>	<u>155,554,127</u>
<b>Total current assets</b>		<u>284,179,157</u>	<u>164,109,449</u>
<b>Total assets</b>		<u>2,420,737,986</u>	<u>2,440,569,149</u>
<b>Equity</b>			
Issued capital	12	1	1
Retained earnings	12	<u>16,390</u>	<u>16,381</u>
<b>Total equity</b>	12	<u>16,391</u>	<u>16,382</u>
<b>Liabilities</b>			
Interest bearing loans and borrowings	13	<u>2,393,435,567</u>	<u>2,424,923,638</u>
<b>Total non-current liabilities</b>		<u>2,393,435,567</u>	<u>2,424,923,638</u>
Interest bearing loans and borrowings	13	9,304,533	3,646,188
Tax payable	7	-	6,127
Other payables	15	<u>17,981,495</u>	<u>11,976,814</u>
<b>Total current liabilities</b>		<u>27,286,028</u>	<u>15,629,129</u>
<b>Total liabilities</b>		<u>2,420,721,595</u>	<u>2,440,552,767</u>
<b>Total equity and liabilities</b>		<u>2,420,737,986</u>	<u>2,440,569,149</u>

These financial statements of Synergatis Holdings Limited, Company Registration 06871951 were approved and authorised for issue by the board of directors on 16 January 2012 and signed on its behalf by

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

The notes on pages 15 to 36 form part of these financial statements

**SYNERGATIS HOLDINGS LIMITED****PARENT COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2010**

	Note	2010 €	2009 €
<b>Assets</b>			
Investment in subsidiary	8	<u>14,577</u>	<u>14,577</u>
<b>Total non-current assets</b>		<u>14,577</u>	<u>14,577</u>
<b>Assets</b>			
Cash at bank		<u>1</u>	<u>1</u>
<b>Total current assets</b>		<u>1</u>	<u>1</u>
<b>Total assets</b>		<u>14,578</u>	<u>14,578</u>
<b>Equity</b>			
Issued capital	12	1	1
(Accumulated deficit)/retained earnings	12	<u>(1,257)</u>	<u>109</u>
<b>Total equity</b>	12	<u>(1,256)</u>	<u>110</u>
 Interest bearing loans and borrowings	13	<u>15,834</u>	<u>14,468</u>
<b>Total current liabilities</b>		<u>15,834</u>	<u>14,468</u>
<b>Total liabilities</b>		<u>15,834</u>	<u>14,468</u>
<b>Total equity and liabilities</b>		<u>14,578</u>	<u>14,578</u>

These financial statements of Synergatis Holdings Limited, Company Registration 06871951 were approved and authorised for issue by the board of directors on 16 January 2012 and signed on its behalf by



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

The notes on pages 15 to 36 form part of these financial statements

**SYNERGATIS HOLDINGS LIMITED**

**GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	Year 1 Jan 2010 to 31 Dec 2010 €	Period 7 April 2009 to 31 Dec 2009 €
<b>Cash flows from operating activities</b>			
Profit before tax for the year/period		<u>28</u>	<u>22,709</u>
<b>Operating profit before changes in working capital</b>		<u>28</u>	<u>22,709</u>
Amortisation of issue costs		413,327	156,316
Impairment provision		65,988,103	-
Remeasurement adjustment of amortised cost of subordinated loans		(25,031,019)	-
(Increase) in other receivables		(8,590,239)	(8,555,322)
Increase in other payables		<u>2,340,422</u>	<u>24,931,529</u>
<b>Net cash from operating activities</b>		<u>35,120,622</u>	<u>16,555,232</u>
<b>Tax paid</b>		<u>(7,693)</u>	<u>(201)</u>
<b>Net cash from operating activities after tax</b>		<u>35,112,929</u>	<u>16,555,031</u>
<b>Cash flows from investing activities</b>			
Funds loaned to originator		(826,771,319)	(2,442,824,754)
Funds repaid by originator		<u>900,684,087</u>	<u>166,365,054</u>
<b>Net cash from investing activities</b>		<u>73,912,768</u>	<u>(2,276,459,700)</u>
<b>Cash flows from financing activities</b>			
Issue of shares		-	1
Issue of loan notes		-	2,300,000,000
Subordinated loans received		2,488,614	117,000,000
Sterling term loan received		-	14,077
Issue costs paid		<u>(36,389)</u>	<u>(1,555,282)</u>
<b>Net cash from financing activities</b>		<u>2,452,225</u>	<u>2,415,458,796</u>
<b>Net increase in cash</b>		<u>111,477,922</u>	<u>155,554,127</u>
Cash at start of the year/period	11	<u>155,554,127</u>	<u>-</u>
Cash at end of year/period	11	<u>267,032,049</u>	<u>155,554,127</u>

All withdrawals from the bank accounts of Synergatis Plc, a subsidiary of the Group, are restricted by the detailed priority of payments set out in the Prospectus dated 13 August 2009 and as such the cash and cash equivalents are not freely available to be used for any other purposes. At 31 December 2010 these amounted to €267,032,048 (2009: €155,554,126).

The notes on pages 15 to 36 form part of these financial statements

# SYNERGATIS HOLDINGS LIMITED

## PARENT COMPANY STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Year 1 Jan 2010 to 31 Dec 2010 €	Period 7 April 2009 to 31 Dec 2009 €
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax for the year/period		<u>(1,366)</u>	<u>109</u>
<b>Operating (loss)/profit before changes in working capital</b>		<u>(1,366)</u>	<u>109</u>
Increase in other payables		<u>1,366</u>	<u>391</u>
<b>Net cash from operating activities</b>		-	<u>500</u>
<b>Tax paid</b>		-	-
<b>Net cash from operating activities after tax</b>		-	<u>500</u>
<b>Cash flows from investing activities</b>			
Investment in subsidiary		-	<u>(14,577)</u>
<b>Net cash from investing activities</b>		-	<u>(14,577)</u>
<b>Cash flows from financing activities</b>			
Issue of shares		-	<u>1</u>
Sterling term loan received		-	<u>14,077</u>
<b>Net cash from financing activities</b>		-	<u>14,078</u>
<b>Net increase in cash</b>		-	<u>1</u>
Cash at start of the year/period	11	<u>1</u>	-
Cash at end of the year/period	11	<u>1</u>	<u>1</u>

The notes on pages 15 to 36 form part of these financial statements.



**SYNERGATIS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

**1. PRINCIPAL ACCOUNTING POLICIES**

Synergatis Holdings Limited is a company incorporated in the UK

The principal accounting policies set out below have been applied for year ended 31 December 2010

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) ("Adopted IFRS") The financial statements have been prepared under the historical cost convention

In the current year, the Group 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 periods beginning on or after 1 January 2010 The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies

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

**Consolidation**

Subsidiaries are all entities over which the Group, directly or indirectly, has power to exercise control over the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated, unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

**Going concern**

The sole purpose of the Company is to act as a holding company to Synergatis Plc The principal activity of Synergatis Plc was that of a special purpose vehicle, which was established solely for the purpose of issuing loan notes and other loans in order to acquire an SMLE Asset Portfolio from Marfin Egnatia Bank S A The operations of Synergatis Plc are restricted solely to these activities in accordance with the securitisation transaction prospectus dated 13 August 2009

The ability of the Synergatis Plc to meet its obligations under the Loan Notes will be principally dependent on the receipt by it of funds from the underlying SMLE Asset Portfolio Other than this, and prior to enforcement of the underlying security, the Company will not have any other significant funds available to meet its obligations under the Loan Notes or in respect of any payment ranking in priority to, or pari passu with, the Loan Notes

Only the Note Trustee, on behalf of the Loan Note holders, is empowered to enforce the security for the Loan Notes following an event of default and to direct the Company to deal with the SMLE Asset Portfolio

**SYNERGATIS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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

**Going concern (continued)**

The following are events of default in respect of the Loan Notes

- a) *Non-payment* Synergatis Plc fails to pay any amount of principal due in respect of the Loan Notes within five days of the due date for payment of such principal or fails to pay any amount of interest due in respect of the most senior class of Loan Notes within ten days of the due date for payment of such interest, or
- b) *Breach of other obligations* Synergatis Plc defaults in the performance or observance of any of its other obligations under or in respect of the Loan Notes or the related Note Trustee trust documents and such default (a) is, in the opinion of the Note Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Note Trustee may agree after the Note Trustee has given written notice of such default to Synergatis Plc, or
- c) *Issuer Insolvency* an insolvency event occurs with respect to Synergatis Plc, or
- d) *Unlawfulness* it is or will become unlawful for Synergatis Plc to perform or comply with any of its obligations under or in respect of the Loan Notes or the Note Trustee trust documents

If at any time following the occurrence of either

- a) the final legal maturity, or any earlier date upon which all of the Loan Notes become payable, or
- b) an enforcement notice has been served,

the proceeds from the realisation of the assets of Synergatis Plc are insufficient to pay the amounts outstanding in accordance with the payments priorities, then the amount remaining to be paid on the Loan Notes and all secured creditors cease to be due and payable by the Synergatis Plc

The current economic conditions in Greece, including the new austerity measures to be implemented to stabilise public finances and to reform the economy together with the recently announced measures to cover the sovereign financing gap, could result in significant disruption in the Greek economy which may materially impact the underlying borrowers' ability to meet their obligations due to Synergatis Plc. As SMLE Asset Portfolio underlying the loan to originator is Synergatis Plc's only significant asset, Synergatis Plc's ability to meet its obligations under the Loan Notes payable is dependent upon the receipt of principal and interest from the borrowers

As discussed above, the economic outlook remains unstable and as such there remains uncertainty as to the amount that may eventually be collected on the underlying SMLE Asset Portfolio and the resulting action that the Note Trustee may decide upon should it be necessary for it to act to protect the rights of the Noteholders under the terms of the securitisation transaction

As discussed in note 8, under the terms of the securitisation transaction, Synergatis Plc has entered into a number of call options with Marfin Egnatia Bank S A which will allow it to reacquire the SMLE Asset Portfolio. These include a seller's call option which will allow Marfin Egnatia Bank S A to purchase the whole of the outstanding SMLE Asset Portfolio where the aggregate principal outstanding balance of the SMLE Asset Portfolio is less than 10 per cent of the aggregate principal outstanding balance of the SMLE Assets in the initial SMLE Asset Portfolio acquired on 19 August 2009

The financial statements have been prepared on a going concern basis because, in the opinion of the directors and after taking into account the above factors, it remains the intention of management and the originator to continue to operate the company and the directors expect to fulfil the company's obligation under the Loan Notes

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)

The standards, amendments and interpretations set out below are not effective and have not been adopted by the Group for the year ended 31 December 2010. They are not expected to have a significant impact on the Group's financial statements

		Effective for annual periods beginning on or after
IAS 32 (Amendment)	Classification of Rights Issues	1 February 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
IAS 24 (Revised 2009)	Related Party Disclosures	1 January 2011
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRS 7	Disclosures – Transfers of Financial Assets	1 July 2011
IAS 12	Deferred Tax Recovery of Underlying Assets	1 January 2012
IFRS 9	Financial Instruments part 1 Classification and Measurement	1 January 2013

##### Interest receivable and interest payable

Interest receivable and interest payable is accounted for on an effective interest basis

##### Income tax

The Group falls within The Taxation of Securitisation Companies Regulations 2006 (the "permanent tax regime") under which the Group is taxed by reference to its contractual retained earnings

##### 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 of the Company have concluded that Marfin Egnatia Bank S A, has retained substantially all the risks and rewards of the SMLE Asset Portfolio and as a consequence, the Company does not recognise the SMLE Asset Portfolio on its Statement of Financial Position but rather a deemed loan to the originator as it meets the definition of loans and receivables under IAS 39

Under the terms of the securitisation, Synergatis Plc retains £5,000 for each Interest Payment Date falling due on or before December 2009 and £100 for each Interest Payment Date thereafter. Profits in excess of these amounts accrue to Marfin Egnatia Bank S A, the originator of the underlying mortgages. Accordingly a creditor ("deferred purchase consideration") for amounts payable to Marfin Egnatia Bank S A. for this residual interest may be recognised at the period end. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised

##### Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired

If there is objective evidence of an impairment of the loan to originator by reference to the performance of the underlying SMLE Asset Portfolio, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows of the SMLE Asset Portfolio (excluding future credit losses that have not been incurred). The methodology is further discussed in Note 2 below. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income

# **SYNERGATIS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

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

##### **Interest bearing borrowings**

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

##### **Derecognition of financial assets and liabilities**

The Group's policy is to derecognise financial assets when the contractual right to the cash flows from the financial asset expires. The Group also derecognises financial assets that it transfers to another party provided the transfer of asset also transfers the right to receive the cashflow of the financial asset and substantially all the risks and rewards of ownership.

The Group derecognises financial liabilities only when the obligation specified in the contract is discharged, cancelled or expired.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euros at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit. At 31 December 2010 the applicable Euro/Pound Sterling exchange rate was €1.16 to £1.

##### **Deferred purchase consideration**

Deferred purchase consideration as recorded in the statement of comprehensive income represents the excess of interest receivable for the period over contractual costs and provisions for impairment recognised in the period on the loan to originator. The Group is obliged to pay such deferred purchase consideration to the originator in accordance with the priority of payments set out in the securitisation transaction. Amounts expected to be paid to Marfin Egnatia Bank S.A., the originator of the SMLE Asset Portfolio, in respect of deferred purchase consideration are reassessed at each reporting date as an amortised cost liability. Any movement is recognised in the Statement of Comprehensive Income.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances held at the Group's bank account and cash in hand. All withdrawals from the bank accounts of Synergatis Plc, a subsidiary of the Group, are restricted by the detailed priority of payments set out in the Prospectus dated 13 August 2009 and as such the cash and cash equivalents are not freely available to be used for any other purposes. At 31 December 2010 these amounted to €267,032,048 (2009: €155,554,126).

##### **Measurement of financial liabilities**

When the Group revises its estimates of future cash flows of liabilities carried at amortised cost it adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash flows. The carrying value is calculated as the present value of estimated future cash flows discounted by the liability's original effective interest rate. The adjustment is recognised in the Statement of Comprehensive Income as income or expense.

# **SYNERGATIS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **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 loan to originator**

The recoverability of the loan to originator is dependent on the collections from underlying SMLE Asset Portfolio. The SMLE Assets are considered impaired when it is probable that Synergatis Plc will be unable to collect all amounts due according to the contractual terms of the agreements.

Provisions are calculated on loans with objective evidence of impairment. The loans are either individually or collectively assessed for impairment. In the first case, the present value of the estimated future cash flows from collateral or receivables is estimated. The provision amount is calculated as the difference between the loan's carrying amount and the present value of the estimated future cash flows. In the latter case, the loans are grouped on the basis of similar credit risk characteristics and provisions are estimated based on statistical parameters.

The key assumptions for recoverability relate to estimates of the probability of an obligor going into default, cash flows, 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. 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.

In the context of continued market turmoil, worsening macro-economic conditions in Greece and increasing unemployment, coupled with declining consumer spending and business investment, the value of assets collateralizing the secured loans, could decline significantly. This adverse environment could cause an increase in the level of non-performing loans, which in combination with the decline in asset values could result in further impairment of the value of the loan assets.

##### **Fair value of loan to originator**

In the current economic environment it is not possible to reliably estimate the fair value of the loan to originator or the Loan Notes.

##### **Carrying value of subordinated loans and Deferred Purchase Consideration**

For the purposes of these financial statements the carrying value has been adjusted in line with the incurred losses on the SMLE Asset Portfolio. Future cashflows for the repayment of subordinated loans and payment of deferred purchase consideration are highly sensitive to the impact of any future credit losses on the SMLE Asset Portfolio.

The obligation under the subordinated liabilities will only be finally determined when the SMLE Asset Portfolio repays. There are a number of uncertainties affecting the repayment value as described in these financial statements. The current best estimate of the carrying value of the subordinated liabilities has been calculated with regard to the impairment provision on the SMLE Asset Portfolio as the most reliable basis of estimation.

#### **3. SEGMENTAL REPORTING**

The directors consider that there is only one primary segment. The principal asset of the Group is the SMLE Asset Portfolio originated in Greece which is funded by the Loan Notes issued in the United Kingdom. The directors do not consider it necessary to provide a further analysis of the results of the Group from those already disclosed in these financial statements and internal reporting is undertaken on a similar basis. Marfin Egnatia Bank S.A. is considered to be the largest customer of the Company.

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 4. FINANCE INCOME

Finance income represents the interest receivable and other associated income on the mortgage advances in Greece together with interest on bank deposits

	Group Year 1 Jan 2010 to 31 Dec 2010 €	Group Period 7 April 2009 to 31 Dec 2009 €
Interest from loan to originator	69,213,945	23,012,630
Bank interest receivable	<u>884,695</u>	<u>181,035</u>
	<u>70,098,640</u>	<u>23,193,665</u>

The analysis of finance income by geographic location is as follows

	Group Year 1 Jan 2010 to 31 Dec 2010 €	Group Period 7 April 2009 to 31 Dec 2009 €
Greece	69,213,945	23,012,630
United Kingdom	<u>884,695</u>	<u>181,035</u>
	<u>70,098,640</u>	<u>23,193,665</u>

#### 5. FINANCE CHARGES

	Group Year 1 Dec 2010 to 31 Dec 2010 €	Group Period 7 April 2009 to 31 Dec 2009 €	Company Year 1 Dec 2010 to 31 Dec 2010 €	Company Period 7 April 2009 to 31 Dec 2009 €
Interest on Notes	37,251,605	13,424,648	-	-
Interest on expenses fund loan	11,305	3,367	-	-
Interest on reserve fund loan	650,021	193,611	-	-
Interest on set-off reserve loan	12,329	-	-	-
Interest on term loan	917	391	917	391
Amortisation of issue costs	<u>413,327</u>	<u>156,316</u>	<u>-</u>	<u>-</u>
	<u>38,339,504</u>	<u>13,778,333</u>	<u>917</u>	<u>391</u>

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 6. OPERATING EXPENSES/(INCOME)

	Year 1 Dec 2010 to 31 Dec 2010	Period 7 April 2009 to 31 Dec 2009
The profit before taxation is stated after charging/(crediting)	€	€
<b>Group:</b>		
Corporate management fees	15,190	5,529
Servicing fees	2,756	860
Fees payable to the Group's auditors for the audit of the Group's annual accounts	66,000	35,250
Fees payable to the Group's auditors for other services		
- Tax services	6,585	6,615
Accountancy fees	17,650	9,200
Cash management fees		
Trustee fees	4,500	1,664
Principal paying agent and common depositary fees	1,500	555
Cash manager fees	7,500	2,751
Syndication loan fee	-	5,250
Bank charges	3,240	1,170
Couriers and other expenses	-	954
Exchange (gains)/losses recognised	(293)	221
	<u>124,628</u>	<u>70,019</u>
	€	€
<b>Company:</b>		
Exchange losses/(gains) recognised	449	(500)
	<u>449</u>	<u>(500)</u>

Apart from the directors, the Group has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in Note 16, the directors received no remuneration during the current year or the prior period

All operating expenses include irrecoverable VAT

The directors propose that the Company enters into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2010. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval at the next Annual General Meeting of the Company.

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 7 UK CORPORATION TAX

##### (a) Analysis of charge in the period

	Group Year 1 Dec 2010 to 31 Dec 2010 €	Group Period 7 April 2009 to 31 Dec 2009 €	Company Year 1 Jan 2010 to 31 Dec 2010 €	Company Period 7 April 2009 to 31 Dec 2009 €
<b>Current tax:</b>				
Corporation tax charge for the year/period	<u>19</u>	<u>6,328</u>	<u>-</u>	<u>-</u>

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

The tax assessed on the profit on ordinary activities for the year/period is the lower than (2009 lower than) the standard rate of corporation tax in the UK of 28% (2009 28%)

	Group Year 1 Dec 2010 to 31 Dec 2010 €	Group Period 7 April 2009 to 31 Dec 2009 €	Company Year 1 Jan 2010 to 31 Dec 2010 €	Company Period 7 April 2009 to 31 Dec 2009 €
Profit/(loss) before tax	<u>28</u>	<u>22,709</u>	<u>(1,366)</u>	<u>109</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	8	6,358	382	30
Adjustments for not taxable items	-	(30)	-	(30)
Unutilised losses carried forward	382	-	(382)	-
Over provision for prior period	<u>(371)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total UK Corporation tax charge in income statement	<u>19</u>	<u>6,328</u>	<u>-</u>	<u>-</u>

##### (d) Tax payable

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
UK Corporation tax	390	6,328	-	-
Withholding tax recoverable	<u>(1,937)</u>	<u>(201)</u>	<u>-</u>	<u>-</u>
Tax (recoverable)/payable	<u>(1,547)</u>	<u>6,127</u>	<u>-</u>	<u>-</u>



# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 8. INVESTMENT IN SUBSIDIARY

	Company 2010 €	Company 2009 €
At start of period	14,577	-
Additions	-	14,577
Net book value at 31 December	<u>14,577</u>	<u>14,577</u>

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows

Name of company	Country of incorporation	Details of investments and proportion held by country	Nature of business
Synergatis Plc	England and Wales	99.99% of ordinary shares	Special purpose entity which was established for the purpose of facilitating the securitisation of a portfolio of SMLE assets originated by Marfin Egnatia Bank S A through the issue of loan notes

#### 9. LOAN TO ORIGINATOR

	Group 2010 €	Group 2009 €
At start of the year/period	2,276,459,700	-
Initial SMLE Asset Portfolio acquired	-	2,261,195,770
Additional SMLE Assets acquired	826,771,319	181,628,984
Repayments	<u>(900,684,087)</u>	<u>(166,365,054)</u>
At 31 December	<u>2,202,546,932</u>	<u>2,276,459,700</u>
Impairment provision at start of the year/period	-	-
Charge for the year/period	<u>(65,988,103)</u>	-
At 31 December	<u>(65,988,103)</u>	-
Net book value at 31 December	<u>2,136,558,829</u>	<u>2,276,459,700</u>

The SMLE Asset Portfolio, acquired from Marfin Egnatia Bank S A is accounted for as a loan to originator in accordance with IAS 39

The SMLE Asset Portfolio is comprised of SMLE Bonds and SMLE Loans issued by small, medium or large corporate issuers in Greece. The SMLE Bonds and SMLE Loans have been selected from a pool of unsecured or secured, unguaranteed or guaranteed SMLE Bonds and SMLE Loans. The SMLE Bonds and SMLE Loans have been issued by the respective SMLE Bond and SMLE Loan issuers for general business purposes including, financing working capital requirements and/or acquisition of assets (including shares).

The SMLE Asset Portfolio comprises of both fixed rate and floating rate assets and are due for repayment at various times before April 2045.

The terms of the securitisation documentation includes a revolving period which commenced on 19 August 2009 and extended to the earlier of 10 February 2011 or the date on which an amortisation event occurs. Amortisation events are set out in the securitisation documentation and include, amongst others, the downgrading of the Servicer below a certain level, the default ratio on the SMLE asset portfolio exceeding 4% and the aggregate principal arrears of assets which are 90 days overdue exceeding 5% of the SMLE asset portfolio. During the revolving period any principal collections received from the SMLE asset portfolio were used by Synergatis Plc to acquire additional SMLE assets from Marfin Egnatia Bank S A provided the conditions set under the securitisation documentation were met. The Amortisation Period began on 10 February 2011.

## **SYNERGATIS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2010**

##### **9. LOAN TO ORIGINATOR (continued)**

Under certain circumstances Marfin Egnatia Bank S A may also exercise various options granted to it and re-purchase assets within the SMLE Asset Portfolio in accordance with the securitisation documentation. These include the re-purchase of delinquent assets which are 90 days overdue (the "Seller Delinquent Call Option"), changes in tax law (the "Seller Change in Tax Law Call Option") and changes in currency (the "Seller Currency Affected Call Option"). Under the terms of these options, Marfin Egnatia Bank S A is able to substitute suitable alternative SMLE assets instead of paying in cash during the revolving period. These options remain in place for the term of the securitisation transaction. The options are assessed as closely related to the host contract to which they relate and are therefore not separately accounted for as embedded derivatives. No value is attributed to these options.

Marfin Egnatia Bank S A may also exercise a Seller Call Option granted by the Synergatis Plc to purchase the whole of the outstanding SMLE Asset Portfolio where the aggregate principal outstanding balance of the SMLE Asset Portfolio is less than 10 per cent of the aggregate principal outstanding balance of the SMLE Assets in the initial SMLE Asset Portfolio acquired on 19 August 2009. The purchase price to be agreed at that time would be sufficient to allow Synergatis Plc to fully discharge all of its liabilities in respect of the Loan Notes. This option is assessed as closely related to the host contract to which it relates and is therefore not separately accounted for as embedded derivatives. No value is attributed to this option.

Synergatis Plc has the benefit of certain warranties from Marfin Egnatia Bank S A relating to the SMLE Asset Portfolio and the related security on the date that they are transferred to the Company including legal title, events of default, litigation, disputes and consumer protection amongst others. As set out in Note 14, in the event of a breach of these warranties Synergatis Plc will be entitled to require that the SMLE asset and its related security is repurchased by Marfin Egnatia Bank S A. These warranties remain in place for the term of the securitisation.

##### **10. OTHER RECEIVABLES**

	<b>Group 2010 €</b>	<b>Group 2009 €</b>
Interest accrued on SMLE Asset Portfolio	<b>17,079,746</b>	8,503,890
Interest accrued on bank deposits	<b>60,144</b>	27,292
Prepayments and accrued income	<b>5,671</b>	24,140
	<b><u>17,145,561</u></b>	<b><u>8,555,322</u></b>

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 11. CASH AT BANK

	Group 2010	Group 2009	Company 2010	Company 2009
	€	€	€	€
Collection bank accounts	110,320,769	30,637,306	-	-
Transaction bank accounts	623,558	564,588	-	-
Set-off reserve bank account	2,488,706	-	-	-
Reserve loan bank account	153,584,491	124,338,155	-	-
Share capital account for subsidiary	14,524	14,077	-	-
Share capital account	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<b>267,032,049</b>	<b>155,554,127</b>	<b>1</b>	<b>1</b>

All withdrawals from the bank accounts of Synergatis Plc, a subsidiary of the Group, are restricted by the detailed priority of payments set out in the Prospectus dated 13 August 2009 and as such the cash and cash equivalents are not freely available to be used for any other purposes. At 31 December 2010 these amounted to €267,032,048 (2009: €155,554,126).

The set-off reserve bank account holds all amounts drawn under the set-off reserve (deposits) loan facility and the set-off reserve (reclaimable amounts) loan facility. The terms of the securitisation transaction allows for the set-off reserve (deposits) loan facility and the set-off reserve (reclaimable amounts) loan facility to be repaid without regard for the priority of payments where the facility providers have been re-credit rated to meet the required credit rating following a previous credit downgrade where the facility provider was required to fund the facility due to falling below the required credit rating.

#### 12. TOTAL EQUITY

##### Reconciliation of movement in capital and reserves

Group	Share capital	Retained earnings	Total
	€	€	€
Balance at start of period	-	-	-
Issue of shares	1	-	1
Total recognised income and expense	-	16,381	16,381
Balance at 31 December 2009	1	16,381	16,382
Total recognised income and expense	-	9	9
Balance at 31 December 2010	<u>1</u>	<u>16,390</u>	<u>16,391</u>

Company	Share capital	(Accumulated deficit)/retained earnings	Total
	£	£	£
Balance at start of period	-	-	-
Issue of shares	1	-	1
Total recognised income and expense	-	109	109
Balance at 31 December 2009	1	109	110
Total recognised income and expense	-	(1,366)	(1,366)
Balance at 31 December 2010	<u>1</u>	<u>(1,257)</u>	<u>(1,256)</u>

There are 100 authorised ordinary shares of £1 each. The issued share capital consists of 1 fully paid ordinary share. 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.

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 13. INTEREST BEARING LOANS AND BORROWINGS

	Group 2010 €	Group 2009 €
<b>Non-current liabilities</b>		
Loan Notes (note a)	2,298,977,972	2,298,601,034
Subordinated expense loan	2,000,000	2,000,000
Subordinated reserve loan	115,000,000	115,000,000
Subordinated set-off reserve loan	2,488,614	-
Deferred purchase payment	-	9,322,604
	<u>2,418,466,586</u>	<u>2,424,923,638</u>
Less: remeasurement adjustment to amortised cost	<u>(25,031,019)</u>	<u>-</u>
	<u>2,393,435,567</u>	<u>2,424,923,638</u>
<b>Current liabilities</b>		
Sterling term loan	14,524	14,077
Interest payable on loan notes	8,418,065	3,434,742
Interest payable on subordinated loans	870,634	196,978
Interest on sterling term loan	1,310	391
	<u>9,304,533</u>	<u>3,646,188</u>
Total	<u>2,402,740,100</u>	<u>2,428,569,826</u>
	Company 2010 €	Company 2009 €
<b>Current liabilities</b>		
Sterling term loan	14,524	14,077
Interest on sterling term loan	1,310	391
	<u>15,834</u>	<u>14,468</u>

a) The Loan Notes are comprised of

	Group 2010 €	Group 2009 €
<b>Non-current liabilities</b>		
Class A Loan Notes	1,414,500,000	1,414,500,000
Class B Loan Notes	885,500,000	885,500,000
Unamortised issue costs	<u>(1,022,028)</u>	<u>(1,398,966)</u>
	<u>2,298,977,972</u>	<u>2,298,601,034</u>

The repayment of the Loan Notes is dependent on the receipt in full of the payments from the securities purchased and have therefore been classified as falling due after more than one year. The floating rate notes fall due for repayment in full in April 2045 and comprised, at issue, of €1,414,500,000 Class A Loan Notes and €885,500,000 Class B Loan Notes. The Class A Loan Notes bear interest at a fixed rate of 2.25 per cent per annum. The Class B Loan Notes bear interest at one month EURIBOR except for the first Interest Period when the applicable EURIBOR will be the interpolated rate for 1 month and 2 month euro deposits. Interest on the Loan Notes is payable by reference to successive interest periods. Interest on the loan notes is payable in arrears on the 10<sup>th</sup> working day of each month (subject to adjustment for non-business days) being the Interest Payment Date. The first Interest Payment Date was 10<sup>th</sup> September 2009.

The Loan Notes are secured by means of a fixed and floating charge over the assets of Synergatis Plc.

## **SYNERGATIS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2010**

##### **13. INTEREST BEARING LOANS AND BORROWINGS (continued)**

###### **Deferral of Interest on Class B Loan Notes**

The holders of the Class B Notes will only be entitled to receive payments of interest on the Class B Loan Notes on any Interest Payment Date to the extent that Synergatis Plc has funds available for such purpose (and any other items ranking *pari passu* therewith) after making payment on such Interest Payment Date of any liabilities due for payment and ranking in priority to the Class B Loan Notes. Any interest due on any Class B Loan Notes not paid on an Interest Payment Date will be deferred and itself accrue interest (at the interest rate then applicable to the Class B Loan Notes) and, together with such accrued interest, will be paid to such holders of the Class B Loan Notes on subsequent Interest Payment Dates to the extent that the Company has funds available for such purpose (and any other items ranking *pari passu* therewith), after paying in full on such Interest Payment Date all payments ranking in priority thereto. It will not be an Event of Default under the Notes to the extent that interest on the Class B Loan Notes is not paid on the Interest Payment Date that it would otherwise have fallen due and is deferred in accordance with the conditions for the Loan Notes.

###### **Mandatory part redemption of the Loan Notes**

Under the terms of the Loan Note issuance, the Loan Notes enter into an amortisation period on 10<sup>th</sup> February 2011, or at an earlier date if certain events occur, including the insolvency or downgrade of Marfin Egnatia Bank S A. During the amortisation period, the Class A Loan Notes and the Class B Loan Notes may be redeemed to the extent that Synergatis Plc has funds available for such purpose (and any other items ranking *pari passu* therewith) after making payment of any prior ranking liabilities. The mandatory part redemption of the Loan Notes has been assessed as being closely related to the host contract to which it relates and has therefore not been separately accounted for as embedded derivatives. The Loan Notes entered the amortisation period on 10 February 2011.

###### **Mandatory full redemption of the Loan Notes**

Marfin Egnatia Bank S A has been granted a Seller Call option under which, on giving notice, it may purchase the SMLE Asset Portfolio and Synergatis Plc will be required to redeem in full (but not in part) the outstanding Loan Notes on the next Interest Payment Date. This is subject to a number of conditions including that the outstanding principal balance outstanding on the SMLE Asset Portfolio is less than 10% of the value of the SMLE portfolio on acquisition by Synergatis Plc. The mandatory full redemption of the Loan Notes has been assessed as being closely related to the host contract to which it relates and has therefore not been separately accounted for as embedded derivatives.

###### **Optional full redemption of the Loan Notes**

Synergatis Plc may redeem all (but not some only) of the Loan Notes on any Interest Payment Date where certain tax events occur, including the need to make a tax deduction from any Note payment or where the tax charge for a period materially exceeds the profits for the period. The optional full redemption of the Loan Notes has been assessed as being closely related to the host contract to which it relates and has therefore not been separately accounted for as embedded derivatives.

###### **Subordinated reserve loan**

Marfin Egnatia Bank S A granted Synergatis Plc a subordinated reserve loan of €115,000,000 to provide credit enhancement to the Class A Notes. The funds received from the subordinated reserve loan have been placed into a reserve fund bank account. The subordinated reserve loan bears interest at 1 month EURIBOR. Interest on the subordinated reserve loan will be paid, and principal repaid, by Synergatis Plc on each Interest Payment Date from the available funds in accordance with the relevant payments priorities. All amounts outstanding under the subordinated reserve loan will be due and payable in April 2045 or on such earlier date as the Loan Notes are repaid in full.

## **SYNERGATIS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **13. INTEREST BEARING LOANS AND BORROWINGS (continued)**

##### **Subordinated expense loan**

Marfin Egnatia Bank S A granted Synergatis Plc a subordinated expenses loan of €2,000,000 to pay the costs and expenses incurred in issuing the Loan Notes. The subordinated expenses loan bears interest at 1 month EURIBOR. Interest on the subordinated expenses loan will be paid, and principal repaid, by Synergatis Plc on each Interest Payment Date from the available funds in accordance with the relevant payments priorities. All amounts outstanding under the subordinated expenses loan will be due and payable in April 2045 or on such earlier date as the Loan Notes are repaid in full.

##### **Subordinated set-off reserve loan**

Synergatis Plc entered into a set-off reserve loan agreement with Marfin Popular Bank Public Co Ltd acting through its London Branch, to provide a set-off reserve (reclaimable amounts) loan facility and a set-off reserve (deposits) loan facility which will be drawn on the downgrading of Marfin Popular Bank Public Co Ltd or Marfin Egnatia Bank S A or where Marfin Egnatia Bank S A defaults on certain indemnities. The size of the facilities is determined by the Servicer based on the size of the SMLE Asset Portfolio on an on-going basis. All amounts outstanding under the subordinated expenses loan will be due and payable in April 2045 or on such earlier date as the Loan Notes are repaid in full. During 2010 €2,488,614 was drawn down under this facility (2009: €nil).

##### **Sterling term loan**

The sterling term loan is a non-recourse term loan facility for £12,501 which is only repayable to the extent that the Company receives dividends from its subsidiary, Synergatis Plc. The term loan bears interest at a fixed rate of 6% p a. Interest and principal are payable annually on 1 July to the extent that the Company has sufficient funds. The loan was not repaid on the first repayment date in July 2010 and the amounts were rolled over until the next repayment date. Interest is charged on any unpaid interest at a rate of 8% p a which is compounded quarterly. The term loan is repayable in full by the date that the Loan Notes issued by Synergatis Plc have been repaid. The latest date that the term loan can be repaid is 10 April 2045.

##### **Re-measurement adjustment to amortised cost liabilities**

The repayment of the subordinated loans and the Loan Notes is dependent on principal collections on the underlying SMLE Asset Portfolio. The estimated cash flows on the SMLE Asset Portfolio are assessed at each period end to measure the amortised cost carrying value of the subordinated liabilities as required by paragraph 8 of the Application Guidance to International Accounting Standard 39. If a shortfall in the cash flows is identified, an adjustment is credited to the profit and loss account to reduce the carrying value of the subordinated liabilities.

The obligation under the subordinated liabilities will only be finally determined when the SMLE Asset Portfolio repays. There are a number of uncertainties affecting the repayment value as described in these financial statements. The current best estimate of the carrying value of the subordinated liabilities has been calculated with regard to the impairment provision on the SMLE Asset Portfolio as the most reliable basis of estimation.

#### **14. FINANCIAL RISK MANAGEMENT**

The Group's financial instruments comprise a loan to Marfin Egnatia Bank S A, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations. The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

##### **Credit risk**

Credit risk is the risk of financial loss relating to the failure of a borrower to honour his contractual obligations. Credit risk management focuses on ensuring a disciplined risk culture, risk transparency and rational risk taking, based on international common practices.

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### Credit risk (continued)

The credit risk management function, which is undertaken by Marfin Egnatia Bank S A , covers a wide range of activities, which commence at the stage of the credit origination, continue at the stage of credit underwriting, ending up at the workout and collection stage. Key elements of the credit risk management framework include

- Credit Policy and Procedures
- Rating Systems and Models
- Credit Risk Limits
- Stress Testing
- Provisioning
- Active Problem Loan Management
- Management and Regulatory Credit Risk Reporting

Credit risk management methodologies and procedures are reviewed and modified on a frequent basis to reflect the changing economic and business conditions. Credit risk arises on the individual loans within the SMLE Asset Portfolio. Under IFRS the SMLE Asset Portfolio is classified as a "loan to originator".

To the extent that the SMLE Asset Portfolio does not provide sufficient funds to recover Synergatis Plc's investment in the SMLE Asset Portfolio, Synergatis Plc's has no claim on the assets of Marfin Egnatia Bank S A. The Group's maximum gross exposure to credit loss is therefore equal to the carrying amount of the loan to originator (subject to mitigation resulting from reduction in or elimination of any obligation to pay deferred purchase consideration to Marfin Egnatia Bank S A ).

At 31 December 2010 the collateral held against the individually impaired loans consisted mainly of pre-notations on property, checks, shares and cash. The estimated fair value of collateral held against individually impaired loans was €21,903,512.

The credit quality of the underlying SMLE Asset Portfolio is summarised as follows:

	31 December 2010	31 December 2009
	€	€
Neither past due nor impaired	1,641,522,089	2,045,535,484
Past due but not individually impaired	489,178,684	230,924,216
Individually impaired	71,846,159	-
	<u>2,202,546,932</u>	<u>2,276,459,700</u>
Less impairment	<u>(65,988,103)</u>	<u>-</u>
	<u>2,136,558,829</u>	<u>2,276,459,700</u>

At 31 December 2010 around 51% (31 December 2009: 54%) by value of the SMLE Asset Portfolio was concentrated in the financial and insurance sector, other service activities sector and the wholesale and retail trade relating to the repair of motor vehicles and motorcycles sector as classified by Marfin Egnatia Bank S A.

The ageing of the SMLE assets which are past due but not impaired is as follows:

	31 December 2010	31 December 2009
	€	€
Up to 30 days	308,524,717	130,468,834
30 to 60 days	122,162,201	32,529,427
60 to 90 days	54,871,094	42,933,897
Over 90 days	3,620,672	24,992,058
	<u>489,178,684</u>	<u>230,924,216</u>

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### Credit risk (continued)

The ageing of the SMLE assets which have been individually assessed for impairment are as follows

	31 December 2010 €	31 December 2009 €
30 to 60 days	228,253	-
60 to 90 days	27,208,300	-
Over 90 days	<u>44,409,606</u>	-
	<u>71,846,159</u>	-

The carrying amount of loans that would otherwise be past due or impaired whose terms have been renegotiated during the year amounted to €68,859,000 as at 31 December 2010

Synergatis Plc has the benefit of certain warranties from Marfin Egnatia Bank S A relating to the SMLE Asset Portfolio and the related security on the date that they are transferred to Synergatis Plc including legal title, events of default, litigation, disputes and consumer protection amongst others. In the event of a breach of the warranties Synergatis Plc will be entitled to require that the SMLE asset and its related security is repurchased by Marfin Egnatia Bank S A. These warranties remain in place for the term of the securitisation. During the year €1,328,328,321 of additional SMLE assets were acquired by Synergatis Plc. Out of these, €826,771,319 were acquired to top-up the existing SMLE Asset Portfolio due to principal loan receipts, and €501,557,002 were acquired to substitute against approximately the same amount of loans removed due to the exercise of the seller call options held.

The effects of the global economic downturn has severely impacted on the Greek economy culminating in the downgrading of Greek sovereign debt to below investment grade status in 2010, leading to a Euro zone financial crisis and subsequent financial rescue package. The Greek Government's plan for fiscal consolidation and structural changes contains austere but necessary measures which may impact the ability of the underlying borrowers to repay the individual loans within the SMLE Asset Portfolio.

##### Interest rate risk

The Group is subject to

- (a) the risk of the contractual interest rates on the SMLE Asset Portfolio being less than that required by Synergatis Plc in order to meet its commitments under the Loan Notes and its other obligations. The risk is to the extent that additional SMLE Assets in the SMLE Asset Portfolio can be included in the portfolio in the first 18 months of Synergatis Plc's life and by having a further SMLE Asset Portfolio criteria which specifies that the weighted average interest rate of all the variable rate SMLE Assets in the SMLE Asset Portfolio will not be lower than a minimum rate following the inclusion of such additional SMLE Assets, and
- (b) the risk of changes in market interest rates on the variable interest payable on the Class B Loan Notes
- (c) the risk that changes to market interest rates will change the fair value of the fixed rate Class A Loan Notes

The restrictions placed upon the entity by the securitisation agreements mean the Group is not able to take any further steps to manage these risks.



# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### Interest rate re-pricing analysis

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

Group	Total €	Fixed Rate €	Within 1 month €	1 to 3 months €	3 to 12 months €	> 12 months €	Non interest bearing €
<b>2010</b>							
<b>Assets</b>							
Loan to originator	2,202,546,932	-	931,038,164	962,780,875	273,745,051	34,982,842	-
Other receivables	17,139,890	-	-	-	-	-	17,139,890
Cash at bank	267,032,049	-	267,032,049	-	-	-	-
<b>Total assets</b>	<b>2,486,718,871</b>		<b>1,198,070,213</b>	<b>962,780,875</b>	<b>273,745,051</b>	<b>34,982,842</b>	<b>17,139,890</b>
<b>Liabilities</b>							
Loan Notes	2,300,000,000	1,414,500,000	885,500,000	-	-	-	-
Subordinated loans	119,488,614	-	119,488,614	-	-	-	-
Sterling term loan	14,524	14,524	-	-	-	-	-
Interest payable	9,290,009	-	-	-	-	-	9,290,009
Other payables	17,884,001	-	-	-	-	-	17,884,001
<b>Total liabilities</b>	<b>2,446,677,148</b>	<b>1,414,514,524</b>	<b>1,004,988,614</b>				<b>27,174,010</b>
<b>Group</b>	<b>Total €</b>	<b>Fixed Rate €</b>	<b>Within 1 month €</b>	<b>1 to 3 months €</b>	<b>3 to 12 months €</b>	<b>&gt; 12 months €</b>	<b>Non interest bearing €</b>
<b>2009</b>							
<b>Assets</b>							
Loan to originator	2,276,459,700	-	1,085,999,039	917,977,008	226,866,637	45,617,016	-
Other receivables	8,531,182	-	-	-	-	-	8,531,182
Cash at bank	155,554,127	-	155,554,127	-	-	-	-
<b>Total assets</b>	<b>2,440,545,009</b>		<b>1,241,553,166</b>	<b>917,977,008</b>	<b>226,866,637</b>	<b>45,617,016</b>	<b>8,531,182</b>
<b>Liabilities</b>							
Loan Notes	2,298,601,034	1,414,500,000	885,500,000	-	-	-	(1,398,966)
Subordinated loans	117,000,000	-	117,000,000	-	-	-	-
Sterling term loan	14,077	14,077	-	-	-	-	-
Deferred purchase payment	9,322,604	-	-	-	-	-	9,322,604
Interest payable	3,632,111	-	-	-	-	-	3,632,111
Other payables	11,934,808	-	-	-	-	-	11,934,808
<b>Total liabilities</b>	<b>2,440,504,634</b>	<b>1,414,514,077</b>	<b>1,002,500,000</b>				<b>23,490,557</b>
<b>Company</b>	<b>Total €</b>	<b>Fixed Rate €</b>	<b>Within 1 month €</b>	<b>1 to 3 months €</b>	<b>3 to 12 months €</b>	<b>&gt; 12 months €</b>	<b>Non interest bearing €</b>
<b>2010</b>							
<b>Assets</b>							
Investment in subsidiary	14,577	-	-	-	-	-	14,577
Cash at bank	1	-	1	-	-	-	-
<b>Total assets</b>	<b>14,578</b>		<b>1</b>				<b>14,578</b>
<b>Liabilities</b>							
Sterling term loan	14,524	14,524	-	-	-	-	-
Interest payable	1,310	-	-	-	-	-	1,310
<b>Total liabilities</b>	<b>15,834</b>	<b>14,524</b>					<b>1,310</b>

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### Interest rate re-pricing analysis (continued)

Company	Total €	Fixed Rate €	Within 1 month €	1 to 3 months €	3 to 12 months €	> 12 months €	Non interest bearing €
<b>2009</b>							
<b>Assets</b>							
Investment in subsidiary	14,577	-	-	-	-	-	14,577
Cash at bank	1	-	1	-	-	-	-
<b>Total assets</b>	<u>14,578</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,577</u>
<b>Liabilities</b>							
Sterling term loan	14,077	14,077	-	-	-	-	-
Interest payable	391	-	-	-	-	-	391
<b>Total liabilities</b>	<u>14,468</u>	<u>14,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391</u>

##### Interest rate sensitivity

The sensitivity of the Group to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is mitigated to the extent that the profit of Synergatis Plc has been fixed at £5,000 for each Interest Payment Date falling due on or before December 2009 and £100 for each Interest Payment Date thereafter. Fluctuations in interest rates are taken up by the deferred purchase consideration due to Marfin Egnatia Bank S A.

##### Interest rate risk profile of financial liabilities

All of the Group's floating rate financial liabilities carry interest rates based on relevant one month EURIBOR rates. At the year end, the one month EURIBOR rate was 0.782%.

##### Liquidity risk

Liquidity risk arises where the funds received by the Group are insufficient to meet the debts of the Group as they fall due for payment on the relevant interest payment dates. The availability of funds is determined on set determination dates under the terms of the securitisation by the cash manager. All payments are made in accordance with a pre-defined priority of payments schedule and the Group is structured so that it is only liable to pay amounts falling due to the extent that it has received funds.

In the event of the liquidation of the Group, the assets of the Group, including the SMLE Assets, may be realised by the Group at a value agreed between the Group and the relevant purchaser of such assets. The amount realised by the Group in respect of the transfer of its assets to a purchaser in such circumstances may not be sufficient to redeem all of the Notes in full. In addition, the Group may not be able to sell its assets to a third party as there is not, at present, an active and liquid secondary market for SMLE Assets of this type in Greece.

The following table details the Group's liquidity analysis for its financial liabilities at 31 December which has been drawn up based on the expected undiscounted gross cash flows and assuming that there are sufficient available assets to settle the subordinated loan in full.

The actual cashflows will vary from the amounts disclosed due to the unpredictable nature of the principal collections which are used to repay the principal on the Loan Notes on a monthly basis and changes in EURIBOR values.

Group	Total	Within 1 month €	1 to 3 months €	3 to 12 months €	In more than 1 year but not more than 5 years €	In more than 5 years €
<b>2010</b>						
<b>Financial liabilities at amortised cost</b>						
Loan Notes	2,300,000,000	-	104,243,277	186,372,367	1,476,893,308	532,491,048
Subordinated loans	119,488,614	-	-	-	-	119,488,614
Sterling term loan	14,524	-	-	14,524	-	-
Interest payable	<u>146,481,637</u>	<u>2,829,000</u>	<u>7,922,718</u>	<u>19,576,942</u>	<u>34,424,751</u>	<u>81,728,226</u>
<b>Total</b>	<u>2,565,984,775</u>	<u>2,829,000</u>	<u>112,165,995</u>	<u>205,963,833</u>	<u>1,511,318,059</u>	<u>733,707,888</u>

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### Liquidity risk (continued)

Group 2009	Total	Within 1 month	1 to 3 months	3 to 12 months	In more than 1 year but not more than 5 years	In more than 5 years
Financial liabilities at amortised cost	€	€	€	€	€	€
Loan Notes	2,300,000,000	-	-	-	1,834,238,145	465,761,855
Subordinated loans	117,000,000	-	-	-	-	117,000,000
Sterling term loan	14,077	-	-	14,077	-	-
Deferred purchase payment	9,322,604	-	-	-	-	9,322,604
Interest payable	113,252,531	2,829,000	8,221,781	22,279,190	34,583,068	45,339,492
<b>Total</b>	<b>2,539,589,212</b>	<b>2,829,000</b>	<b>8,221,781</b>	<b>22,293,267</b>	<b>1,868,821,213</b>	<b>637,423,951</b>

Company 2010	Total	Within 1 month	1 to 3 months	3 to 12 months	In more than 1 year but not more than 5 years	In more than 5 years
Financial liabilities at amortised cost	€	€	€	€	€	€
Sterling term loan	14,524	-	-	14,524	-	-
Interest payable	2,287	-	-	2,287	-	-
<b>Total</b>	<b>16,811</b>	<b>-</b>	<b>-</b>	<b>16,811</b>	<b>-</b>	<b>-</b>

Company 2009	Total	Within 1 month	1 to 3 months	3 to 12 months	In more than 1 year but not more than 5 years	In more than 5 years
Financial liabilities at amortised cost	€	€	€	€	€	€
Sterling term loan	14,077	-	-	14,077	-	-
Interest payable	815	-	-	815	-	-
<b>Total</b>	<b>14,892</b>	<b>-</b>	<b>-</b>	<b>14,892</b>	<b>-</b>	<b>-</b>

##### Currency risk

The Group has loan notes in issue denominated in Euros. The Group's policy is to eliminate all significant exposures arising from movements in exchange rates and consequently the loan to originator is denominated in Euros. All other significant assets, liabilities and transactions are denominated in Euros.

##### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. The Group is not subject to any external capital requirements and the activities of the Group are restricted in accordance with the securitisation transaction prospectus dated 13 August 2009 issued in relation to Synergatis Plc.

The Directors consider the capital of the Group to be the Issued capital of the Company which amounted to £1 at 31 December 2010 (31 December 2009: £1). The retained earnings of the Group's subsidiary, Synergatis Plc, are fixed in accordance with the terms of the securitisation documentation. Outstanding Loan notes, excluding unamortised issue costs and subordinated loans at 31 December 2010 amounted to €2,417,000,000 (31 December 2009: €2,417,000,000) which are secured against the assets of Synergatis Plc in accordance with the terms of the securitisation documentation.

# SYNERGATIS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2010

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

##### Measurement basis of financial assets and liabilities

The accounting policies in Note 1 describe how different classes of financial instruments are measured and how income and expenses are recognised. The following tables analyse the carrying amounts of the financial assets and liabilities by category and by balance sheet heading.

Group	2010 Loans and receivables €	2010 Amortised cost liabilities €	2009 Loans and receivables €	2009 Amortised cost liabilities €
<b>As at 31 December 2009</b>				
<b>Financial assets</b>				
Loan to the Originator	2,202,546,932	-	2,276,459,700	-
Other receivables	17,139,890	-	8,531,182	-
Cash at bank	267,032,049	-	155,554,127	-
<b>Total financial assets</b>	<b>2,486,718,871</b>	<b>-</b>	<b>2,440,545,009</b>	<b>-</b>
<b>Financial Liabilities</b>				
Loan notes	-	2,298,977,972	-	2,298,601,034
Subordinated loans	-	94,457,595	-	117,000,000
Sterling term loan	-	14,524	-	14,077
Deferred purchase payment	-	-	-	9,322,604
Interest payable	-	9,290,009	-	3,632,111
Other payables	-	17,884,001	-	11,934,808
<b>Total financial liabilities</b>	<b>-</b>	<b>2,420,624,101</b>	<b>-</b>	<b>2,440,504,634</b>

Company	2010 Loans and receivables €	2010 Amortised cost liabilities €	2009 Loans and receivables €	2009 Amortised cost liabilities €
<b>As at 31 December 2009</b>				
<b>Financial assets</b>				
Cash at bank	1	-	1	-
<b>Total financial assets</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Financial Liabilities</b>				
Sterling term loan	-	14,524	-	14,077
Interest payable	-	1,310	-	391
<b>Total financial liabilities</b>	<b>-</b>	<b>15,834</b>	<b>-</b>	<b>14,468</b>

#### 15. OTHER PAYABLES

	Group 2010 €	Group 2009 €
<b>Current liabilities</b>		
Amounts owed to Marfin Egnatia Bank S A	17,864,586	11,898,712
Other creditors	19,415	36,096
Accruals and deferred income	97,494	42,006
	<b>17,981,495</b>	<b>11,976,814</b>

## **SYNERGATIS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2010**

##### **16. 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 2009 Synergatis Plc, a subsidiary of the Group, acquired an initial SMLE Asset Portfolio of €2,261,195,770 from Marfin Egnatia Bank S A which has been treated as a loan to originator. Under the terms of the securitisation transaction Synergatis Plc is able to acquire further SMLE assets from the principal repayments received on the SMLE assets up to the earlier of February 2011 or certain amortisation trigger events occur, as defined in the terms of the securitisation transaction prospectus. Such amortisation events include, amongst others, the default ratio exceeding 4%, the ratings down grade of Marfin Egnatia Bank S A or if the principal receipts in the bank accounts of Synergatis Plc exceed 20% of the principal amount outstanding on the Loan Notes on the date of issue. As a result of this revolving period, Synergatis Plc acquired additional SMLE assets amounting to €826,771,319 during the year (2009 €181,628,984). Synergatis Plc also acquired SMLE assets from Marfin Egnatia Bank S A amounting to €501,557,002 to substitute against approximately the same amount of loans removed for breach of warranties given by Marfin Egnatia Bank S A. At 31 December 2010 Synergatis Plc owed €17,864,586 (2009 €11,898,712) to Marfin Egnatia Bank S A in relation to these acquisitions. During the year Synergatis Plc received principal repayments in relation to the loan to originator of €900,684,087 (2009 €166,365,054).

Marfin Egnatia Bank S A continues to service the SMLE Asset Portfolio under a servicing agreement. During the year Marfin Egnatia Bank S A earned €2,756 (2009 €860) in relation to servicing fees of which €173 was owed at 31 December 2009 (31 December 2009 €141).

During the prior period Marfin Egnatia Bank S A earned €9,322,604 in relation to deferred purchase consideration which was reversed in the current year following a reassessment of the cumulative amounts payable. At 31 December 2010 €nil (31 December 2009 €9,322,604) remained unpaid.

On 19 August 2009 Marfin Egnatia Bank S A granted Synergatis Plc a subordinated expenses loan of €2,000,000 to pay the costs and expenses incurred in issuing the Loan Notes. The subordinated expenses loan bears interest at 1 month EURIBOR and the interest expense for the year was €11,305 (2009 €3,367). €14,672 was unpaid at 31 December 2010 (31 December 2009 €3,367).

On 19 August 2009 Marfin Egnatia Bank S A granted Synergatis Plc a subordinated reserve loan of €115,000,000 to provide credit enhancement to the Class A Loan Notes. The subordinated reserve loan bears interest at 1 month EURIBOR and the interest expense for the year was €650,021 (2009 €193,611). €843,632 was unpaid at 31 December 2010 (31 December 2009 €193,611).

Synergatis Plc also entered into a set-off reserve loan agreement with Marfin Popular Bank Public Co Ltd acting through its London Branch, to provide a set-off reserve (reclaimable amounts) loan facility and a set-off reserve (deposits) loan facility which will be drawn on the downgrading of Marfin Popular Bank Public Co Ltd or Marfin Egnatia Bank S A or where Marfin Egnatia Bank S A defaults on certain indemnities. The size of the facilities is determined by the Servicer based on the size of the SMLE Asset Portfolio on an on-going basis. During 2010 €2,488,614 was drawn down under this facility (2009 €nil). €2,488,614 remained outstanding at 31 December 2010 (31 December 2009 €nil). The interest expense for the year was €12,329 (2009 €nil) and €12,329 was unpaid at 31 December 2010 (31 December 2009 €nil).

During 2009 Synergatis Plc issued €1,414,500,000 Class A Notes and €885,500,000 Class B Notes, all of which are held by Marfin Egnatia Bank S A. Interest earned on the Notes during the year amounted to €37,251,605 (2009 €13,424,648) with €8,418,065 outstanding at 31 December 2010 (31 December 2009 €3,434,742).

## **SYNERGATIS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2010**

##### **16. RELATED PARTY TRANSACTIONS (continued)**

During 2009 Wilmington Trust SP Services (London) Limited, in its capacity as share trustee, granted a sterling term loan to the Company of £12,501 which is repayable by 10 April 2045. The interest charge for the year amounted to €917 (2009 €391). At 31 December 2010 €15,834 (31 December 2009 €14,468), including principal and interest remained outstanding. Mr M Filer, a Director of the Company, is also a director of Wilmington Trust SP Services (London) Limited. Mr S Masson and Mrs R Samson, directors of the Company, were employees of Wilmington Trust SP Services (London) Limited.

During the year corporate administration and accounting services were provided by Wilmington Trust SP Services (London) Limited for which they earned €32,840 (2009 €14,729). At 31 December 2010 €15,370 was owed to Wilmington Trust SP Services (London) Limited. At 31 December 2009 an amount totalling €17,471 had been prepaid in respect of services for the following year. Mr M Filer, a Director of the Company, is also a director of Wilmington Trust SP Services (London) Limited. Mr S Masson and Mrs R Samson, directors of the Company, were employees of Wilmington Trust SP Services (London) Limited.

##### **17. ULTIMATE CONTROLLING PARTY**

Wilmington Trust SP Services (London) Limited holds all of the issued shares of Synergatis Holdings Limited under a Declaration of Trust for charitable purposes.

The accounts of Synergatis Plc are consolidated into Marfin Egnatia Bank S A, the originator of the SMLE Asset Portfolio, under IFRS. Marfin Egnatia Bank S A is incorporated in Greece. The parent company of Marfin Egnatia Bank S A is Marfin Popular Bank Public Company Limited. Marfin Popular Bank Public Company Limited is incorporated in Cyprus and is the largest group into which the financial statements of Synergatis Plc are consolidated. The consolidated financial statements of Marfin Popular Bank Public Company Limited are available to the public and may be obtained from Lemesou Avenue 154, PC 22032, 1598 Nicosia, Cyprus.

##### **17. POST BALANCE SHEET EVENTS**

On 31 March 2011 Marfin Popular Bank Public Co Limited merged with Marfin Egnatia Bank S A to take effect from 1 April 2011. As part of this merger, and after agreement of the Note Trustee, the securitisation transaction documentation for Synergatis Plc was amended to replace the roles undertaken by Marfin Egnatia Bank S A with Marfin Popular Bank Public Co Limited. Synergatis Plc also entered into a new subordinated loan agreement with Marfin Popular Bank Public Co Limited which was used to repay the existing outstanding principal and interest on the subordinated expenses loan and the subordinated reserve loan granted by Marfin Egnatia Bank S A as part of the original securitisation transaction.

The terms of the securitisation documentation includes a revolving period under which principal collections from the underlying SMLE Asset Portfolio can be used to acquire further SMLE Assets rather than repay the principal on the Loan Notes. This revolving period finished in February 2011 and the Loan Notes are now being amortised and repaid in accordance with the terms of the securitisation transaction.