Company Registration Number: 05655257

GRIFONAS FINANCE NO.1 PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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GRIFONAS FINANCE NO.1 PLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr M McDermott (resigned 5 December 2014) Mr M H Filer Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	05655257
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Auditor	Deloitte LLP London

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2014. The Company is incorporated as a public limited company and domiciled in the United Kingdom.

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 the Consignment Deposits and Loan Fund ("CDLF") and it does not have the ability to carry out any other business. CDLF is incorporated under Greek law and it operates under the supervision of the Greek Ministry of Economy and Finance. The board of directors of CDLF is determined by the Greek Minister of Economy and Finance.

THE DIRECTORS

The directors who served the Company throughout the year and to the date of this report were as follows:

Wilmington Trust SP Services (London) Limited
Mr M H Filer
Mr M McDermott (resigned 5 December 2014)

DIVIDENDS

The Directors have not recommended a dividend for 2014 (2013: €nil).

DIRECTORS' RESPONSIBILITIES STATEMENT

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.

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 has taken all steps that he ought to have as director in order to make himself 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.

Approved by the Board of Directors and signed on behalf of the Board

Andreas Demosthenous

Andreas Demosthenous for and on behalf of
Wilmington Trust SP Services (London) Limited
Director
Date: 29 January 2016

STRATEGIC REPORT

The directors present their strategic report of Grifonas Finance No.1 Plc for the year ended 31 December 2014.

GENERAL

PRINCIPAL ACTIVITIES

On 30 August 2006, the Company issued €950,000,000 of floating rate notes ("Loan notes") due for repayment in August 2039 in accordance with an Offering Circular (the "Offering Circular") dated 24 August 2006. The issue of the Loan notes was split into three classes, being €897,700,000 of Class A Notes, €23,800,000 of Class B Notes and €28,500,000 of Class C Notes. On the same date the Company used the proceeds of the Loan note issue to acquire a portfolio of residential mortgage loans ("the Mortgages") from CDLF who originated the Mortgages.

CDLF continues to administer the Mortgages on behalf of the Company under a servicing agreement.

No significant change in the Company's principal business activity is expected.

REVIEW OF THE BUSINESS

RESULTS

The results for the year and the Company's financial position at the year-end are shown in the attached financial statements. The key performance indicators of the business are considered to be the net interest margin, which is used to cover the operating expenses of the Company, and the impairment of the mortgage loans. During the year, the Company achieved a net interest income margin (turnover plus interest receivable and similar income less interest payable and other expenses) of €779,067 (2013: €1,100,330).

Whilst the Company had net liabilities of €13,497,981 at the year-end (2013: €14,285,369), this includes the fair value of the interest rate swap of €13,545,770 with JP Morgan which is included in creditors and is expected to reverse over the period to maturity. The Company pays a fixed rate and receives a floating rate in return.

The Company continues to meet all of its cash flow obligations under the terms of cash waterfall set out in the Offering Circular. The profit on ordinary activities after taxation for the year was €787,389 (2013: €205,423) after taking into account the gain on the fair value movement of the swap of €783,527 (2013: €200,994).

The Directors have assessed the deemed loan advanced to CDLF for impairment and have concluded that no impairment loss has been incurred. The conclusion is based on the fact that the loan is performing, with CDLF being able to provide the required funding. The structure remains over-collateralised with the Calculated Balance of the mortgage loans being €592,981,183 as at the August 2014 interest payment date.

RESTATEMENT OF 2013 FIGURES

During the year the Directors identified that the Company was inappropriately recognising the Mortgage loans and deferred consideration liability on its balance sheet. In line with FRS 3, the Directors have considered this to be fundamental to the understanding of the Financial Statements and thus consider appropriate to adjust the prior year financial statement line items as detailed in note 1 to reflect the new deemed loan receivable from CDLF.

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 CDLF. Due to repayments of the outstanding principal of mortgage loans and the floating rate notes, interest income and interest expense are expected to decrease in future years. The rate of decrease is dependent on future mortgage redemptions.

However, the directors acknowledge that the macro-economic indicators and general business environment in Greece have deteriorated significantly in recent years with increasing levels of unemployment and falling levels of personal income. These factors will continue to pose significant challenges to the underlying borrowers to whom the Company has exposure through the residential mortgage loans, all of whom are either, or were before leaving or retiring, permanent public servants or employees in specifically designated government organisations in Greece.

The Greek Government has implemented fiscal consolidation and structural changes as agreed with the European Union and International Monetary Fund which contained austere but necessary measures in order to secure a

MANAGEMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)
sovereign debt rescue plan. The implementation of the Government programmes to revive economic growth are 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.

Management will continue to monitor the impact of the Greek economy on the portfolio going forward, which may lead to impairment in the future.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES
The Company's financial instruments comprise the deemed loan advanced to CDLF, cash and cash equivalents, interest-bearing borrowings, interest rate swap and various receivables and payables that arise directly from its operations. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments is undertaken.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing these and the other risks arising on the Company's financial instruments and they are disclosed in note 11.

LIQUIDITY FACILITY
In April 2012, J P Morgan Chase Bank N.A., the liquidity facility provider, notified the Company that it would be making a claim for increased costs as allowed under the terms of the Liquidity Facility Agreement following increased regulatory charges imposed on the liquidity facility provider to provide the liquidity facility. The claim was for 10% per annum of the Liquidity Facility Commitment ("LFC") and would be payable from 23 July 2012 until the cancellation of the LFC. In January 2013, the liquidity facility provider notified the Company that the implementation of certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act would reduce the capital charge from 10% per annum down to 0.66% per annum from 1 January 2013. The imposed charge of 0.66% per annum due to the implementation of certain provisions of Dodd-Frank Wall Street reform and Consumer Protection Act has not changed since in January 2013.

GOING CONCERN
The Company's net deficit is due to impairment provisions and the movement in the fair value of derivative transactions. The fair value of the derivative transactions are expected to reverse in future years as their fair value moves towards zero at their maturity.

The Company's ongoing ability to make cash payments under the terms of the Offering Circular is limited solely to the funds available from its interest in the mortgage portfolio, and the funds received are applied to make payments in accordance with the payment waterfall set out in the Offering Circular. 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 and there is no recourse to any other funds. As such, the Loan note holders will ultimately bear any losses from the mortgage loan portfolio and the Company will have no further recourse to those note holders should the proceeds from the mortgage loan portfolio be insufficient to repay those notes in full.

Since the interest rate step-up date in August 2012, the Company has the option, subject to providing at least 30 days' notice, to repurchase the Loan Notes at par. The ability to exercise this option will be dependent on the intentions of CDLF, as the ultimate controlling party, which are based on decisions that will be made near to each future interest payment date. The directors have communicated with CDLF to confirm that they have no current intention to provide the required funding which would enable the Company to exercise their option. Should the option be exercised, and therefore the Loan notes be repaid in full, the Company would cease to trade as it was established solely for the securitisation transaction. This represents a material uncertainty over the Company's ability to continue as a going concern.

The Company's most significant asset is the deemed loan advanced to CDLF which is secured by the underlying portfolio of residential mortgage loans in Greece which are denominated in Euros. As discussed further in note 1, the current social and economic conditions in Greece and the wider Eurozone could result in further disruption in the Greek economy which may impact on the recoverability of the residential mortgage loan portfolio (see note 7). If the economic disruption were significant, this could materially impact the amount that may eventually be collected on the underlying residential mortgage portfolio and trigger a resulting action that the Note Trustee may decide upon

GOING CONCERN (continued)
should it be necessary for it to act to protect the rights of the noteholders under the terms of the securitisation transaction, which may include enforcing security under the Loan notes leading to their immediate repayment. This would result in the Company ceasing to trade.

As discussed further in note 1, the conditions above indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, having considered the limited recourse terms of the Loan notes and the mitigating factors discussed, in the strategic report, the directors believe that it is appropriate to continue to prepare the financial statements of the Company 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.

Approved by the Board of Directors and signed on behalf of the Board

Andreas Demosthenous for and on behalf of
Wilmington Trust SP Services (London) Limited
Director
Date: 29 January 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRIFONAS FINANCE NO.1 PLC

We have audited the financial statements of Grifonas Finance No.1 Plc for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Directors' Responsibilities Statement, 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion:
- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The current economic uncertainties in Greece have resulted in significant disruption to the Greek economy and the possibility of Greece exiting the Eurozone, which may materially impact the amount that may eventually be collected on the underlying residential mortgage portfolio. Notwithstanding the limited recourse nature of the Company's borrowings this situation creates uncertainty regarding the course of action that the Note Trustee may decide upon should it be necessary for it to act, under the terms of the securitization transaction, to protect the rights of the noteholders. In addition, the Company has the option to repay the loan notes in full following the interest rate step-up date in August 2012, subject to at least 30 days' notice. The ability to exercise this option will be dependent on the intentions of the Consignment Deposits and Loan Fund, as prospective purchaser of the mortgage loans and ultimate controlling party, which are based on the decisions that will be made near to each future interest payment date. Should the Consignment Deposits and Loan Fund provide the appropriate funding the Directors of the Company intent to exercise the option after which the Company would cease to trade. These conditions, along with the other matters described in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRIFONAS FINANCE NO.1 PLC (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Simon Stephens (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 January 2016

PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 Dec 2014 €	Restated Year ended 31 Dec 2013 €
Turnover	1	**12,205,733**	11,779,674
Administrative expenses		**(773,784)**	(1,094,652)
Operating profit		**11,431,949**	10,685,022
Net profit arising from fair value adjustments of the Swap		**783,527**	200,994
Interest receivable and similar income	2	**10,495**	542
Interest payable and other expenses	3	**(11,437,161)**	(10,679,886)
Profit on ordinary activities before taxation	5	**788,810**	206,672
Tax on profit on ordinary activities	6	**(1,421)**	(1,249)
Profit on ordinary activities after taxation	13	**787,389**	205,423

All operations were continuing in the current and prior year.

The Company has no recognised gains or losses other than the profit for the current year and profit for the prior year as set out above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 11 to 23 form an integral part of these financial statements.

GRIFONAS FINANCE NO.1 PLC

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 €	Restated 2013 €
Fixed assets			
Deemed loan to CDLF	7	**494,253,707**	529,492,342
Current assets			
Deemed loan to CDLF	7	**35,274,476**	45,595,645
Debtors	8	**9,392**	9,100
Cash at bank and in hand		**65,026,920**	67,570,063
Total current assets		**100,310,788**	113,174,808
Creditors: amounts falling due within one year	9	**(50,355,769)**	(64,007,177)
Net current assets		**49,955,019**	49,167,631
Total assets less current liabilities		**544,208,726**	578,659,973
Creditors: amounts falling due after more than one year	10	**(557,706,707)**	(592,945,342)
Net liabilities		**(13,497,981)**	(14,285,369)
Capital and reserves			
Called up share capital	12	**18,425**	18,425
Profit and loss account	13	**(13,516,406)**	(14,303,794)
Equity shareholders' deficit	14	**(13,497,981)**	(14,285,369)

These financial statements of Grifonas Finance No.1 Plc, Company Registration 05655257, on pages 9 to 23 were approved and authorised for issue by the directors on 29 January 2016 and signed on its behalf by:

Andreas Demosthenous

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

The notes on pages 11 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Grifonas Finance No.1 Plc is a company incorporated in the United Kingdom under the Companies Act 2006 and domiciled in England.

Basis of preparation
The financial statements are prepared under the historical cost convention, except for the revaluation of certain financial instruments under Financial Reporting Standard 26: Financial Instruments: Recognition and Measurement ("FRS 26"), and in accordance with applicable United Kingdom company law and accounting standards.

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 CDLF and it does not have the ability to carry out any other business.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, its liquidity position and borrowing facilities are described in the Strategic Report on pages 4 to 6. In addition, note 11 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Company has neither the intention nor the need to liquidate or materially curtail the scale of its operations.

A liquidity facility provided by J P Morgan Chase Bank N.A. 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. This facility is renewable on an annual basis and was last renewed in August 2015 with a facility commitment of €30.8m. The facility is next due for renewal in August 2016.

The directors have identified the following circumstances which they consider could have a material impact on the Company's ability to continue as a going concern:

Call option held by the Company
Since the interest rate step-up date in August 2012, the Company has the option to repurchase the loan notes at par on any interest payment date, subject to providing at least 30 days' notice.

The ability to exercise this option will be dependent on the intentions of CDLF, as the ultimate controlling party, which are based on decisions that will be made near to each future interest payment date. The directors maintain regular contact with CDLF in order to assess their current intentions and, as at the date of signing the accounts, no notice has been given to the note holders to exercise this option and CDLF have indicated that they do not have any current plans to provide the required funding which would enable the Company to exercise their option.

Should CDLF provide the required funding; the Directors of the Company intend to exercise the option and repay the Loan notes in full. As a result the Company would cease to trade as it was established solely for the securitisation transaction.

Uncertainty in the Greek economy
The Company's most significant asset is the deemed loan advanced to CDLF which is secured by the underlying portfolio of residential mortgage loans in Greece which are denominated in Euros. The current uncertain social and economic conditions in Greece and the wider Eurozone could result in further disruption in the Greek economy which may impact on the recoverability of the residential mortgage portfolio raising material uncertainties as to the future timing and levels of collections (see note 7 for details of the mortgage loans). If the economic disruption was significant, this could materially impact the amount that may eventually be collected on the underlying residential mortgage portfolio and trigger a 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, which may include enforcing security under the Loan notes leading to their immediate repayment. This would result in the Company ceasing to trade.

1. ACCOUNTING POLICIES (continued)

The conditions above indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to fully repay the Notes and continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, having considered the limited recourse terms of the Loan Notes and the mitigating factors discussed in the strategic report, the directors believe that it is appropriate to continue to prepare the financial statements of the Company 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.

Restatement of 2013 figures

During the year the Directors identified that the Company was inappropriately recognising the Mortgage loans and deferred consideration liability on its balance sheet. In line with FRS 3, the Directors have considered this to be fundamental to the understanding of the Financial Statements and thus consider appropriate to adjust the prior year financial statement line items as detailed below to reflect the new Deemed loan receivable from CDLF.

	December 2013 as previously reported	Restatement	December 2013 as restated
Turnover	34,754,644	(30,109,807)	4,644,837
Other income	0	7,134,837	7,134,837
Administrative expenses	(23,714,722)	22,620,070	(1,094,652)
Interest receivable and similar income	176,227	(175,685)	542
Interest payable and other expenses	(11,212,657)	532,771	(10,679,886)
Profit/(loss) on ordinary activities before taxation	204,486	2,186	206,672

	December 2013 as previously reported	Restatement	December 2013 as restated
Mortgage loans	587,855,316	(587,855,316)	0
Deemed loan to CDLF	0	575,087,987	575,087,987
Debtors	30,781,642	(30,772,542)	9,100
Creditors: amounts falling due <1 Year	71,643,269	(7,636,092)	64,007,177
Creditors: amounts falling due >1 Year	631,624,666	(38,679,324)	592,945,342
Profit and Loss Account	(17,079,339)	2,775,545	(14,303,794)

Turnover

Turnover represents interest income on the deemed loan advanced to CDLF and is accounted for under the effective interest method. The Company operates in only this one business segment.

Interest receivable and payable

Interest income and expense are accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount.

Cash collateral held

Deferred purchase consideration represents further amounts payable on the acquisition of the legal ownership of residential mortgage loans from CDLF, who also administer the mortgage loans on behalf of the Company, which comprises excess profits over and above the note payments required. The payments of deferred consideration are governed by the priority of payments which sets out how cash within the Company can be utilised. Any excess cash received in the structure over and above what is required to pay for the expenses of the SPV is deemed to be cash collateral held by the Company.

1. **ACCOUNTING POLICIES (continued)**

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

For UK corporation tax purposes, the Company has been considered as a securitisation company under the 'Taxation of Securitisation Companies Regulations 2006' (SI 2006/3296). Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the securitisation transaction into which the Company has entered.

Deemed loan advanced to CDLF

The deemed loan initially represents the consideration paid by the Company in respect of the acquisition of the legal ownership of the Mortgage Loans and is subsequently adjusted due to repayments made by CDLF to the Company. The deemed loan is carried at amortised cost using the effective interest rate (EIR), less any provision where the loan is considered to be impaired.

The legal ownership of the Mortgage Loans sold to the Company by CDLF fails the de-recognition criteria of FRS 26, and therefore, these loans are not recognised on balance sheet. The Company is instead recognising a "deemed loan" asset receivable from CDLF.

Financial instruments

The Company's financial instruments comprise borrowings, cash balances and debtors and creditors that arise directly from its operations. The Company uses derivative financial instruments (interest rate swaps) to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivative instruments are recorded at fair value, with any gain or loss on measurement being recognised in the profit and loss account. The fair value of the instruments is the estimated amount that the Company would receive or pay to terminate the instruments at the balance sheet date, and is based upon the market price of comparable instruments at that date.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a cash flow statement.

Derecognition policy

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred all of the risks and rewards of ownership.

Loan notes

Loan notes are measured at initial recognition at fair value being the principal issued less issue costs, and are subsequently measured at amortised cost using the effective interest rate method.

Functional currency

The Company's functional currency is the Euro, since this is the primary economic environment in which the Company operates, and therefore the financial statements have been presented in Euros.

GRIFONAS FINANCE NO.1 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 Dec 2014	Restated Year ended 31 Dec 2013
	€	€
Bank interest received	**10,495**	542

3. INTEREST PAYABLE AND OTHER EXPENSES

	Year ended 31 Dec 2014	Restated Year ended 31 Dec 2013
	€	€
Interest on loan notes	**4,133,197**	4,644,837
Net swap costs	**7,303,964**	6,035,049
	11,437,161	10,679,886

4. DIRECTORS AND EMPLOYEES

The Company does not have any employees.

None of the directors received any emoluments for their services to the Company during the current year or prior year apart from Wilmington Trust SP Services (London) Limited, which is remunerated for its services to the Company as a whole. Mark Filer and Martin McDermott are directors of Wilmington Trust SP Services (London) Limited. During the year Wilmington Trust SP Services (London) Limited earned €37,832 (2013: €34,623).

None of the directors had any interests in the Company as at the current or prior year end, nor have they any material interest in any contract of significance in relation to the business of the Company.

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 Dec 2014	Restated Year ended 31 Dec 2013
	€	€
Profit on ordinary activities before taxation is stated after (crediting)/charging:		
Net profit arising from fair value adjustments of the swap	**(783,527)**	(200,994)
Auditor's fees for audit of the Company's annual accounts	**42,420**	40,420
Auditor's fees for audit of the Company's parent's annual accounts	**5,200**	4,013
Auditor's fees for tax services – non audit	**13,891**	22,883

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAXATION

(a) Analysis of charge for the year

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Current tax:	€	€
United Kingdom corporation tax on profit for the year	1,057	1,136
Under provision in prior years	364	113
Tax on profit on ordinary activities	1,421	1,249

(b) Factors affecting current tax charge

	Year ended 31 Dec 2014	Restated Year ended 31 Dec 2013
	€	€
Profit on ordinary activities before taxation	787,389	205,423
Profit before tax multiplied by the small companies' standard rate of corporation tax in the UK of 20% (2013: standard rate 20%)	157,478	41,085
Application of Statutory Instrument No. 3296 The Taxation of Securitisation Companies Regulations 2006	(156,421)	(39.949)
Under provision in prior years	364	113
Total current tax (see above)	1,421	1,249

The Company is taxed in accordance with Statutory Instrument No. 3296 The Taxation of Securitisation Companies Regulations 2006 which requires that tax is charged on the profits "retained" by the Company. As such, the Company is taxed on its retained cash receipts as per the priority of payments in the terms of the loan notes as opposed to accounting profits or losses.

7. DEEMED LOAN ADVANCED TO CDLF

	2014	Restated 2013
	€	€
Deemed loan at start of the year	575,087,987	616,680,900
Repayments	(45,559,804)	(41,592,913)
Deemed loan at end of the year	529,528,183	575,087,987

	2014	2013
	€	€
Amounts falling due within one year	35,274,476	45,595,645
Amounts falling due after more than one year	494,253,707	542,259,671
	529,528,183	587,855,316

The deemed loan advanced to CDLF is classified as "loans and receivables". Under FRS 26 Financial instruments: Recognition and Measurement, the Company assesses at each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and impairment loss is incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivable has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of the estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEEMED LOAN TO CDLF (continued)

The deemed loan advanced to CDLF is secured on the Mortgage Loans purchased from CDLF. The mortgage loans are secured by way of an assignment of the residential mortgage loan borrower's salary or pension and by way of a first, second or third ranking mortgage over residential properties spread geographically throughout Greece. All of the mortgage loans are fixed rate and are due to be repaid at various times before August 2039 and may be redeemed at any time at the option of the borrower.

8. DEBTORS

	2014	Restated 2013
	€	€
Amounts owed by group undertaking	**5,494**	5,494
Prepayments	**3,898**	3,606
	9,392	9,100

9. CREDITORS: Amounts falling due within one year

	2014	Restated 2013
	€	€
Loan notes issued	**35,274,476**	45,595,645
Corporation tax	**1,057**	1,135
Interest payable on loan notes	**1,227,551**	1,470,792
Fair value of interest rate swap	**13,545,770**	14,329,296
Accruals	**306,915**	339,646
Cash collateral held	**-**	2,270,663
	50,355,769	64,007,177

10. CREDITORS: Amounts falling due after more than one year

	2014	2013
	€	€
Loan notes issued	**557,706,707**	592,945,342

(a) Analysis of loan notes issued

	2014	2013
	€	€
Loan notes issued due within one year	**35,274,476**	45,595,645
Loan notes issued due after more than one year	**557,706,707**	592,945,342
	592,981,183	638,540,987

10. CREDITORS: Amounts falling due after more than one year (continued)

The loan notes and loans are secured against the assets of the Company by way of a fixed and floating charge. The repayment of the loan notes is dependent on the receipt in full of the payments from the underlying mortgage portfolio.

Interest on the loan notes is payable by reference to successive interest periods and is payable semi-annually in arrears in February and August each year. Interest accrues on the notes at an annual rate equivalent equal to the sum of six month EURIBOR from time to time plus a margin; in the case of the Class A Notes, of 0.14 per cent per annum; in the case of the Class B Notes, of 0.26 per cent per annum; and, in the case of the Class C Notes, of 0.51 per cent per annum until August 2012. In August 2012, the margin on the notes increased to 0.28 per cent per annum in the case of the Class A Notes; to 0.52 per cent per annum in the case of the Class B Notes; and to 1.02 per cent per annum in the case of the Class C Notes. The loan notes will mature in August 2039 but will be subject to earlier mandatory or optional redemption under certain specified circumstances.

The loan notes will be subject to redemption in full (but not in part), at the option of the Company on giving not more than 60 and not less than 30 days' notice to the noteholders, in an amount equal to their principal amount outstanding plus accrued but unpaid interest in each of the following circumstances, on any interest payment date:

- falling on or after the interest step-up date on 28 August 2012; or
- following the date on which the aggregate principal amount outstanding of the notes (after taking account of any payment of principal on the notes which, but for this paragraph, would fall to have been made on such interest payment date) would be 10 per cent or less of the original aggregate principal amount outstanding as at the date of issue of the notes; or
- following certain tax events as set out in the offering circular dated 24 August 2006; or
- on or after the date on which it becomes unlawful for the Company to perform its obligations under the notes or the transaction documents,

provided that the Company has satisfied the trustee that it will have funds to fulfil its obligations in respect of all the notes and further provided that an enforcement notice regarding the security has not been served on the Company.

All of the loan notes are denominated in Euros and are due for repayment in full by August 2039.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise borrowings, cash balances, swaps, debtors and creditors, which arise directly from its operations. The risks arising from the Company's activities are capital risk, currency risk, prepayment risk, credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks which are noted below.

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The capital held is shown on the balance sheet.

Currency risk
All of the Company's principal assets and liabilities are denominated in Euros and therefore there is limited foreign currency risk. As such no sensitivity analysis has been provided.

11. FINANCIAL INSTRUMENTS (continued)

Prepayment risk
Principal prepayments in full may occur as a result of, or in connection with, the voluntary refinancing or the sale of the relevant property by a borrower in the underlying mortgage loan pool or as a result of enforcement proceedings under the relevant mortgage loan, as well as the receipt of proceeds from insurance policies. In addition, repurchases of mortgage loans by the originator will have the same effect as a prepayment in full of such loans. The rate of prepayment of the mortgage loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and the conditions prevailing in the residential property market.

Credit risk
The principal credit risk to the Company is that the residential mortgage loan borrowers will not be able to meet their obligations as they fall due. Credit risk arises from the fact that the mortgage loans are secured by way of an assignment of the residential mortgage loan borrower's salary or pension and by way of a first, second or third ranking mortgage over residential properties spread geographically throughout Greece. At the date the residential mortgages were acquired by the Company, where a prior ranking mortgage existed over the residential property, CDLF either assigned these to the Company where it held these itself, or where they were with third parties, CDLF either determined that either there were no claims capable of being made, or that the aggregate amounts secured by all mortgages did not exceed the value of the relevant residential property at that date. At origination of the mortgage loan, the borrowers themselves were employed by a broad range of Greek Governmental bodies. If a borrower leaves government employment the mortgage continues although the repayments are made directly by the borrower rather than via government payroll deduction. Where the directors consider that the Company's beneficial interest in the residential property granted as security will be insufficient to recover the full amount of the mortgage loans, a provision is made for the expected shortfall. The maximum credit exposure at 31 December 2014 is represented by the gross value of the outstanding deemed loan advanced to CDLF of €529,528,183 (2013: €575,087,987).

The swap provider is J P Morgan Chase Bank N.A. Under the terms of the swap agreement, the swap provider should have a long-term, unsecured and unsubordinated debt obligation rating of at least A1 and a short-term, unsecured and unsubordinated debt obligation rating of Prime 1 by Moody's, and a long-term, unsecured and unsubordinated debt obligation rating of at least A and a short-term, unsecured and unsubordinated debt obligation rating of F1 by Fitch. There is no obligation upon the Company or the swap provider to maintain the credit ratings of the swap provider. In the event of a downgrade of the swap provider which would adversely affect the ratings of the loan notes, the swap provider is required to take certain steps designed to maintain the rating of the loan notes which may include providing collateral support for its obligations, arranging for its obligations to be transferred to an entity with the required credit ratings, obtaining a guarantor, or such other action as the swap provider may agree with the relevant rating agency. Except where the swap transaction has terminated as a result of the swap provider being in default or the swap provider has failed to comply with the requirements following a swap provider ratings downgrade, any termination payment due from the Company following the termination of the swap transaction will rank in priority to payments in respect of the loan notes.

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. In order to manage this risk, the Company has entered into a fixed for floating swap agreement to minimise its exposure to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

Interest rate risk profile of financial liabilities
All of the Company's financial liabilities are floating rate and carry interest rates based on the relevant six month EURIBOR rate.

Interest rate sensitivity
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 uses interest rate swaps to manage interest rate risk and 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 CDLF. As such, no sensitivity analysis is provided.

Interest rate re-pricing analysis
In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates at 31 December the periods in which they re-price:

At 31 December 2014	**Total**	**Fixed**	**In less than 3 months**	**In more than 3 months but less than 6 months**	**Non interest - bearing**
Assets	**€**	**€**	**€**	**€**	**€**
Deemed loan advanced to CDLF	**529,528,183**	**529,528,183**	-	-	-
Debtors	**9,392**	-	-	-	**9,392**
Cash and cash equivalents	**65,026,920**	-	**65,026,920**	-	-
	594,564,495	**529,528,183**	**65,026,920**	-	**9,392**

	Total	**Fixed**	**In less than 3 months**	**In more than 3 months but less than 6 months**	**Non interest - bearing**
Liabilities		**€**	**€**	**€**	**€**
Loan notes issued	**592,981,183**	-	**592,981,183**	-	-
Interest rate swap	**13,545,770**	-	**13,545,770**	-	-
Other creditors	**1,535,523**	-	**1,227,551**	-	**307,972**
	608,062,476	-	**607,754,504**	-	**307,972**

Restated At 31 December 2013	Total	Fixed	In less than 3 months	In more than 3 months but less than 6 months	Non interest - bearing
Assets	€	€	€	€	€
Deemed loan advanced to CDLF	575,087,987	575,087,987	-	-	-
Debtors	9,100	-	-	-	9,100
Cash and cash equivalents	67,570,063	-	67,570,063	-	-
	642,667,150	575,087,987	67,570,063	-	9,100

	Total	Fixed	In less than 3 months	In more than 3 months but less than 6 months	Non interest - bearing
Liabilities		€	€	€	€
Loan notes issued	638,540,987	-	638,540,987	-	-
Interest rate swap	14,329,296	-	14,329,296	-	-
Other creditors	4,082,236	-	3,741,455	-	340,781
	656,952,519	-	656,611,738	-	340,781

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The Company's policy is to maintain a strong liquidity position and to manage the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

The following table has been drawn up based on the expected undiscounted contractual cash flows on financial liabilities held at the balance sheet date. Actual cash flows will vary from these estimates due to the inherent uncertainties in predicting future cash flows and interest rates. The interest cash flows are based on 6 month EURIBOR as at the balance sheet date.

2014	**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	**€**	**€**	**€**	**€**	**€**
Loan notes issued	**592,981,183**	**26,429,206**	**8,845,270**	**142,398,665**	**415,308,041**
Interest rate swap cash outflows	**13,545,770**	**13,545,770**	**-**	**-**	**-**
Interest payable on Loan Notes	**1,227,551**	**1,227,551**	**-**	**-**	**-**
Other creditors	**307,792**	**307,792**	**-**	**-**	**-**
Total	**608,062,476**	**41,510,499**	**8,845,270**	**142,398,665**	**415,308,041**

2013	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	€	€	€	€	€
Loan notes issued	638,540,987	21,567,511	21,567,511	172,540,086	422,865,879
Interest rate swap	14,329,296	14,329,296	-	-	-
Interest payable on Loan Notes	1,470,792	1,470,792	-	-	-
Other creditors	2,611,444	340,781	2,270,663	-	-
Total	656,952,519	37,708,380	23,838,174	172,540,086	422,865,879

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine the fair values. Where market values are not available, fair values have been calculated using discounted cash flow techniques based on estimated cash flows and market inputs. Fair value of the mortgage loans has been estimated using discounted cash flow techniques based on inputs derived from the loan notes and subordinated loans.

The fair values together with the carrying amounts shown in the balance sheet of the other amounts are below. Except as detailed in the following table, the carrying amount of financial assets and liabilities recorded at amortised cost in the financial statements is approximately equal to their fair values.

	Carrying value 2014	**Fair value 2014**	Carrying value 2013	Fair value 2013
Financial assets at amortised cost	**€**	**€**	€	€
Deemed loan advanced to CDLF	**529,528,183**	**506,569,164**	575,087,987	367,331,650
Financial liabilities at amortised cost				
Loan notes issued	**592,981,183**	**500,339,356**	638,540,987	361,144,241

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

At each six month interest payment date the swap documentation allows the Company to downsize and reset the notional value of the swap without penalty. It is therefore considered that the swap is effectively cancellable at the next interest payment date should the Company wish to do so without penalty.

At each interest payment date the Company will consider how much the notional should be written down and whether the notional should be completely written down to zero, effectively cancelling the swap. Due to the length of the remaining transaction and the economic uncertainty as to future interest rate movements over that period, no decision has so far been made to write down the notional value of the swap below the outstanding value of the loan portfolio even though the swap is currently deeply out of the money for the Company. Should the Company write down the value of the swap there is no right to write the notional back up and so any write down would be permanent and potentially expose the Company to interest rate exposure in future years.

The Company has fair valued the swap based on the basis of it being cancellable at the next interest payment date.

As the Company has historically chosen to reset the notional on the swap for the next six month interest period to the book value of the loans outstanding at the start of that period, the Company has been making swap payments to the swap provider as the swap is currently "out of the money". The Company has been receiving a partial unwinding fee payment from the swap provider to take into account the value associated with not previously writing down the value of the swap in the prior interest payment dates.

Categories of financial assets and liabilities
The accounting policies in note 1 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following tables analyses the carrying amounts of the financial assets and liabilities by category and by balance sheet heading:

As at 31 December 2014	Derivatives held at fair value through profit or loss €	Loans and receivables €	Other financial liabilities €
Financial assets			
Mortgage loans	-	529,528,183	-
Debtors	-	9,392	-
Cash and cash equivalents	-	65,026,920	-
Total financial assets	-	594,564,495	-
Financial liabilities			
Loan notes issued	-	-	592,981,183
Interest rate swap	13,545,770	-	-
Other creditors	-	-	1,535,523
Total financial liabilities	13,545,770	-	594,516,706

11. FINANCIAL INSTRUMENTS (continued)

Restated As at 31 December 2013	Derivatives held at fair value through profit or loss €	Loans and receivables €	Other financial liabilities €
Financial assets			
Mortgage loans	-	575,087,987	-
Debtors	-	9,100	-
Cash and cash equivalents	-	67,570,063	-
Total financial assets	-	642,667,150	-
Financial liabilities			
Loan notes issued	-	-	638,540,987
Interest rate swap	14,329,296	-	-
Other creditors	-	-	4,082,236
Total financial liabilities	14,329,296	-	642,623,223

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 by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data The valuation techniques used by the Company are explained in the accounting policies note.

The only financial instruments held at fair value on the balance sheet are derivatives. The derivatives all fall within level 2 of the fair value hierarchy.

12. CALLED UP SHARE CAPITAL

Allotted, called up:	**2014** **€**	2013 €
2 £1 Ordinary shares, £1 called up and paid	**3**	3
49,998 £1 Ordinary shares 25p called up and partly paid	**18,422**	18,422
	18,425	18,425

13. RECONCILIATION OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	2014 **€**	Restated 2013 €
At the start of the year	**(14,303,795)**	(14,509,218)
Retained profit for the financial year	**787,389**	205,423
At the end of the year	**(13,516,406)**	(14,303,795)

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	2014	Restated 2013
	€	€
Retained profit for the financial year	787,389	205,423
Net reduction in equity shareholders' deficit	787,389	205,423
Opening equity shareholders' deficit	(14,285,370)	(14,490,793)
Closing equity shareholders' deficit	(13,497,981)	(14,285,370)

15. RELATED PARTY TRANSACTIONS

During the year, Wilmington Trust SP Services (London) Limited, a director of the Company, received €37,832 (2013: €34,623) for corporate and accounting services provided to the Company under the terms of a Corporate Services Agreement. No other director received any remuneration for their services to the Company. At 31 December 2014, €3,898 (31 December 2013: €3,606) of these fees were prepaid and disclosed under Debtors. At 31 December 2014, Wilmington Trust SP Services (London) Limited was owed €13,740 (31 December 2013: €22,534), which is disclosed under Creditors: amounts falling due within one year.

On 30 August 2006, the Company acquired a portfolio of Mortgages from CDLF who are considered to have significant influence over the Company by virtue of their continuing involvement in the Company. Under a servicing agreement, CDLF continues to administer the Mortgages on behalf of the Company and earned servicing fees of €248,761 (2013: €265,522) during the year, of which €82,359 was outstanding at 31 December 2014 (31 December 2013: €87,977), which is disclosed under Creditors: amounts falling due within one year.

16. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Grifonas Holdings Limited, a company which is incorporated in the United Kingdom and operates in Great Britain. The smallest group into which the Company is consolidated is that of Grifonas Holdings Limited.

The shares in Grifonas Holdings Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes.

Although CDLF has no direct ownership interest in the Company, it is considered to exert control over its activities and the results of the Company are therefore included into its consolidated financial statements. The financial statements of CDLF can be obtained from CDLF, 40 Akadimias Street, 101 74 Athens, Greece.

The directors regard CDLF as the ultimate controlling parent undertaking and this is the largest group into which the Company is consolidated.