Company Registration Number: 4882084

BYZANTIUM FINANCE PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

BYZANTIUM FINANCE PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS	PAGE

BYZANTIUM FINANCE PLC

DIRECTORS AND COMPANY INFORMATION

Directors	Mr D R Fisher 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 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Company continued to be that of a special purpose vehicle which has raised finance to acquire a portfolio of Greek 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 which in January 2013 became incorporated into the New Hellenic Postbank ("NHP") 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 2012, the Company achieved a net interest margin of 9 93% (2011 11 6% - restated) At the year end, the Company had net liabilities of €2,374,171 (2011 €2,736,087 net liabilities)

During 2011 T Bank S A and its main shareholder, TT Hellenic Postbank S A , entered discussions for merging T Bank S A within TT Hellenic Postbank S A This merger did not proceed and on 17 December 2011 T Bank S A was put into special liquidation by The Bank of Greece in accordance with article 68D of Greek law 3601/2007 Upon being placed in special liquidation, T Bank S A was ordered by The Bank of Greece to transfer most of its assets and specified liabilities to TT Hellenic Postbank S A This transfer included the assets, rights, obligations and liabilities associated with Byzantium Finance Plc The transfer order further provided that TT Hellenic Postbank S A would essentially act as T Bank S A and undertake all of the roles previously undertaken by T Bank S A This transfer was effected under English law on 21 December 2012

POST BALANCE SHEET EVENTS
On 18 January 2013, the Hellenic Financial Stability Fund announced the split of TT Hellenic Postbank S A into a "good" and a "bad" bank All of the good parts of TT Hellenic Postbank S A , including being the Servicer of the underlying mortgages and the provider of subordinated loans to Byzantium Finance Plc, were moved over to the "good" bank, NHP, which is solely owned by the Hellenic Financial Stability Fund

At the date of this report, the transfers of the roles to NHP, being, amongst others, the Originator, the Servicer of the underlying mortgages and provider of the subordinated loans, have yet to be effected under English law However, all references in these financial statements to the provider of these roles have been changed to NHP rather than the any of the previous names of Aspis Bank S A , T Bank S A , or TT Hellenic Postbank S A

In June 2013 the Hellenic Financial Stability Fund launched a process for the sale of its entire stake in NHP Under a Memorandum on Economic and Financial Policies (reviewed in May 2013) undertaken by Greece, the Hellenic Financial Stability Fund was required to have entered into a binding agreement for the sale of it's 100% shareholding in NHP by 15 July 2013 At the date of this report no such agreement has been entered into and therefore there is uncertainty as to the future plans for the company that any successful bidder might have

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 €361,916 (2011 €1,066,689 profit) The directors have not recommended a dividend (2011 €nil)

MANAGEMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS
The activities of the Company are limited to those of the holding and management of the portfolio of residential mortgages acquired from NHP

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 These conditions may deteriorate further due to the continued financial and economic uncertainty in Greece and as such the future performance and funds to be received from the residential mortgage loans underlying the deemed loan to the Originator are difficult to predict This in turn may affect the ability of the Company to meet its obligations and continue in existence

PRIOR YEAR RESTATEMENT

During the year, the amounts owed to the originator were re-reconciled As a result, management became aware of a number of corrections required to the balances This also identified that the servicing fees paid over to the Servicer included monies relating to borrower insurance premiums Borrower insurance premiums are collected with the normal mortgage repayments by the Servicer and the Servicer then arranges the payment to the insurance company However, the Servicer had paid all of the monies collected from the Borrowers to the Company and then reclaimed the money back to pay the insurance companies In undertaking these payments, the Company had not split the amounts between the servicing fee and the insurance premiums As a result the payments had been recorded solely as a servicing fee expense by the Company and has led to the overstatement of the servicing fees paid and an understatement of the amount owed as deferred purchase consideration Whilst this has had no overall effect to the profit for the year due to the nature of the Company, it has lead to the reclassification in the prior year of a number of amounts as set out in note 17

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 2012

DIRECTORS

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

Mr M McDermott	Wilmington Trust SP Services (London) Limited
Mr D R Fisher (Appointed 15 May 2012)	Mr J Schroeder (Resigned 15 May 2012)

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 NHP

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

BYZANTIUM FINANCE PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 NHP, 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 have severely impacted Greece culminating in a number of financial rescue packages for the Greek economy from the European Union and International Monetary Fund The austerity measures which the Greek Government have had to put in place may impact on the ability of the borrowers to repay the mortgage loans underlying the deemed loan to Originator

Liquidity risk

A facility provided by The Royal Bank of Scotland 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

GOING CONCERN

The directors have considered the use of the going concern basis in the preparation of the financial statements The Company's most significant asset is the deemed loan to Originator, which comprises of residential mortgage loans in Greece As discussed, the current economic situation in the Eurozone and Greece in particular means it is not possible to predict, with any degree of accuracy, the ultimate level of collections on these mortgage loans and therefore the Company's ability to meets its obligations under the loan notes in full in the future

The directors have also considered the going concern status of NHP, which is solely owned by the Hellenic Financial Stability Fund, following the transfer of the roles undertaken by the Originator in January 2013 Whilst NHP have taken over all of the roles and functions previously undertaken by TT Hellenic Postbank S A this transfer still has to be effected under English law NHP only came into existence on 13 January 2013, and while information remains limited, the Greek Finance Ministry have stated that NHP is fully capitalised with a capital adequacy ratio well above its regulatory threshold and has access to liquidity from the Eurosystem through The Bank of Greece In June 2013 the Hellenic Financial Stability Fund launched a process for the sale of its entire stake in NHP and that a binding agreement for the sale must be entered into by 15 July 2013 At the date of this report no such agreement has been entered into

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

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors confirm that

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

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

BYZANTIUM FINANCE PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions, disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DONATIONS

The Company made no political or charitable donations or incurred any political expenditure during the year (2011 €nil)

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

By order of the Board

Mark Filer
For and on behalf of Wilmington Trust SP Services (London) Limited
Director
11 July 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYZANTIUM FINANCE PLC

We were engaged to audit the financial statements of Byzantium Finance Plc for the year ended 31 December 2012 set out on pages 8 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 Because of the matters described in the basis for disclaimer of opinion on financial statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion

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

Basis for disclaimer of opinion on financial statements
In seeking to form an opinion on the financial statements, we have considered the implications of the significant uncertainties disclosed in note 1 of the financial statements concerning the following matters

- Whilst New Hellenic Postbank S A (NHP) have taken over all of the roles and functions previously undertaken by the originator, TT Hellenic Postbank S A , this transfer still has to be effected under English law NHP only came into existence on 13 January 2013 and information remains limited
- In June 2013 the Hellenic Financial Stability Fund (HFSF), sole shareholder to NTTHP, launched a process for the sale of its entire stake in NTTHP The HFSF is required to have entered into a binding agreement with a bidder re the sale of the 100% of the HFSF's stake in NTTHP by 15 July 2013 At this stage therefore there is uncertainty as to the future plans for the company that any successful bidder might have
- There is uncertainty over the future performance of the underlying residential mortgage portfolio, which is accounted for as a deemed loan to originator The Company is dependent on funds received from this portfolio to meet its obligations and continue in existence The current economic conditions in Greece, including the new austerity measures to be implemented to stabilise public finances and to reform the economy 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 residential mortgage portfolio underlying the deemed loan to Originator is the Company's only significant asset, the Company's ability to meet its obligations under the loan notes payable is dependent upon the receipt of principal and interest from the borrowers

There is potential for the uncertainties to interact with one another such that we have not been able to obtain sufficient appropriate audit evidence regarding the possible effect of the uncertainties taken together

Disclaimer of opinion on financial statements
Because of the significance of the possible combined effect of the uncertainties described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion Accordingly we do not express an opinion on the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYZANTIUM FINANCE PLC (continued)

Matters on which we are required to report by exception

In respect solely of the limitation of our work referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit

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

K. J. Cooper

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

12 July 2013

One Snowhill,
Snowhill Queensway,
Birmingham,
B4 6GH

BYZANTIUM FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 €	2011 (restated) €
Interest income	4	4,604,384	4,325,428
Interest expense	5	(4,147,293)	(3,822,243)
Net interest income		457,091	503,185
Net fair value gains on derivatives		723,663	1,481,077
Operating expenses	6	(456,782)	(502,749)
Operating profit and profit before tax for the year		723,972	1,481,513
Income tax charge	7	(362,056)	(414,824)
Profit for the year	11	361,916	1,066,689
Total comprehensive profit for the year		361,916	1,066,689
Attributable to:			
Equity holders		361,916	1,066,689

All activities of the Company are classified as continuing operations

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital €	Accumulated losses €	Total €
Balance at 31 December 2010	18,407	(3,821,183)	(3,802,776)
Total recognised profit	-	1,066,689	1,066,689
Balance at 31 December 2011	18,407	(2,754,494)	(2,736,087)
Total recognised profit	-	361,916	361,916
Balance at 31 December 2012	18,407	(2,392,578)	(2,374,171)

The notes on pages 11 to 26 form part of these financial statements

BYZANTIUM FINANCE PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 €	2011 (restated) €
Assets			
Deemed loan to Originator	**9**	**42,660,679**	57,539,782
Deferred tax asset	**8**	**715,429**	1,073,583
Other receivables	**10**	**652**	652
Cash at bank		**22,644,754**	27,374,292
Total assets		**66,021,514**	85,988,309
Equity			
Issued capital	**11**	**18,407**	18,407
Accumulated losses	**11**	**(2,392,578)**	(2,754,494)
Total equity	**11**	**(2,374,171)**	(2,736,087)
Liabilities			
Interest bearing loans and borrowings	**12**	**59,338,563**	79,375,815
Derivative liability		**3,110,564**	3,834,227
Total non-current liabilities		**62,449,127**	83,210,042
Interest bearing loans and borrowings	**12**	**4,573,190**	4,197,214
Corporation tax		**4,015**	293
Other payables	**14**	**1,369,353**	1,316,847
Total current liabilities		**5,946,558**	5,514,354
Total liabilities		**68,395,685**	88,724,396
Total equity and liabilities		**66,021,514**	85,988,309

These financial statements of Byzantium Finance Plc, Company Registration 4882084, on pages 8 to 26 were approved and authorised for issue by the directors on 11 July 2013 and signed on its behalf by

Mark Filer
For and on behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 11 to 26 form part of these financial statements

BYZANTIUM FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 €	2011 (restated) €
Cash flows from operating activities		
Profit before tax for the year	**723,972**	1,481,513
Adjustments for		
Interest income	**(4,604,384)**	(4,325,428)
Interest expense	**4,115,522**	3,786,410
Fair value of movement in derivatives	**(723,663)**	(1,481,077)
Operating loss before changes in working capital	**(488,553)**	(538,582)
Increase in other receivables	**-**	(13)
Increase in other payables	**52,506**	101,197
Net cash used by operating activities	**(436,047)**	(437,398)
Tax paid	**(180)**	-
Net cash used by operating activities after tax	**(436,227)**	(437,398)
Cash flows from investing activities		
Interest received	**4,872,151**	3,951,375
Repayment of deemed loan to Originator	**14,611,336**	19,796,045
Net cash from investing activities	**19,483,487**	23,747,420
Cash flows from financing activities		
Interest paid	**(3,739,546)**	(3,061,241)
Redemption of loan notes	**(20,037,252)**	(21,633,734)
Net cash used by financing activities	**(23,776,798)**	(24,694,975)
Net decrease in cash	**(4,729,538)**	(1,384,953)
Cash at start of year	**27,374,292**	28,759,245
Cash at end of year	**22,644,754**	27,374,292

All withdrawals from the bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash balances are not freely available to use

The notes on pages 11 to 26 form part of these financial statements

BYZANTIUM FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012

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 2012 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 Company is a special purpose company established solely for the purpose of issuing loan notes and other loans in order to acquire a residential mortgage portfolio from NHP and it does not have the ability to carry out any other business

The ability of the Company to meet its obligations under the loan notes will be principally dependent on the receipt by it of funds from the underlying residential mortgage portfolio Other than this, and prior to enforcement of the underlying security, the Company will not have any other significant funds available to meet its obligations under the loan notes or in respect of any payment ranking in priority to, or pari passu with, the loan notes

Only the Note Trustee in its absolute discretion may, and if so requested in writing by the holders of not less than 25% by outstanding principal of the most senior class on loan notes then outstanding, give notice to the Company and declare the loan notes to be due and repayable in the event of a default with respect to the loan notes Events of default in respect of the loan notes include

a) *Non-payment* the Company fails to pay any amount of principal due in respect of the loan notes within three days of the due date for payment of such principal or fails to pay any amount of interest due for payment (other than a step up amount) within five days of the due date for payment of such interest, or
b) *Breach of representation or warranty* the Company breaches any representation or warranty made by it in any Transaction Documents to which it is a party, and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continues for a period of 30 days following the service by the Trustee on the Company of notice in writing requiring the same to be remedied A breach will only occur where the Trustee has certified to the Company that, in its opinion, the such an event is materially prejudicial to the interests of the holders of the most senior class of notes outstanding, or
c) *Breach of other obligations* the Company fails to perform or observe any other obligation, condition or provision binding upon it (except as regards the payment of any Step-Up Amount) in any of the Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continues for a period of 30 days following the service by the Trustee on the Company of notice in writing requiring the same to be remedied A breach will only occur where the Trustee has certified to the Company that, in its opinion, the such an event is materially prejudicial to the interests of the holders of the most senior class of notes outstanding, or
d) *Issuer Insolvency* the Company otherwise than for the purposes of such a pre-approved amalgamation or reconstruction, threatens to cease to carry on business or is unable to pay its debts as they fall due An insolvency event will also occur on the appointment of an administrator or a liquidator

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of preparation - going concern (continued)
If at any time following the occurrence of either

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

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

The current economic conditions in Greece, including the new austerity measures to be implemented to stabilise public finances and to reform the economy 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 residential mortgage portfolio underlying the deemed loan to Originator is the Company's only significant asset, the Company's ability to meet its obligations under the loan notes payable is dependent upon the receipt of principal and interest from the borrowers

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

The directors have also considered the going concern status of NHP, which is solely owned by the Hellenic Financial Stability Fund, following the transfer of the roles undertaken by the Originator in January 2013 Whilst NHP have taken over all of the roles and functions previously undertaken by TT Hellenic Postbank S A this transfer still has to be effected under English law NHP only came into existence on 13 January 2013, and while information remains limited, the Greek Finance Ministry have stated that NHP is fully capitalised with a capital adequacy ratio well above its regulatory threshold and has access to liquidity from the Eurosystem through the Bank of Greece In June 2013 the Hellenic Financial Stability Fund launched a process for the sale of its entire stake in NHP and that a binding agreement for the sale must be entered into by 15 July 2013 At the date of this report no such agreement has been entered into and therefore there is uncertainty as to the future plans for the company that any successful bidder might have

Based on the information available, the directors believe it is appropriate to prepare these financial statements on the assumption that the Company will be able to continue as a going concern for the foreseeable future given the non recourse nature of the Company However, the directors recognise the ongoing general economic uncertainties in Greece may impact on the servicing and timing of mortgage collections which may cast doubt on the Company's ability to fully repay the loan notes

After taking into account the above factors it remains the intention of management to continue to operate the Company for the foreseeable future and therefore the financial statements have been prepared on a going concern basis

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Standards affecting presentation and disclosure
The directors consider that there are no new and revised standards relevant to the Company which should be adopted and reported in the 2012 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 rate 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 rate basis

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% are payable to NHP 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 rate 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 NHP 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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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 is 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 year

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 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 asset 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

BYZANTIUM FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

4. INTEREST INCOME

	2012	2011 (restated)
	€	€
Interest income on deemed loan to Originator	**4,604,278**	4,229,129
Bank interest receivable	**106**	96,299
	4,604,384	4,325,428
Geographic		
Greece	**4,604,278**	4,229,129
United Kingdom	**106**	96,299
	4,604,384	4,325,428

Income from the deemed loan to Originator is calculated using the effective interest rate 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

	2012	2011
	€	€
Interest on floating rate loan notes	**1,132,392**	1,796,928
Interest on subordinated loans	**104,640**	76,439
Interest on set-off loan	**62**	66,011
Net interest expense on swaps	**2,820,771**	1,764,333
Levy payable to Central Bank of Greece under law 128/75	**57,657**	82,699
Liquidity fees	**31,771**	35,833
	4,147,293	3,822,243

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 before taxation is stated after charging	2012	2011 (restated)
	€	€
Corporate management fees	**24,000**	23,861
Servicing fees	**281,929**	373,819
Auditor's remuneration		
- Fees payable for the audit of the Company's financial statements pursuant to legislation	**65,853**	29,103
- Fees payable to the Company's auditors for taxation services	**14,215**	5,703
Accountancy fees	**10,080**	10,680
Rating agency fees	**19,700**	25,375
Professional fees	**6,090**	4,220
Trustee and cash manager fees	**27,549**	23,417
Filing fees and couriers	**226**	78
Filing penalties	**7,537**	6,993
Exchange gains recognised	**(397)**	(500)
	456,782	502,749

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 (2011 €nil)

7. INCOME TAX

(a) Analysis of charge in the year

	2012	2011
	€	€
Current tax:		
Corporation tax charge for the year	**1,922**	122
Under provision in prior years	**1,980**	-
	3,902	122
Deferred tax :		
Deferred tax charge for the year	**358,154**	414,702
Total income tax charge in the Statement of Comprehensive Income	**362,056**	414,824

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)

	2012	2011
	€	€
Profit before tax	**723,972**	1,481,513
Profit before tax multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	**177,373**	414,824
Effect of change in tax rate	**180,855**	-
Disallowed items	**1,848**	-
Under provision in prior years	**1,980**	-
Total income tax charge in statement of comprehensive income	**362,056**	414,824

8. DEFERRED TAX

	2012	2011
Deferred tax asset	€	€
At 1 January	1,073,583	1,488,285
Charge to income for the year	(358,154)	(414,702)
At 31 December	715,429	1,073,583

The deferred tax asset of €715,429 (2011 €1,073,583) represents the amount of deferred tax recoverable in respect of the derivative financial instrument

9. DEEMED LOAN TO ORIGINATOR

	2012	2011 (restated)
	€	€
Mortgage portfolio at 1 January	61,512,114	81,308,159
Capitalised charges	274,060	289,882
Repayments	(14,885,396)	(20,085,927)
Mortgage portfolio at end of the year	46,900,778	61,512,114
Interest subsidies receivable	606,500	2,389,266
Adjustment to expected future cashflows related to deferred purchase consideration due to the Originator	(4,846,599)	(6,361,598)
Deemed loan to Originator at 31 December	42,660,679	57,539,782

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

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

10. OTHER RECEIVABLES

	2012	2011
	€	€
Prepayments and accrued income	652	652

11. TOTAL EQUITY

Reconciliation of movement in capital and reserves	Share capital	Accumulated losses	Total
	€	€	€
Balance at 31 December 2010	18,407	(3,821,183)	(3,802,776)
Total recognised profit	-	1,066,689	1,066,689
Balance at 31 December 2011	18,407	(2,754,494)	(2,736,087)
Total recognised profit	-	361,916	361,916
Balance at 31 December 2012	18,407	(2,392,578)	(2,374,171)

11. TOTAL EQUITY (continued)

Allotted and called up share capital:	**2012** **No. of shares**	2011 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

	2012	2011
Non-current liabilities	**€**	€
Floating rate loan notes	**42,312,712**	62,349,964
Subordinated loan	**1,950,851**	1,950,851
Set-off loan	**15,075,000**	15,075,000
	59,338,563	79,375,815
Current liabilities		
Interest payable	**4,573,190**	4,197,214
	4,573,190	4,197,214
Total	**63,911,753**	83,573,029

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 bore interest at a margin of 25 basis points over three month EURIBOR until January 2009 when the interest was adjusted to a margin of 50 basis points over three month EURIBOR The Class B notes bore interest at a margin of 63 basis points over three month EURIBOR until January 2009 when the interest was adjusted to a margin of 126 basis points over three month EURIBOR The Class C notes bore interest at a margin of 120 basis points over three month EURIBOR until January 2009 when the interest was 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 January 2009 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 any such time when the current aggregate outstanding amount of floating rate loan notes becomes less than 10% of the initial aggregate amount The Company has not yet exercised its right to redeem the Class A, B and C floating rate loan notes

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 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 15 November 2013

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 NHP 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 2012 the carrying amount of the deemed loan to Originator amounted to €42,660,679 (2011 €57,539,782 - restated)

The underlying mortgage portfolio exhibited the following profile

	31 Dec 2012	31 Dec 2011
	€	€
Current	**26,365,228**	43,302,332
Loans in arrears:		
0 – 30 days	**4,080,061**	6,761,223
31 to 60 days	**2,274,904**	3,000,327
61 to 90 days	**1,201,047**	1,585,735
91 to 120 days	**966,779**	1,053,038
121 to 150 days	**909,909**	729,434
151 to 180 days	**487,192**	657,867
Over 180 days	**3,101,123**	1,981,006
Restructured	**3,566,781**	822,921
Loans in enforcement	**3,707,655**	1,618,231
Total	**46,660,679**	61,512,114

Of the total loans in arrears and loan in enforcement total of €20,295,451, €15,588,577 is not yet due for collection (2011 total loans in arrears and loan in enforcement total of €18,209,782, €15,902,207 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 2012 these amounted to €21,872,451 (2011 €23,222,818 - restated)

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 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

2012	**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	**42,312,712**	**-**	-	-	**42,312,712**
Subordinated loan	**1,950,851**	**-**	-	-	**1,950,851**
Set-off loan	**15,075,000**	**-**	-	-	**15,075,000**
Net interest payable on swaps	**3,105,659**	**298,329**	**1,575,028**	**2,829,739**	**(1,697,437)**
Interest payable	**19,240,843**	**2,098,759**	**583,122**	**2,924,156**	**13,634,806**
Total	**81,685,065**	**2,397,088**	**2,158,150**	**5,753,895**	**71,375,932**

2011	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	62,349,964	-	-	-	62,349,964
Subordinated loan	1,950,851	-	-	-	1,950,851
Set-off loan	15,075,000	-	-	-	15,075,000
Net interest payable on swaps	4,169,007	476,527	1,199,661	2,337,819	155,000
Interest payable	39,195,370	1,855,975	1,261,565	7,983,771	28,094,059
Total	122,740,192	2,332,502	2,461,226	10 321,590	107,624,874

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 0 188% (2011 1 356%)

BYZANTIUM FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

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

2012	**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	**42,660,679**	**2,441,509**	**133,349**	**658,746**	**2,287,338**	**37,139,737**
Deferred tax asset	**715,429**	-	-	-	-	**715,429**
Other receivables	**652**	-	-	-	-	**652**
Cash at bank	**22,644,754**	**22,644,754**	-	-	-	-
Total assets	**66,021,514**	**25,086,263**	**133,349**	**658,746**	**2,287,338**	**37,855,818**
Liabilities						
Floating rate loan notes	**42,312,712**	**42,312,712**	-	-	-	-
Subordinated loan	**1,950,851**	**1,950,851**	-	-	-	-
Set-off loan	**15,075,000**	**15,075,000**	-	-	-	-
Interest payable	**4,573,190**	-	-	-	-	**4,573,190**
Derivative liability	**3,110,564**	-	-	-	-	**3,110,564**
Other payables	**1,369,353**	-	-	-	-	**1,369,353**
Corporation tax	**4,015**	-	-	-	-	**4,015**
Total liabilities	**68,395,685**	**59,338,563**	-	-	-	**9,057,122**

2011 (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	57,539,782	58,855,158	275,206	295,297	468,223	(2,354,102)
Deferred tax asset	1,073,583	-	-	-	-	1,073,583
Other receivables	652	-	-	-	-	652
Cash at bank	27,374,292	27,374,292	-	-	-	-
Total assets	85,988,309	86,229,450	275,206	295,297	468,223	(1,279,867)
Liabilities						
Floating rate loan notes	62,349,964	62,349,964	-	-	-	-
Subordinated loan	1,950,851	1,950,851	-	-	-	-
Set-off loan	15,075,000	15,075,000	-	-	-	-
Interest payable	4,197,214	-	-	-	-	4,197,214
Derivative liability	3,834,227	-	-	-	-	3,834,227
Other payables	1,316,847	-	-	-	-	1,316,847
Corporation tax	293	-	-	-	-	293
Total liabilities	88,724,396	79,375,815	-	-	-	9,348,581

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 NHP 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 2012 would have been €14 higher (2011 €18 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 2012 would have been lower by €14 (2011 €18 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 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 2012 €**	**Fair value 2012 €**	Carrying amount 2011 (restated) €	Fair value 2011 (restated) €
Deemed loan to Originator	9	**42,660,679**	**42,206,839**	57,539,782	57,310,169
Deferred tax asset	8	**715,429**	**715,429**	1,073,583	1,073,583
Other receivables	10	**652**	**652**	652	652
Cash and cash equivalents		**22,644,754**	**22,644,754**	27,374,292	27,374,292
Floating rate loan notes	12	**(42,312,712)**	**(43,265,741)**	(62,349,964)	(62,772,230)
Subordinated loan	12	**(1,950,851)**	**(1,950,851)**	(1,950,851)	(1,950,851)
Set-off loan	12	**(15,075,000)**	**(15,075,000)**	(15,075,000)	(15,075,000)
Interest payable	12	**(4,573,190)**	**(4,573,190)**	(4,197,214)	(4,197,214)
Derivative liability		**(3,110,564)**	**(3,110,564)**	(3,834,227)	(3,834,227)
Other payables	14	**(1,369,353)**	**(1,369,353)**	(1,316,847)	(1,316,847)
Corporation tax	7	**(4,015)**	**(4,015)**	(293)	(293)
		(2,374,171)	**(3,781,040)**	(2,736,087)	(3,387,966)

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 2012 **Financial liabilities at fair value through profit and loss**	**Total** **€**	**Level 1** **€**	**Level 2** **€**	**Level 3** **€**
Derivative financial instruments	3,110,564	-	3,110,564	-

As at 31 December 2011 Financial liabilities at fair value through profit and loss	Total €	Level 1 €	Level 2 €	Level 3 €
Derivative financial instruments	3,834,227	-	3,834,227	-

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

14. OTHER PAYABLES

	2012	2011 (restated)
Current liabilities	**€**	€
Amounts owed to NHP (2011 TT Hellenic Postbank S A)	**859,752**	834,499
Accruals and deferred income	**509,601**	482,348
	1,369,353	1,316,847

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 €34,080 (2011 €34,541) At 31 December 2012 €10,080 (2011 €10,080) of these fees were outstanding and an amount totalling €652 (2011 €652) had been prepaid in respect of services for the following period Mr M McDermott a director of the Company is also a director of Wilmington Trust SP Services (London) Limited

NHP (2011 TT Hellenic Postbank S A) acts as the Servicer of the mortgage advances underlying the deemed loan to the Originator and pays cash collections across to the Company on a daily basis During the year €19,778,321 (2011 €24,409,222) was transferred in relation to the collections for mortgage principal, interest government subsidies, Greek law 128/75 levy and other expenses relating to the underlying mortgages At 31 December 2012 €48,810 (2011 €75,547) of cash was in transit between NHP (2011 TT Hellenic Postbank S A) and the Company

During the year NHP (2011 TT Hellenic Postbank S A) earned €281,929 during the year (2011 €373,819 - restated) in relation to its servicing role and was owed €56,201 (2011 €74,880 - restated) in relation to these services, which is included within accruals and deferred income

At 31 December 2012 NHP (2011 TT Hellenic Postbank S A) was owed a total of €859,752 (2011 €834,499 – restated) which is shown in other payables This amount includes €1,536,335 (2011 €1,478,678) in relation to Greek law 128/75 levy collections payable to the Greek state, and €20,917 (2011 €53,321) in relation to insurance collections payable to insurers, both of which are paid over to the Company in the daily collection cash transfers, and an amount of €697,500 (2011 €697,500) which is owed by NHP (2011 TT Hellenic Postbank S A) in relation to initial expenses

During the year the Company recognised €4,604,278 (2011 €4,229,129 – restated) in relation to interest income on the deemed loan to Originator This includes a decrease in the calculated amount of deferred purchase consideration payable to NHP (2011 TT Hellenic Postbank S A) of €1,514,999 (2011 €131,025 increase – restated) which is included within the interest income on the deemed loan to Originator At 31 December 2012 the deemed loan to Originator amounted to €42,660,679 (2011 €57,739,782 - restated) including €4,846,599 (2011 €6,361,598 - restated) in relation to deferred consideration due to the Originator

During the year, the Company repaid principal of €nil on the subordinated loan from NHP (2011 TT Hellenic Postbank S A) (2011 €nil) and at 31 December 2012 €1,950,851 (2011 €1,950,851) was still outstanding During the year interest on the subordinated loan amounted to €104,640 (2011 €76,439) At 31 December 2012 interest of €391,170 (2011 €€286,530) was still outstanding

During the year, interest of €62 (2011 €66,011) was payable on the set-off loan from NHP (2011 TT Hellenic Postbank S A) At 31 December 2012 accrued interest payable amounted to €2,126,148 (2011 €2,126,086) At 31 December 2012 €15,075,000 (2011 €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

T Bank S A was the Originator of the mortgage portfolio underlying the deemed loan to Originator and the accounts of the Company were consolidated by T Bank S A under IFRS At the year end, the accounts of the Company were consolidated into TT Hellenic Postbank S A following an order of The Bank of Greece for T Bank S A to transfer most of its assets and specified liabilities to TT Hellenic Postbank S A On 17 December 2011 T Bank S A was placed into special liquidation by The Bank of Greece in accordance with article 68D of Greek law 3601/2007 TT Hellenic Postbank 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 TT Hellenic Postbank S A are available to the public and may be obtained from 2-6 Pesmazoglou Street, 101 75, Athens, Greece

On 18 January 2013, the Hellenic Financial Stability Fund announced the split of TT Hellenic Postbank S A into a "good" and a "bad" bank and from this date the results of the Company will be consolidated into the "good" bank, the New Hellenic Postbank which is incorporated in the Hellenic Republic and owned by the Hellenic Financial Stability Fund As a result the ultimate parent company will change to be the New Hellenic Postbank in future years

17. PRIOR YEAR RESTATEMENT

During the year, the amounts owed to the Originator were re-reconciled As a result management became aware of a number of corrections required to the balances This also identified that the servicing fees paid over to the Servicer included monies relating to borrower insurance premiums Borrower insurance premiums are collected with the normal mortgage repayments by the Servicer and the Servicer then arranges the payment to the insurance company However, the Servicer had paid all of the monies collected from the Borrowers to the Company and then reclaimed the money back to pay the insurance companies In undertaking these payments, the Company had not split the amounts between the servicing fee and the insurance premiums As a result the payments had been recorded solely as a servicing fee expense by the Company and has led to the overstatement of the servicing fees paid and an understatement of the amount owed as deferred purchase consideration The adjustment in relation to the insurance premium collections has resulted in a reduction of €467,224 in the servicing fee expense within operating expenses from €841,043 to €373,819, and a decrease in the deferred purchase consideration payable to the Originator, included within interest income regarding interest income on deemed loan to Originator, of the same amount Whilst net interest income has reduced by €467,224, operating profit and profit before tax for the year has not changed

The reconciliations have also resulted in a reduction in other payables of €164,631, being a €117,106 reduction in amounts owed to NHP and a €47,525 reduction in accruals and deferred income The deemed loan to Originator also decreased by €164,631 As a result total assets have decreased by €164,631and accordingly total equity and liabilities have decreased by the same amount

Within the statement of cash flows, interest received within net cash from investing activities has decreased by €302,593 Net cash used by operating activities after tax has reduced by a similar with interest income reducing by €467,224 and a decrease in the movement of other payables of €164,631 There is no effect on net assets or total equity at 31 December 2011