ABG Finance International Plc

Report and financial statements

31 December 2008

Registered No: 3772798

Directors
N Xanalatos
S Koliatsas
V Drougkas (Chairman)

Secretary
S Koliatsas

Auditors
KPMG
1 Waterloo Way
Leicester
LE1 6LP

Registered Office
400 Capability Green
Luton
Beds
LU1 3AE

Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the year, after taxation, amounted to £194,580 (2007 : £41,537) as shown in the profit and loss account. During the year the company paid a dividend of £150,000 in respect of 2007 (2007 : £10,000).

Principal activity and review of business

The company's principal activity is the issuance and maintenance of Subordinated Guaranteed Floating Rate Notes. The Notes are guaranteed by Agricultural Bank of Greece, S.A. and are listed on the Luxembourg Stock Exchange.

There was an issue of new Notes of EUR 250 million on 21 July 2008. The maturity of these Notes is 21 July 2018. There has been no other change in the business activities during the year ended 31 December 2008 and there are no immediate plans for any other business activities by the company.

The directors do not deem it necessary to monitor the business using Key Performance Indicators and as such none have been disclosed here.

Directors and their interests

The directors of the company during the year were as follows:

A M Foukopoulos	(Resigned 3rd March 2009)
D N Gizelis	(Resigned 3rd March 2009)
P N Varangis	(Resigned 3rd March 2009)
V Drougkas	(Appointed 3rd March 2009)
S Koliatsas	(Appointed 3rd March 2009)
N Xanalatos	(Appointed 3rd March 2009)

With the exception of Mr P N Varangis none of the directors who held office at the end of the financial year had any beneficial interest in the shares of the Company or any other group companies.

At 31 December 2008 and 31 December 2007, Mr P N Varangis held 1 ordinary share in the Company.

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2008, the company had an average of 144 (2007 – 286) days expenditure outstanding in creditors.

Principal risks and uncertainties

The principal risks arising from the company's operations are interest rate risk, liquidity risk, foreign currency risk and credit risk. Further information regarding the company's approach to financial instruments is set out in note 5.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Directors' report

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KMPG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.
In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgments and estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

S Koliatsas
Secretary

30 March 2009

Independent auditors' report

to the members of ABG Finance International Plc

We have audited the financial statements of ABG Finance International for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

• the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;

• the financial statements have been properly prepared in accordance with the Companies Act 1985; and

• the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8th April 2009

Leicester

Profit and loss account

for the year ended 31 December 2008

	Notes	*2008* £	*2007* £
Interest receivable and similar income		16,153,843	14,209,327
Service fees from parent company		323,038	336,678
Interest payable and similar charges		(16,151,973)	(14,453,988)
Administrative expenses	2	(46,960)	(32,679)
Operating profit and profit on ordinary activities before taxation	4	277,948	59,338
Tax on profit on ordinary activities		(83,368)	(17,801)
Profit for the financial year		194,580	41,537

All the activities of the company are classed as continuing operations.

The company had no recognised gains or losses in either the current or preceding financial year other than the profit for the year as set out above.

Balance sheet
at 31 December 2008

	Notes	2008 £	2007 £
Current assets			
Debtors: amounts falling due within one year		4,688,248	965,957
Debtors: amounts falling due after more than one year		435,081,562	146,781,857
	6	439,769,810	147,747,814
Cash at bank and in hand		334,559	289,204
		440,104,369	148,037,018
Creditors: amounts falling due within one year	7	(4,791,170)	(1,068,103)
Net current assets		435,313,199	146,968,915
Creditors: amounts falling due after more than one year	8	(435,081,562)	(146,781,858)
Net assets		231,637	187,057
Capital and reserves			
Called up share capital	9	25,000	25,000
Profit and loss account	10	206,637	162,057
Shareholders' funds	10	231,637	187,057

These financial statements were approved by the board of directors on 30 March 2009 and were signed on its behalf by:

V Drougkas
Director (Chairman)

30 March 2009

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Fundamental accounting concept

The company is dependent on the repayment of interest and capital on loans made to its parent company Agricultural Bank of Greece S.A to enable it to continue operating and to meet its liabilities as they fall due. The parent company was 77.3% owned by the Greek Government at 31 December 2008.

The company's parent company, Agricultural Bank of Greece S.A., has stated its intention to continue its financial support in order to assist the company in meeting its liabilities, as and when they are due, but only to the extent that money is not otherwise available to the company to meet such liabilities. The Parent has confirmed that it will continue to provide the financial support outlined above for a period of at least 12 months.

Based on this understanding the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The directors have taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 from producing a cashflow statement.

Foreign currencies

The company translates its results and financial position from its functional currency (Euro) into its presentation currency (Pound Sterling) using the method required by FRS 23. Under this method, assets and liabilities are translated at the closing rate, and income and expenses are translated at the average rate of exchange over the period.

All exchange differences are taken to the profit and loss account.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Financial Instruments

In accordance with FRS 26, the financial instruments of the company have been classified into the following categories

a) Financial Asset - Amount due from parent company

'Amount due from parent company' relates to the proceeds received from the issue of Floating Rate Notes. These are initially recorded at fair value, being the fair value of consideration received, net of transaction costs incurred. Amount due from parent company is subsequently stated at amortised cost; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Notes to the financial statements

at 31 December 2008

b) Financial liabilities – Subordinated Guaranteed Floating Rate Notes

Subordinated Guaranteed Floating Rate Notes are initially recorded in the balance sheet at net proceeds (fair value of the consideration received upon the issue of a capital instrument after deduction of issue costs). Thereafter, the difference between that amount and the total payments required to be made under the Notes is accounted for over the term of the Notes, this finance cost is charged to the profit and loss account over the term of the Note at a constant rate of interest on the outstanding amount.

c) Derivatives

The company has not entered into any derivative contracts during the year.

Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of the shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. Administrative expenses

This is stated after charging:

	2008	*2007*
	£	£
Auditors' remuneration- fee payable to the company's auditor for the audit of the company's annual accounts	6,593	6,416
- fees payable to the company's auditor and its associates for tax services	4,951	9,348
Directors' remuneration in respect of qualifying services	13,440	13,440

The company's business operations are based in the United Kingdom whilst funds were raised elsewhere in Europe.

Notes to the financial statements

at 31 December 2008

3. Staff costs

No staff costs were incurred during the year as the company had no employees other than the directors.

4. Tax on profit on ordinary activities

	2008	*2007*
	£	*£*
Based on the profit for the year 28.5% (2007 - 30%)	83,368	17,801
Tax (over)/under-provided in prior years	-	-
	83,368	17,801

Factors affecting tax charge for the year:

Profit on ordinary activities before tax	277,948	59,338
Current tax charge at 28.5% (2007-30%)	79,215	17,801
Tax on disallowable expenses	4,153	-
Total current tax charge	83,368	17,801

5. Financial instruments

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk, and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

No interest rate risk exists. The company finances its operations through Floating Rate Guaranteed Note issues. The company borrows in the desired currencies at floating rates, and then lends to the parent at the same rate of interest for the same period.

Liquidity risk

At the year end, all the company's borrowings were due to be callable as set out in note 8. All borrowings are matched by loans to the parent company for the same amount and maturity period.

Foreign currency risk

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

The following table illustrates the sensitivity of the profit for the financial year and the net assets to an increase or decrease of 10% in the rate of exchange between the Euro and Sterling. This level of change is considered to be reasonably possible based on an observation of current market conditions. The sensitivity analysis is based on the company's foreign currency investments at the balance sheet date and the service fee from the parent company at the date of the transaction, with all other variables held constant.

Notes to the financial statements

at 31 December 2008

	2008	2008	2007	2007
	10% appreciation of Sterling	10% depreciation of Sterling	10% appreciation of Sterling	10% depreciation of Sterling
Profit for the financial year	£(21,045)	£25,723	£(21,461)	£26,228
Net assets	£(21,045)	£25,723	£(21,461)	£26,228

Credit risk

Credit risk arises from the risk that counterparties will be unable to repay loans. At the year end the principal exposure relates to two loans to the company's parent undertaking.

Management does not expect any counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Effective interest rate and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are re-priced.

2008

	Effective interest rate %	Less than one month £	1-3 months £	Non-interest bearing £	Total £
Assets					
Parent company loan	3.7094	241,732,740	193,348,822	-	435,081,562
Trade and other receivables		-	-	4,688,248	4,688,248
Cash at bank and in hand		-	-	334,559	334,559
		241,732,740	193,348,822	5,022,807	440,104,369
Liabilities					
Trade and other payables		-	-	4,706,574	4,706,574
Tax payable		-	-	84,596	84,596
Subordinated debt	3.7094	241,732,740	193,348,822	-	435,081,562
		241,732,740	193,348,822	4,791,170	439,872,732

Notes to the financial statements

at 31 December 2008

2007

	Effective interest rate %	Less than one month £	1-3 months £	Non-interest bearing £	Total £
Assets					
Parent company loan	4.7158	-	146,781,857	-	146,781,857
Trade and other receivables		-	-	965,957	965,957
Cash at bank and in hand		-	-	289,204	289,204
		-	146,781,857	1,255,161	148,037,018
Liabilities					
Trade and other payables		-	-	991,301	991,301
Tax payable		-	-	76,802	76,802
Subordinated debt	4.7158	-	146,781,858	-	146,781,858
		-	146,781,858	1,068,103	147,849,961

All the above income-earning financial assets and interest-bearing financial liabilities bear interest at a floating rate.

Fair value of financial assets and financial liabilities

Set out below is an analysis by category of book values and fair values of the company's financial assets and liabilities:

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

	Carrying Amount 2008 £	Fair Value 2008 £	Carrying amount 2007 £	Fair Value 2007 £
Parent Company Loan	435,081,562	435,081,562	146,781,857	146,781,857
Trade and other receivables	4,688,248	4,688,248	965,957	965,957
Cash at bank and at hand	334,559	334,559	289,204	289,204
Trade and other payables	(4,791,170)	(4,791,170)	(1,068,103)	(1,068,103)
Subordinated debt	(435,081,562)	(417,472,442)	(146,781,858)	(146,250,000)
	231,637	17,840,757	187,057	718,915

Notes to the financial statements

at 31 December 2008

Unrecognised (losses) / gains

The fair value of the subordinated debt has been determined at market prices.

6. Debtors

	2008	*2007*
	£	£
Amount owed by parent undertaking	435,081,562	146,781,857
Other debtors due from parent undertaking	4,688,021	965,733
Prepayments	227	224
	439,769,810	147,747,814

The amount due from the parent undertaking relates to EUR 450 million loans granted from the issue of Floating Rate Notes, of which £nil (2007 -£nil) is due within one year and £435,081,562 (2007 - £146,781,857) is due after more than one year, having similar repayment terms to the Floating Rate Notes disclosed in note 8. The parent company has the option to repay each loan after 5 years. The parent company pays service fees at a rate of 0.12% per annum (2007 – 0.12% per annum) on the Floating Rate Notes.

During the year the parent undertaking issued a EUR 250 million loan in July 2008 (see Note 8).

Other debtors principally comprise accrued interest receivable from the parent undertaking.

7. Creditors: amounts falling due within one year

	2008	*2007*
	£	£
Taxation	84,596	76,802
Accruals	4,706,574	991,301
	4,791,170	1,068,103

8. Creditors: amounts falling due after more than one year

	2008	*2007*
	£	£
Notes payable	435,081,562	146,781,858

The company issued Subordinated Guaranteed Floating Rate Notes of EUR 200 million on 19 August 2004 and EUR 250 million on 21 July 2008.

The Notes are guaranteed by Agricultural Bank of Greece S.A. The Notes are callable by the company at par five years after their issue date and have a ten year maturity. The coupon rates on the Notes are reset quarterly based on the three month Euribor rate.

The loan notes bear an interest rate of 0.75% and 2.45% respectively above Euribor base rate.

Interest on the loan is payable in arrears.

Notes to the financial statements

at 31 December 2008

The right of the holders of the Notes and Coupons against the Agricultural Bank of Greece, S.A under the Guarantees is subordinated in the right of payment, in the event of dissolution or liquidation of the Bank, to the claims of 'Prior Ranking Creditors' as defined in the Loan Agreement.

9. Share capital

	Authorised and allotted	
	2008	*2007*
	£	*£*
50,000 Ordinary shares of £1 each	50,000	50,000

	Called up and paid	
	2008	*2007*
	£	*£*
50,000 Ordinary shares of £1 each (50p paid)	25,000	25,000

10. Reconciliation of movements in shareholders' funds and movement in reserves

	Share capital	*Profit and loss account*	*Shareholders funds*
	£000	*£000*	*£000*
At 31 December 2006	25,000	130,520	155,520
Profit for the year	–	41,537	41,537
Dividends on shares classified in shareholders' funds		(10,000)	(10,000)
At 31 December 2007	25,000	162,057	187,057
Profit for the year	–	194,580	194,580
Dividends on shares classified in shareholders' funds		(150,000)	(150,000)
At 31 December 2008	25,000	206,637	231,637

11. Related party transactions

The company has taken advantage of the exemption conferred by FRS8 'Related Party Transactions', to subsidiaries, 90% or more of whose voting rights are controlled within the group, whereby details of transactions with entities that are part of the group do not have to be disclosed where group financial statements are publicly available.

12. Ultimate parent company

ABG Finance International Plc is a wholly-owned subsidiary of Agricultural Bank of Greece, S.A, incorporated in Greece, who are the ultimate parent company and controlling party. Agricultural Bank of Greece is the parent undertaking of the largest and smallest group to consolidate the results of the company. Copies of the group financial statements of Agricultural Bank of Greece may be obtained from 23 Panepistimion Street, 10671 Athens, Greece.