Company Registration Number: 4882084

BYZANTIUM FINANCE PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

BYZANTIUM FINANCE PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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BYZANTIUM FINANCE PLC

DIRECTORS AND COMPANY INFORMATION

Directors	Mr J Schroeder Mr M McDermott 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
Auditors	KPMG Audit Plc One Snowhill Snowhill Queensway Birmingham B4 6GH
Note Trustee	BNY Corporate Trustee Services Limited One Canada Square London E14 5AL

BYZANTIUM FINANCE PLC

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Company during the year was that of a special purpose vehicle, which raises or borrows money and grants security over its assets for such purposes, to lend money, to invest in and acquire residential mortgage loans

The Company was incorporated as a public limited company in England and Wales on 29 August 2003 On 28 November 2003 the Company issued floating rate notes in order to purchase a portfolio of residential mortgage loans from T Bank S A (formerly known as Aspis Bank S A), a credit institution incorporated in the Hellenic Republic The floating rate notes are due to mature in October 2032

The key performance indicator of the business is considered to be the net interest margin During 2010, the Company achieved a net interest margin of 18 3% (2009 21 4% restated) At the year end, the Company had net liabilities of €3,802,776 (2009 restated €4,820,035 net liabilities)

The Company did not exercise its right to redeem the Class A, B and C floating rate loan notes in January 2009 prior to the interest margin step up date in full in accordance with the terms of the note issuance Accordingly, the margin over three month Euribor on the notes increased from 25 basis points to 50 basis points for the Class A floating rate notes, from 63 basis points to 126 basis points for the Class B floating rate notes and from 120 basis points to 240 basis points for the Class C floating rate notes

RESULTS AND DIVIDENDS
The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements The profit on ordinary activities after taxation for the year was €1,017,259 (2009 restated €5,039,669 loss) The directors have not recommended a dividend (2009 €nil)

PRIOR YEAR ADJUSTMENTS
The comparative figures have been restated and reclassified as detailed in note 18 to the financial statements These amendments have resulted in a €6,727,570 increase in the loss before tax and a €4,843,850 increase in the loss after taxation for the year Total equity has decreased by €4,843,850 to an equity deficit of €4,820,035 The cash position of the Company has remained the same as a result of these reclassifications

MANAGEMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS
The directors expect that the present level of activity will be sustained in the near future and the activities of the Company are limited to those of the holding and management of the portfolio of residential mortgages acquired from T Bank S A

However, 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 Company has exposure through the residential mortgage loans 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 contains 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

CREDITOR PAYMENT POLICY
The Company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations The Company 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 quarterly in accordance with the agreements in place The Company owed no amounts to trade creditors at 31 December 2010

DIRECTORS

The directors who served the Company during the year were as follows

Mr M McDermott
Mr J Schroeder
Wilmington Trust SP Services (London) Limited
Mrs R Samson (Resigned 4 May 2011)
Mr S Masson (Resigned 4 May 2011)

Mr S Masson was an alternate director to Mrs R Samson

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's financial instruments, other than derivatives, comprise of a deemed loan to the originator, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main purpose of these financial instruments is to raise finance for T Bank S A

The Company also enters into derivative transactions (principally interest rate swaps) The purpose of such transactions is to manage the interest rate risks arising from the Company's operations and its sources of finance It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments is undertaken

The main risk arising from the Company s financial instruments is interest rate risk The Board reviews and agrees policies for managing this and the other risks arising on the Company's financial instruments and they are summarised below Further details can be found in note 13

Currency risk

The Company has loan notes in issue denominated in Euros As the deemed loan to originator is also denominated in Euros the directors consider the Company's exposure to currency risk to be minimal

Market risk

Market risk is risk of changes caused by market variables such as interest rate and prices Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar, where this is not possible the Company considers the use of derivative financial instruments to mitigate interest rate risk

Credit risk

The principal credit risk to the Company is that borrowers (under the mortgage loans in which the Company has a beneficial interest) will not be able to meet their obligations as they fall due, allied to the risk that property values will fall to the extent that borrowers' failure to meet obligations is translated into losses T Bank S A , the originator of the mortgage loans underlying the deemed loan to originator, has established detailed, documented credit policies, which are used to control the quality of new lending

The effects of the global economic downturn has severely impacted on the Greek economy culminating in the downgrading of Greek sovereign debt to junk 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 underlying mortgage loans

Liquidity risk

A facility provided by The Royal Bank of Scotland N V (formerly known as ABN Amro Bank N V) has been established which will be available, subject to certain criteria and circumstances, in the event of the Company being unable, on a temporary basis, to meet its financial commitments

Credit crunch – Global macroeconomic conditions

Further to the risks noted above, the directors acknowledge that the global macro-economic indicators and general business environment have deteriorated during 2010 Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to all underlying borrowers with whom the Company has exposure Conditions may deteriorate further due to the continued global financial and economic uncertainty

BYZANTIUM FINANCE PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

DONATIONS
The Company made no political or charitable donations or incurred any political expenditure during the year

GOING CONCERN
Notwithstanding the matters discussed in note 1, the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future For this reason, the accounts continue to be prepared on the going concern basis

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 Company'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 Company'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 2006

AUDITORS
A resolution to re-appoint KPMG Audit Plc as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006

POST BALANCE SHEET EVENT
During 2011 the continuous losses, the liquidity needs of T Bank S A and the obligation of T Bank S A to comply with the regulatory framework imposed by the Bank of Greece concerning the minimum capital adequacy ratio of 10% have led T Bank S A and its main shareholder, TT Hellenic Postbank S A , to take all necessary measures in order to secure the recovery of assets and the settlement of claims In order to resolve this issue, the Boards of Directors of T Bank S A and TT Hellenic Postbank S A decided on 7 July 2011 & 22 June 2011 to merge T Bank S A and TT Hellenic Postbank S A Specifically, T Bank S A will be absorbed into TT Hellenic Postbank S A The completion of the merger still needs to be approved by shareholders and the relevant authorities It is expected that the merger will be completed by the end of 2011

By order of the Board

Mark Filer
On behalf of Wilmington Trust SP Services (London) Limited
Director
8 November 2011

BYZANTIUM FINANCE PLC

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 IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They 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

Signed by order of the directors

Mark Filer
On behalf of Wilmington Trust SP Services (London) Limited
Director
8 November 2011

Independent auditor's report to the members of Byzantium Finance Plc

We have audited the financial statements of Byzantium Finance Plc for the year ended 31 December 2010 set out on pages 7 to 26 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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 auditors' 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 Directors' Responsibilities Statement set out on page 5, 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 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 Company's affairs as at 31 December 2010 and of the Company's profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern The current conditions in Greece could result in significant disruption in the Greek economy which may materially impact the borrowers' ability to meet their obligations due to the Originator and consequently, the Company's ability to fully repay the Loan Notes These conditions, together with the other matters referred to in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

K. J. Cooper

Kieren Cooper (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

9 November 2011
One Snowhill, Snowhill Queensway
Birmingham, B4 6GH

BYZANTIUM FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Year ended 31 Dec 2010 €	Year ended 31 Dec 2009 (restated) €
Interest income	4	5,567,762	8,176,468
Interest expense	5	(4,551,557)	(6,427,619)
Net interest income		1,016,205	1,748,849
Net fair value gains/(losses) on derivatives		1,412,292	(7,510,468)
Operating expenses	6	(1,015,617)	(1,237,635)
Operating profit/(loss) and profit/(loss) before tax for the year		1,412,880	(6,999,254)
Income tax (charge)/credit	7	(395,621)	1,959,585
Profit/(loss) for the year	11	1,017,259	(5,039,669)
Total comprehensive profit/(loss) for the year		1,017,259	(5,039,669)
Attributable to:			
Equity holders		1,017,259	(5,039,669)

All activities of the Company are classified as continuing operations

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital €	Retained earnings (restated) €	Total €
Balance at 31 December 2008	18,407	201,227	219,634
Total recognised loss as originally stated	-	(195,819)	(195,819)
Balance at 31 December 2009 as originally stated	18,407	5,408	23,815
Restatement to total recognised loss	-	(4,843,850)	(4,843,850)
Balance at 31 December 2009 restated	**18,407**	**(4,838,442)**	**(4,820,035)**
Total recognised profit	-	1,017,259	1,017,259
Balance at 31 December 2010	**18,407**	**(3,821,183)**	**(3,802,776)**

The notes on pages 10 to 26 form part of these financial statements

BYZANTIUM FINANCE PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010 €	2009 (restated) €
Assets			
Deemed loan to originator	9	**76,961,774**	98,863,213
Deferred tax asset	8	**1,488,285**	1,883,727
Other receivables	10	**639**	135,041
Cash at bank		**28,759,245**	31,338,889
Total assets		**107,209,943**	132,220,870
Equity			
Issued capital	11	**18,407**	18,407
Retained earnings	11	**(3,821,183)**	(4,838,442)
Total equity	11	**(3,802,776)**	(4,820,035)
Liabilities			
Interest bearing loans and borrowings	12	**101,009,549**	126,121,992
Derivative liability		**5,315,304**	6,727,596
Total non-current liabilities		**106,324,853**	132,849,588
Interest bearing loans and borrowings	12	**3,472,045**	3,113,063
Corporation tax		**171**	215
Other payables	14	**1,215,650**	1,078,039
Total current liabilities		**4,687,866**	4,191,317
Total liabilities		**111,012,719**	137,040,905
Total equity and liabilities		**107,209,943**	132,220,870

These financial statements of Byzantium Finance Plc, Company Registration 4882084, on pages 7 to 26 were approved and authorised for issue by the directors on 8 November 2011 and signed on its behalf by

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

The notes on pages 10 to 26 form part of these financial statements

BYZANTIUM FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31 Dec 2010 €	Year ended 31 Dec 2009 (restated) €
Cash flows from operating activities		
Profit/(loss) before tax for the year	**1,412,880**	(6,999,254)
Adjustments for		
Interest income	**(5,567,762)**	(7,666,022)
Interest expense	**4,513,536**	6,389,598
Amortisation of hedge adjustment	**-**	(510,446)
Fair value of movement in derivatives	**(1,412,292)**	7,510,468
Operating loss before changes in working capital	**(1,053,638)**	(1,275,656)
Decrease in other receivables	**134,402**	881
Increase in other payables	**137,611**	474,613
Net cash used by operating activities	**(781,625)**	(800,162)
Tax paid	**(223)**	(439)
Net cash used by operating activities after tax	**(781,848)**	(800,601)
Cash flows from investing activities		
Interest received	**5,099,446**	7,691,821
Repayment of deemed loan to originator	**22,369,755**	23,044,432
Net cash from investing activities	**27,469,201**	30,736,253
Cash flows from financing activities		
Interest paid	**(4,154,554)**	(5,623,682)
Redemption of loan notes	**(25,112,443)**	(23,501,163)
Net cash used by financing activities	**(29,266,997)**	(29,124,845)
Net increase in cash	**(2,579,644)**	810,807
Cash at start of year	**31,338,889**	30,528,082
Cash at end of year	**28,759,245**	31,338,889

The notes on pages 10 to 26 form part of these financial statements

BYZANTIUM FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1. PRINCIPAL ACCOUNTING POLICIES

Byzantium Finance Plc is a public limited company incorporated in the UK The floating rate notes have been admitted to the Official List of the Irish Stock Exchange

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 Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010

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

The Company has made estimates and judgements in relation to valuation of loans and financial instruments (refer note 2)

Basis of preparation - going concern
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 the Company As the deemed loan to originator is the Company's only significant asset the Company's ability to meet its obligations under the floating rate loan notes is dependent upon the receipt of principal and interest from the borrowers The directors recognise that this represents a material uncertainty that casts significant doubt about the Company's ability to fully repay the floating rate loan notes and therefore to continue to operate on a going concern basis As a result the Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business

After reviewing all the information available to them, including company level forecast cash flow analyses and taking into account the ongoing negotiations at the European Union, the European Central Bank and the International Monetary Fund regarding a plan to help Greece overcome its current economic crisis, the directors have a reasonable expectation that the recoverability of the deemed loan to originator is sufficient for the financial statements to be prepared on a going concern basis The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

Standards affecting presentation and disclosure
The directors consider that there are no new and revised standards relevant to the Company which should be adopted and reported in the 2010 financial statements

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

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

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 statement of comprehensive income over the period of the borrowings on an effective interest basis

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances held at the Company's bank account and cash in hand

Derecognition of financial assets and liabilities
The company's policy is to derecognise financial assets when the contractual right to the cash flows from the financial asset expires The company 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 company derecognises financial liabilities only when the obligation specified in the contract is discharged, cancelled or expired

Deemed loan to originator
Under IAS 39 Financial Instruments recognition and measurement, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective The Directors have concluded that the Originator has retained substantially all the risks and rewards of the securitised loan portfolio and as a consequence, the Company does not recognise the portfolio of loans as Loans and Advances on its Statement of Financial Position, but rather a deemed loan to originator

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

Under the terms of the securitisation the Company retains the right to 0 01% of available revenue receipts from the beneficial interest in the mortgage portfolio Profits in excess of 0 01% is payable to T-Bank S A and treated as a component of the effective interest on the deemed loan to originator The payments of deferred purchase consideration are strictly governed by the priority of payments that sets out how cash can be utilised

The initial measurement is at fair value with subsequent measurement being at amortised cost using the effective interest method The effective interest on the deemed loan to originator is calculated with reference to the interest earned on the beneficial interest in the mortgage portfolio less the residual interest due to T-Bank S A as described above Where cash has been accumulated by the Company to fund the future repayment of its loan notes, the Company's share of the interest arising on the beneficial interest in the mortgage portfolio is adjusted

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

Derivative financial instruments
The company uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities In accordance with its policy, the company does not hold or issue derivative financial instruments for trading purposes However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments

Derivatives are initially recognised at fair value on the date which a derivative contract is entered into and are subsequently re-measured at their fair value with gains and losses recognised in the income statement Fair values are derived from quoted market prices by the swap provider All derivatives are carried as assets when their fair value is positive and liabilities when their fair value is negative

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)
At 1 January 2005 the fair value of the interest rate swap was recognised as a derivative asset in the Statement of Financial Position with an equal and opposite fair value hedge adjustment against the deemed loan to originator The subsequent gain or loss on remeasurement of the interest rate swap to fair value has been recognised immediately in net fair value gains and losses on derivatives in the Statement of Comprehensive Income However, the hedge relationship is not considered to be an effective one under the hedge accounting principles of IAS 39 and the fair value hedge adjustment recorded at transition is therefore being amortised to interest receivable over the average expected life of the beneficial interest in the mortgage portfolio

Critical accounting estimates
Certain balances reported 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 the inherent uncertainties and estimates in determining the fair value of the derivatives and any impairment to the deemed loan to originator The accuracy of the calculations would be affected by unexpected market movements or other variances in the operation of the models or assumptions used

Income tax
The Company falls within The Taxation of Securitisation Companies Regulations 2006 (the "permanent tax regime") under which the Company is taxed by reference to its net cash flows during the period

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

Foreign currencies
Assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the financial reporting 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

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 years The most significant of these are as follows

Impairment losses on deemed loan to originator
The recoverability of the deemed loan to originator is dependent on the collections from the underlying mortgage loans The mortgage loans are considered impaired when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the agreement The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral These key assumptions are based on observed data from historical patterns and are updated regularly as new data becomes available

In addition, the directors consider how appropriate past trends and patterns could impact the current economic climate and may make any adjustments they believe are necessary to reflect the current economic and market conditions The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes

Credit enhancement is provided to the securitisation structure in a number of ways The income on the mortgage pool is expected to exceed the interest payable on the Company's deemed loan to the originator In addition the Originator provided a subordinated loan to create a reserve fund which can be utilised by the Company in certain circumstances

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment losses on deemed loan to originator (continued)
Credit enhancement is provided to the securitisation structure in a number of ways The income on the mortgage pool is expected to exceed the interest payable on the deemed loan to the originator This excess spread is available to make good any reductions in the principal balance of the mortgage pool as a result of defaults by customers In addition the Originator provided a subordinated loan to create a reserve fund which can be utilised by the Company in certain circumstances

Effective interest rates
The effective interest rate method calculates the amortised cost of a financial asset or financial liability (or a group of financial assets or liabilities) and allocates the interest income or interest expense over the expected life of the asset or liability The effective interest rate is the rate that exactly discounts estimated future cashflows to the relevant instrument's initial carrying amount Calculation of the effective interest rate takes into account early redemption fees and transaction costs All contractual terms of a financial instrument are considered when estimating future cash flows

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

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

3. SEGMENTAL REPORTING

The directors consider that there is only one primary segment The principal assets of the Company is the deemed loan to the originator underpinned by mortgage advances originated in Greece which are funded by floating rate loan notes issued in the United Kingdom The directors do not consider it necessary to provide a further analysis of the results of the Company from those already disclosed in these financial statements

4. INTEREST INCOME

	Year ended 31 Dec 2010	Year ended 31 Dec 2009 (restated)
	€	€
Interest income on deemed loan to originator	**5,558,264**	7,585,757
Bank interest receivable	**9,498**	80,265
Amortisation of hedge adjustment	**-**	510,446
	5,567,762	8,176,468
Geographic		
Greece	**5,558,264**	8,096,203
United Kingdom	**9,498**	80,265
	5,567,762	8,176,468

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

5. INTEREST EXPENSE

	Year ended 31 Dec 2010 €	Year ended 31 Dec 2009 €
Interest on floating rate loan notes	**1,628,881**	3,023,452
Interest on subordinated loans	**79,779**	92,728
Interest on set-off loan	**6,487**	50,101
Net interest expense on swaps	**2,690,171**	3,089,308
Liquidity fees	**38,021**	38,021
Levy payable to Central Bank of Greece under law 128/75	**108,218**	134,009
	4,551,557	6,427,619

Under the provisions of the Greek law 128/75 all loans granted from financial institutions operating in Greece have to add a levy which is payable by the borrowers through an increased loan interest margin The contribution factors are 0 12% for housing loans and 0 60% for all other This is collected and paid over, via the Servicer, to the Greek Government on a monthly basis

6. OPERATING EXPENSES

The profit/(loss) before taxation is stated after charging	Year ended 31 Dec 2010 €	Year ended 31 Dec 2009 (restated) €
Corporate management fees	**23,424**	22,951
Servicing fees	**907,568**	1,120,121
Auditor's remuneration		
- Fees payable for the audit of the Company's financial statements pursuant to legislation	**29,841**	29,958
- Fees payable to the Company s auditors for taxation services	**6,151**	6,628
Accountancy fees	**10,080**	9,870
Professional fees	**14,850**	16,187
Trustee fees	**23,214**	32,849
Filing fees and charges	**994**	144
Exchange gains recognised	**(505)**	(1,073)
	1,015,617	1,237,635

Apart from the directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in note 15, the directors received no remuneration during the year (2009 €nil)

7. INCOME TAX

(a) Analysis of charge in the year

	Year ended 31 Dec 2010 €	Year ended 31 Dec 2009 (restated) €
Current tax:		
Corporation tax charge for the year	**164**	215
Under provision in prior years	**15**	206
	179	421
Deferred tax :		
Deferred tax charge/(credit) for the year	**395,442**	(1,960,006)
Total income tax charge/(credit) in the Statement of Comprehensive Income	**395,621**	(1,959,585)

(b) Reconciliation of effective tax rate

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

	Year ended 31 Dec 2010 €	Year ended 31 Dec 2009 (restated) €
Profit/(loss) before tax	**1,412,880**	(6,999,254)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	**395,606**	(1,959,791)
Current tax - under provision in prior years	**15**	206
Total income tax charge/(credit) in statement of comprehensive income	**395,621**	(1,959,585)

8 DEFERRED TAX

	2010 €	2009 (restated) €
Deferred tax asset/(liability)		
At 1 January	**1,883,727**	(76,279)
(Charge)/credit to income for the year	**(395,442)**	1,960,006
At 31 December	**1,488,285**	1,883,727

The deferred tax asset of €1,488,285 (2009 €1,883,727) represents the amount of deferred tax recoverable in respect of the derivative financial instrument and the fair value hedge adjustment

BYZANTIUM FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

9. DEEMED LOAN TO ORIGINATOR

	Deemed loan to originator	**Fair value hedge adjustment**	**Total**
	€	**€**	**€**
Mortgage portfolio at 1 January 2010	**103,466,808**	-	**103,466,808**
Capitalised charges	**211,106**	-	**211,106**
Repayments	**(22,369,755)**	-	**(22,369,755)**
Mortgage portfolio at end of the year	**81,308,159**	-	**81,308,159**
Interest receivable	**2,186,781**	-	**2,186,781**
Adjustment to expected future cashflows related to deferred purchase consideration due to the originator	**(6,533,166)**	-	**(6,533,166)**
Deemed loan to originator at 31 December 2010	**76,961,774**	-	**76,961,774**

	Deemed loan to originator (restated)	Fair value hedge adjustment	Total (restated)
	€	€	€
Mortgage portfolio at 1 January 2009	126,511,240	(510,446)	126,000,794
Repayments	(23,044,432)	-	(23,044,432)
Amortisation	-	510,446	510,446
Mortgage portfolio at end of the year	103,466,808	-	103,466,808
Interest receivable	1,403,280	-	1,403,280
Adjustment to expected future cashflows related to deferred purchase consideration due to the originator	(6,006,875)	-	(6,006,875)
Deemed loan to originator at 31 December 2009	98,863,213	-	98,863,213

The mortgage portfolio, which is accounted for as a deemed loan to originator, is secured on residential property in Greece All mortgage advances are floating rate advances and are due to be repaid at various times before 2032 Mortgage advances may be redeemed at any time at the option of the borrower The effective interest rate on the mortgage portfolio during the period was 5 27% (2009 6 46%)

Capitalised charges relate to the capitalisation of fees charged on the underlying mortgage advances

10. OTHER RECEIVABLES

	2010	2009 (restated)
	€	€
Amounts due from T Bank S A	-	134,353
Prepayments and accrued income	639	688
	639	135,041

11. TOTAL EQUITY

Reconciliation of movement in capital and reserves	**Share capital**	**Retained earnings (restated)**	**Total**
	€	€	€
Balance at 31 December 2008	18,407	201,227	219,634
Total recognised loss as originally stated	-	(195,819)	(195,819)
Balance at 31 December 2009 as originally stated	18,407	5,408	23,815
Restatement to total recognised loss	-	(4,843,850)	(4,843,850)
Balance at 31 December 2009 restated	**18,407**	**(4,838,442)**	**(4,820,035)**
Total recognised profit	**-**	**1,017,259**	**1,017,259**
Balance at 31 December 2010	**18,407**	**(3,821,183)**	**(3,802,776)**

11. TOTAL EQUITY (continued)

Authorised share capital:	2010 No. of shares	2009 No of shares
Ordinary shares of £1 each	50,000	50,000

Allotted and called up share capital:	31 Dec 2010 No of shares	31 Dec 2009 No of shares
Ordinary shares - £1 each – fully paid	1	1
Ordinary shares - £1 each – quarter paid up	49,999	49,999
	50,000	50,000

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

12. INTEREST BEARING LOANS AND BORROWINGS

	2010	2009
Non-current liabilities	€	€
Floating rate loan notes	83,983,698	109,096,141
Subordinated loan	1,950,851	1,950,851
Set-off loan	15,075,000	15,075,000
	101,009,549	126,121,992
Current liabilities		
Interest payable	3,472,045	3,113,063
	3,472,045	3,113,063
Total	104,481,594	129,235,055

The repayment of the floating rate 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 October 2032 and comprised, at issue, of €225m Class A notes, €15m Class B notes, €10m Class C notes and €2 5m Class D notes The Class A notes bear interest at a margin of 25 basis points over three month EURIBOR until January 2009 when the interest is adjusted to a margin of 50 basis points over three month EURIBOR The Class B notes bear interest at a margin of 63 basis points over three month EURIBOR until January 2009 when the interest is adjusted to a margin of 126 basis points over three month EURIBOR The Class C notes bear interest at a margin of 120 basis points over three month EURIBOR until January 2009 when the interest is adjusted to a margin of 240 basis points over three month EURIBOR The Class D notes bear interest at a margin of 500 basis points over three month EURIBOR Interest on the loan notes is paid quarterly The interest payable with respect to the additional step up margin on the notes falls due for payment lower down the priority of payments of the transaction compared to the interest payable prior to the interest step up date

The Company had the option to redeem the Class A, B and C floating rate loan notes in January 2009 or at such date when the current aggregate outstanding amount of floating rate loan notes becomes less than 10% of the initial aggregate amount The Company did not exercise its right to redeem the Class A, B and C floating rate loan notes in January 2009

Interest on the subordinated loan is repaid on a quarterly basis in accordance with the priority of payments of the transaction The loan principal is due to be repaid in full by October 2032 provided that all payments then due in respect of the floating rate loan notes have been paid or otherwise provided for in full The subordinated loan bears interest at a margin of 300 basis points over three month EURIBOR The Set-off loan bears interest at the same rate as the interest earned on the Set-off Reserve bank account Interest accrues on each payment date and is capitalised

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

The floating rate loan notes are secured by means of a fixed and floating charge over the Company's assets

The Company has entered into a 364 day renewable liquidity facility agreement with Royal Bank of Scotland N V (formerly known as ABN AMRO Bank N V) to allow the company to make drawings of up to €15,000,000 where the Company has insufficient funds available to pay certain of its debts falling due on each interest payment date No drawings have been made under this facility The facility has been renewed until 17 November 2011

13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise a deemed loan to originator, cash and liquid resources, derivatives, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main risk arising from the Company'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

The maximum exposure to Credit risk is considered by the directors to be the carrying value of the deemed loan to originator and bank deposits

Credit risk arises on the individual loans within the mortgage portfolio underlying the deemed loan to originator which are secured on residential properties in Greece As set out in the policy on going concern, the current economic conditions in Greece may have an impact on the credit quality of these mortgages

To the extent that these mortgage loans do not provide sufficient funds to recover the Company's investment in the mortgage portfolio, the Company has no claim on the assets of T-Bank S A The Company's maximum gross exposure to credit loss is therefore equal to the carrying amount of the deemed loan to originator which is shown net of the deferred purchase consideration At 31 December 2010 the carrying amount of the deemed loan to originator amounted to €76,961,774 (2009 €98,863,213)

The underlying mortgage portfolio exhibited the following profile	**31 Dec 2010**	31 Dec 2009
	€	€
Current	**62,008,915**	84,666,888
Loans in arrears:		
0 – 30 days	**9,789,047**	8,841,473
31 to 60 days	**3,505,653**	4,305,352
61 to 90 days	**1,316,420**	2,541,929
91 to 120 days	**1,376,545**	1,196,671
121 to 150 days	**858,659**	692,667
151 to 180 days	**541,174**	472,735
Over 180 days	**1,125,602**	85,628
Loans in enforcement	**786,144**	663,465
Total	**81,308,159**	103,466,808

Of the total loans in arrears and loan in enforcement total of €19,299,244, €18,068,697 is not yet due for collection (2009 total loans in arrears and loan in enforcement total of €18,799,920, €18,068,697 was not yet due for collection) No specific provision for impairment has been provided in the financial statements as any losses would be first absorbed by the credit enhancement put in place as part of the securitisation structure Such enhancement includes the subordinated loan, the set-off loan and the deferred purchase consideration (which represents the excess spread) which are all repayable after amounts falling due on the floating rate notes At 31 December 2010 these amounted to €21,508,496 (2009 €21,994,200)

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk arises where the funds received by the Company are insufficient to meet the debts of the Company 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 To manage liquidity risk, the Company has entered in to a renewable 364 day liquidity facility agreement, subject to certain criteria, with Royal Bank of Scotland N V (formerly known as ABN Amro Bank N V) This facility allows the Company to make drawings of up to €15,000,000 where the Company has insufficient funds available on any interest payment date to allow it to make payment in full of certain amounts set out in the payment waterfall contained in the securitisation documentation This facility had not been drawn down or utilised in the current or prior year

The following table details the Company's liquidity analysis for its financial liabilities at 31 December

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 floating rate notes on a quarterly basis and changes in EURIBOR values

The table has been drawn up based on the expected undiscounted gross cash flows on the cash flows that settle on a gross basis

2010	**Total**	**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	**€**	**€**	**€**	**€**	**€**
Floating rate loan notes	**83,983,698**	**-**	**-**	**-**	**83,983,698**
Subordinated loan	**1,950,851**	**-**	**-**	**-**	**1,950,851**
Set-off loan	**15,075,000**	**-**	**-**	**-**	**15,075,000**
Net interest payable on swaps	**5,524,078**	**743,541**	**2,228,488**	**2,386,215**	**165,834**
Interest payable	**41,288,105**	**923,695**	**1,333,434**	**8,474,391**	**30,556,585**
Total	**147,821,732**	**1,667,236**	**3,561,922**	**10,860,606**	**131,731,968**

2009	Total	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	€	€	€	€	€
Floating rate loan notes	109,096,141	-	-	-	109,096,141
Subordinated loan	1,950,851	-	-	-	1,950,851
Set-off loan	15,075,000	-	-	-	15,075,000
Net interest payable on swaps	6,990,262	1,121,386	2,670,039	3,276,119	(77,282)
Interest payable	45,287,926	810,817	1,363,195	8,658,537	34,455,377
Total	178,400,180	1,932,203	4,033,234	11,934,656	160,500,087

Currency risk

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

Interest rate risk profile of financial liabilities

The majority of the company's financial liabilities are floating rate and carry interest rates based on the relevant three-month EURIBOR rate At the year end, the three month EURIBOR rate was 1 006% (2009 0 700%)

BYZANTIUM FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

13. FINANCIAL RISK MANAGEMENT (continued)

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

2010	Total €	1 to 3 months €	3 to 6 months €	6 to 12 months €	>1year and < 5 years €	Non interest bearing €
Assets						
Deemed loan to originator	76,961,774	80,167,713	286,793	338,725	514,928	(4,346,385)
Other receivables	639	-	-	-	-	639
Deferred tax asset	1,488,285	-	-	-	-	1,488,285
Cash and cash equivalents	28,759,245	28,759,245	-	-	-	-
Total assets	107,209,943	108,926,958	286,793	338,725	514,928	(2,857,461)
Liabilities						
Floating rate loan notes	83,983,698	83,983,698	-	-	-	-
Subordinated loan	1,950,851	1,950,851	-	-	-	-
Set-off loan	15,075,000	15,075,000	-	-	-	-
Interest payable	3,472,045	-	-	-	-	3,472,045
Derivative liability	5,315,304	-	-	-	-	5,315,304
Other payables	1,215,650	-	-	-	-	1,215,650
Corporation tax	171	-	-	-	-	171
Total liabilities	111,012,719	101,009,549	-	-	-	10,003,170

2009 (restated)	Total €	1 to 3 months €	3 to 6 months €	6 to 12 months €	>1year and < 5 years €	Non interest bearing €
Assets						
Deemed loan to originator	98,863,213	103,466,808	-	-	-	(4,603,595)
Other receivables	135,041	-	-	-	-	135,041
Deferred tax asset	1,883,727	-	-	-	-	1,883,727
Cash and cash equivalents	31,338,889	31,338,889	-	-	-	-
Total assets	132,220,870	134,805,697	-	-	-	(2,584,827)
Liabilities						
Floating rate loan notes	109,096,141	109,096,141	-	-	-	-
Subordinated loan	1,950,851	1,950,851	-	-	-	-
Set-off loan	15,075,000	15,075,000	-	-	-	-
Interest payable	3,113,063	-	-	-	-	3,113,063
Derivative liabilities	6,727,596	-	-	-	-	6,727,596
Other payables	1,078,039	-	-	-	-	1,078,039
Corporation tax	215	-	-	-	-	215
Total liabilities	137,040,905	126,121,992	-	-	-	10,918,913

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate sensitivity
The sensitivity analysis below has been determined on the Company's exposure to interest rates for interest bearing assets and liabilities at the financial reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates and has been based on managements' assessment of the possible changes in interest rates

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the Company only retains 0 01% of available revenue receipts from the beneficial interest in the mortgage portfolio with the resulting fluctuations being taken up by the deferred purchase consideration due to T Bank S A If interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2009 would have been €30 higher (2009 €35 higher) If interest rates had been 25 basis points lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2009 would have been lower by €30 (2009 €35 lower)

Market risk
Market risk is risk of changes caused by market variables such as interest rates and prices Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at a different time The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of assets and liabilities are similar An interest rate swap has been entered into with Royal Bank of Scotland N V (formerly known as ABN Amro Bank N V) to manage the Company's exposure to interest rate risk associated with the deemed loan to originator This is to reduce interest rate risk as a result of the possible variance between (a) the weighted average, during an interest period, of (i) the variable rates of interest payable on variable rate loans, (ii) the rates of interest payable on the base rate loans and (b) a EURIBOR based rate for Euro deposits

The floating rate loan notes, the deemed loan to originator and the cash and cash equivalents are exposed to interest rate cash flow risk caused by floating interest rates that are reset periodically

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

	Note	**Carrying amount 2010**	**Fair value 2010**	Carrying amount 2009 (restated)	Fair value 2009 (restated)
		€	**€**	€	€
Deemed loan to originator	**9**	**76,961,774**	**76,859,389**	98,863,213	99,085,458
Deferred tax asset	**8**	**1,488,285**	**1,488,285**	1,883,727	1,883,727
Other receivables	**10**	**639**	**639**	135,041	135,041
Cash and cash equivalents		**28,759,245**	**28,759,245**	31,338,889	31,338,889
Floating rate loan notes	**12**	**(83,983,698)**	**(83,976,235)**	(109,096,141)	(104,881,764)
Subordinated loan	**12**	**(1,950,851)**	**(1,950,851)**	(1,950,851)	(1,919,476)
Set-off loan	**12**	**(15,075,000)**	**(15,075,000)**	(15,075,000)	(15,075,000)
Interest payable	**12**	**(3,472,045)**	**(3,472,045)**	(3,113,063)	(3,113,063)
Derivative liability		**(5,315,304)**	**(5,315,304)**	(6,727,596)	(6,727,596)
Other payables	**14**	**(1,215,650)**	**(1,215,650)**	(1,078,039)	(1,078,039)
Corporation tax	**7**	**(171)**	**(171)**	(215)	(215)

The fair values of the financial assets and liabilities are determined by using the discounted cash flow method of which inputs into the models are market observable

13. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments
The Company's financial instruments, other than derivatives, comprise of a deemed loan to originator, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations The Company also enters into derivative transactions (principally interest rate swaps) The purpose of such transactions is to manage the interest rate risks arising from the Company's operations and its sources of finance

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

Fair value hierarchy
Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows

Level 1 - valued using quoted prices in active markets for identical assets or liabilities

Level 2 - valued using valuation techniques based on observable inputs, either directly (i e as prices) or indirect (i e derived from prices)

Level 3 - valued using techniques which require significant unobservable inputs The valuation techniques used by the Company are explained in note 2

As at 31 December 2010 **Financial liabilities at fair value through profit and loss**	**Total** **€**	**Level 1** **€**	**Level 2** **€**	**Level 3** **€**
Derivative financial instruments	**5,315,304**	**-**	**5,315,304**	**-**

As at 31 December 2009 Financial liabilities at fair value through profit and loss	Total €	Level 1 €	Level 2 €	Level 3 €
Derivative financial instruments	6,727,596	-	6,727,596	-

The Company does not hold or issue derivative financial instruments for trading purposes

14. OTHER PAYABLES

	2010	2009
Current liabilities	**€**	€
Amounts owed to T Bank S A	**412,512**	-
Accruals and deferred income	**803,138**	1,078,039
	1,215,650	1,078,039

15. RELATED PARTY TRANSACTIONS

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 Related Party Disclosures

During the year administration and accounting services were provided by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €33,504 (2009 €32,821) At 31 December 2010 €10,080 (2009 €9,870) of these fees were outstanding and an amount totalling €639 (2009 €639) had been prepaid in respect of services for the following period Mr M McDermott and Mr J Schroeder, directors of the Company, are also directors of Wilmington Trust SP Services (London) Limited Mrs R Samson and Mr S Masson, who were directors of the Company, are employees of Wilmington Trust SP Services (London) Limited

During the year the Company received €6,084,555 (2009 €8,462,210) from T Bank S A in respect of interest on the deemed loan to originator and mortgage advances At 31 December 2010 the Company owed €412,512 (2009 €nil) to T Bank S A and was owed €nil (2009 €134,353) by T Bank S A for accrued income and expenses During the year T-Bank S A earned €526,291 (2009 restated €876,453) in relation to deferred purchase consideration of which €nil (2009 €nil) was paid Deferred purchase consideration is included within the deemed loan to originator At 31 December 2010 the deemed loan to originator amounted to €76,961,774 (2009 €98,863,213 – restated) T Bank S A continues to service the underlying mortgage advances and earned €907,568 during the year (2009 €1,120,121) At 31 December 2010 T Bank S A was owed €231,814 (2009 €137,183) in relation to these services

During the year, the Company repaid principal of €nil on the subordinated loan from T Bank S A (2009 €nil) and at 31 December 2010 €1,950,851 (2009 €1,950,851) was still outstanding During the year interest on the subordinated loan amounted to €79,779 (2009 €92,728) At 31 December 2010 interest of €210,091 (2009 €130,312) was still outstanding

During the year, interest of €6,487 (2009 €50,101) was payable on the set-off loan from T Bank S A At 31 December 2010 accrued interest payable amounted to €2,060,075 (2009 €2,053,588) At 31 December 2010 €15,075,000 (2009 €15,075,000) was still outstanding on the set-off loan

16. ULTIMATE CONTROLLING PARTY

Wilmington Trust SP Services (London) Limited, a director of the company, holds the shares in Byzantium Finance Plc under a Declaration of Trust for charitable purposes Ultimate control of the Company rests with the directors and shareholders

The accounts of the Company are consolidated in to T Bank S A , the originator of the mortgage portfolio, under IFRS T Bank S A is incorporated in the Hellenic Republic and is the largest and smallest group into which these financial statements are consolidated The consolidated financial statements of T Bank S A are available to the public and may be obtained from 4 Othonos St, 105 57 Athens, Greece

17. POST BALANCE SHEET EVENT

During 2011 the continuous losses, the liquidity needs of T Bank S A and the obligation of T Bank S A to comply with the regulatory framework imposed by the Bank of Greece concerning the minimum capital adequacy ratio of 10% have led T Bank S A and its main shareholder, TT Hellenic Postbank S A , to take all necessary measures in order to secure the recovery of assets and the settlement of claims In order to resolve this issue, the Boards of Directors of T Bank S A and TT Hellenic Postbank S A decided on 7 July 2011 & 22 June 2011 to merge T Bank S A and TT Hellenic Postbank S A Specifically, T Bank S A will be absorbed into TT Hellenic Postbank S A The completion of the merger still needs to be approved by shareholders and the relevant authorities It is expected that the merger will be completed by the end of 2011

18. PRIOR YEAR ADJUSTMENT

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 Dec 2009 €	Adjustments €	**Year ended 31 Dec 2009 (restated) €**
Finance income	**1, 3**	8,014,369	162,099	**8,176,468**
Finance charges		(6,427,619)	-	**(6,427,619)**
Net finance income		1,586,750	162,099	**1,748,849**
Net fair value losses on derivatives	**2**	(782,872)	(6,727,596)	**(7,510,468)**
Operating expenses	**1, 3**	(1,075,562)	(162,073)	**(1,237,635)**
Operating loss and loss before tax for the year		(271,684)	(6,727,570)	**(6,999,254)**
Income tax credit	**1,2**	75,865	1,883,720	**1,959,585**
Loss for the year	**1, 2**	(195,819)	(4,843,850)	**(5,039,669)**
Total comprehensive loss for the year	**1, 2**	(195,819)	(4,843,850)	**(5,039,669)**
Attributable to:				
Equity holders	**1, 2**	(195,819)	(4,843,850)	**(5,039,669)**

Notes:

1 Following a review of the accounting for the interest subsidies it was found that the subsidies receivable from the Greek State had been incorrectly calculated This has led to an increase in finance income of €1,038,552 in the Statement of Comprehensive Income which together with the existing interest accrual of €364,728 has been offset against the deemed loan to originator in the Statement of Financial Position This has also resulted in a recalculation of the deferred purchase consideration due to T Bank S A which has increased by €1,038,526 in the Statement of Comprehensive Income and also increased the amount payable included within interest bearing loans and borrowings in the Statement of Financial Position The tax charge has increased by €7

2 After a review of the terms and conditions of the interest rate swap agreement, the fair value of the interest rate swaps was re-evaluated This has resulted in the recording of a derivative liability of €6,727,596 in the Statement of Financial Position and an increased fair value movement charge in the Statement of Comprehensive Income A deferred tax asset has been provided for this liability of €1,883,727

3 On reviewing the arrangement between the Company and the Originator of the mortgage loans the Company is entitled to cash flows from the deemed loan to originator net of deferred purchase consideration and deferred purchase consideration is taken into account when calculating the effective interest rate on the deemed loan to originator Accordingly, deferred purchase consideration which was previously presented as a liability of €6,006,875 and an associated operating expense of €876,453 is now included within the deemed loan to originator and interest income These adjustments had no effect on either the net asset or the profit before tax In the Cash Flow Statement, there has been a €876,453 decrease in interest receivable and a decrease in the movement in other payables of €876,453

18. PRIOR YEAR ADJUSTMENT (continued)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Note	2009 €	Adjustments €	2009 (restated) €
Assets				
Deemed loan to originator	1, 3	103,466,808	(4,603,595)	**98,863,213**
Deferred tax asset	2	-	1,883,727	**1,883,727**
Other receivables	1	499,769	(364,728)	**135,041**
Cash at bank		31,338,889	-	**31,338,889**
Total assets	1, 2, 4	135,305,466	(3,084,596)	**132,220,870**
Equity				
Issued capital		18,407	-	**18,407**
Retained earnings	1, 2	5,408	(4,843,850)	**(4,838,442)**
Total equity		23,815	(4,843,850)	**(4,820,035)**
Liabilities				
Interest bearing loans and borrowings	1,3	131,090,341	(4,968,349)	**126,121,992**
Derivative liability	2	-	6,727,596	**6,727,596**
Total non-current liabilities		131,090,341	1,759,247	**132,849,588**
Interest bearing loans and borrowings		3,113,063	-	**3,113,063**
Corporation tax	1	208	7	**215**
Other payables		1,078,039	-	**1,078,039**
Total current liabilities		4,191,310	7	**4,191,317**
Total liabilities	1, 2	135,281,651	7,766,129	**137,040,905**
Total equity and liabilities	1, 2	135,305,466	(3,084,596)	**132,220,870**

18. PRIOR YEAR ADJUSTMENT (continued)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31 Dec 2009 €	Adjustments €	**Year ended 31 Dec 2009 (restated) €**
Cash flows from operating activities				
Loss before tax for the year	**1, 2**	(271,684)	(6,727,570)	**(6,999,254)**
Adjustments for				
Interest income	**1, 3**	(7,503,923)	(162,099)	**(7,666,022)**
Interest expense		6,389,598	-	**6,389,598**
Amortisation of hedge adjustment		(510,446)	-	**(510,446)**
Fair value of movement in derivatives	**2**	782,872	6,727,596	**7,510,468**
Operating loss before changes in working capital		(1,113,583)	(162,073)	**(1,275,656)**
Decrease in other receivables		881	-	**881**
Increase in other payables	**1, 3**	312,540	162,073	**474,613**
Net cash used by operating activities		(800,162)	-	**(800,162)**
Tax paid		(439)	-	**(439)**
Net cash used by operating activities after tax		(800,601)	-	**(800,601)**
Cash flows from investing activities				
Interest received		7,691,821	-	**7,691,821**
Repayment of deemed loan to originator		23,044,432	-	**23,044,432**
Net cash from investing activities		30,736,253	-	**30,736,253**
Cash flows from financing activities				
Interest paid		(5,623,682)	-	**(5,623,682)**
Redemption of loan notes		(23,501,163)	-	**(23,501,163)**
Net cash used by financing activities		(29,124,845)	-	**(29,124,845)**
Net increase in cash		810,807	-	**810,807**
Cash at start of year		30,528,082	-	**30,528,082**
Cash at end of year		31,338,889	-	**31,338,889**