

Hellenic Financial Stability Fund



Interim Financial Statements
for the 3 month period ended 31/03/2016
(In accordance with International Accounting Standard 34)

September 2016



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Statement of Financial Position

<i>Amounts in €</i>	Note	31/03/2016	31/12/2015
ASSETS			
Cash and balances with Banks	4	375,867,204	349,303,992
Financial assets at fair value through profit or loss	5	5,866,729,810	6,445,659,710
Property and equipment		84,659	83,381
Intangible assets		31,627	19,707
Accrued income receivable	10	2,964,617	-
Receivables from banks under liquidation	6	2,022,324,099	2,052,324,099
Other assets		209,772	296,063
Total Assets		8,268,211,788	8,847,686,952
LIABILITIES			
Derivative financial liability	7	4,688,574	4,355,834
Provisions and other liabilities	8	1,908,145	3,885,906
Total Liabilities		6,596,719	8,241,740
EQUITY			
Capital	9	44,192,757,748	44,192,757,748
Accumulated losses		(35,931,142,679)	(35,353,312,536)
Total Equity		8,261,615,069	8,839,445,212
Total Liabilities & Equity		8,268,211,788	8,847,686,952

The Notes from pages 7 to 28 form an integral part of these condensed interim financial statements

Athens, September 23, 2016

The Chief Executive Officer

Christoforos Stratos

The Deputy Chief
Executive Officer

Michael Haralabidis

The Chief Financial & Operating Officer

Evangelia D. Chatzitsakou



Statement of Comprehensive Income

<i>Amounts in €</i>	Note	01/01/2016 - 31/03/2016	01/01/2015 - 31/03/2015
Interest income	10	2,964,617	9,290,925
Personnel expenses	11	(864,622)	(837,676)
General administrative & other operating expenses	12	(651,604)	(528,330)
Loss from financial instruments at fair value through profit or loss	13	(579,262,640)	(4,425,938,503)
Gain/(Loss) from disposal of investments		-	(306,332)
Depreciation and amortization of property, equipment and intangible assets		(15,894)	(21,135)
One-off expense	14	-	(555,886,748)
Loss for the period		(577,830,143)	(4,974,227,799)
Other comprehensive income/(expenses)		-	-
Total comprehensive income/(expenses) for the period		(577,830,143)	(4,974,227,799)

The Notes from pages 7 to 28 form an integral part of these condensed interim financial statements

Athens, September 23, 2016

The Chief Executive Officer

The Deputy Chief
Executive Officer

The Chief Financial & Operating Officer

Christoforos Stratos

Michael Haralabidis

Evangelia D. Chatzitsakou



Statement of Changes in Equity

<i>Amounts in €</i>	Capital	Accumulated losses	Total
Balance as of 01/01/2015	49,700,000,000	(25,194,916,813)	24,505,083,187
Capital Decrease	(10,932,903,000)	-	(10,932,903,000)
Profit for the period from 01/01/2015 to 31/03/2015	-	(4,974,227,799)	(4,974,227,799)
Balance as of 31/03/2015	38,767,097,000	(30,169,144,612)	8,597,952,388
Capital Increase	5,425,660,748	-	5,425,660,748
Capital increase expenses	-	(61,500)	(61,500)
Loss for the period from 01/04/2015 to 31/12/2015	-	(5,184,106,424)	(5,184,106,424)
Balance as of 01/01/2016	44,192,757,748	(35,353,312,536)	8,839,445,212
Loss for the period from 01/01/2016 to 31/03/2016	-	(577,830,143)	(577,830,143)
Balance as of 31/03/2016	44,192,757,748	(35,931,142,679)	8,261,615,069

The Notes from pages 7 to 28 form an integral part of these condensed interim financial statements



Statement of Cash Flows

<i>Amounts in €</i>	01/01/2016 - 31/03/2016	01/01/2015 - 31/03/2015
Cash flows from operating activities		
Loss for the period	(577,830,143)	(4,974,227,799)
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	576,612,301	4,426,200,450
Interest income	(2,964,617)	(257,841)
(Gain)/loss from financial instruments at fair value through profit or loss	579,262,640	4,425,938,503
(Gain)/loss from disposal of investments	-	306,332
Payroll provisions and accruals	298,384	192,321
Depreciation and amortization of property, equipment and intangible assets	15,894	21,135
Net (increase)/decrease in operating assets:	30,086,290	212,981,264
Change in receivables from banks under liquidation	30,000,000	208,694,410
Change in accrued interest receivable	-	4,201,252
Change in other assets	86,290	85,602
Net increase/(decrease) in operating liabilities:	(223,875)	(6,809)
Change in other liabilities	(223,875)	(6,809)
Net cash from operating activities	28,644,573	(335,245,215)
Cash flows from investing activities		
Proceeds received from warrants exercised	-	28,912
Proceeds/(payments) from disposal of investments	(1,990,770)	8,814,170
Purchase of property, equipment and intangibles assets	(29,091)	(7,148)
Net cash from investing activities	(2,019,861)	8,835,934
Cash flows from financing activities		
Capital increase costs	(61,500)	-
Net cash from financing activities	(61,500)	-
Net increase/(decrease) in cash and cash equivalents	26,563,212	(326,409,281)
Cash and cash equivalents at the beginning of the period	349,303,992	670,061,078
Cash and cash equivalents at the end of the period	375,867,204	343,651,797

The Notes from pages 7 to 28 form an integral part of these condensed interim financial statements



Notes to the Condensed Interim Financial Statements

Note 1 General Information

The Hellenic Financial Stability Fund (hereinafter the Fund or HFSF) was founded on 21/07/2010 under Law 3864/2010 as a private legal entity and does not belong to the public sector, neither to the broader public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as in force. On a supplementary basis, the provisions of company codified Law 2190/1920 are applied as in force, provided they are not contrary to the provisions and the objectives of the founding law of the Fund. The purely private nature of the Fund is neither affected by the fact that its entire capital is subscribed solely by the Greek State, nor by the issuance of the required decisions by the Minister of Finance (hereinafter MoF). The Fund shall comply with the obligations arising from the Master Financial Facility Agreement (hereinafter MFAFA) signed on 15/03/2012 and the new FAFA signed on 19/08/2015. According to Law 4340/2015, the Fund's tenor has been extended up to 30/06/2020. By decisions of the Minister of Finance, the duration of the Fund may be extended further, if deemed necessary for the fulfilment of its scope.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) according to the decision 44560/B. 2018 on 30/09/2010 of the Ministry of Finance. On 30/01/2013, the BoD was substituted by the Executive Board and the General Council. The purpose of the Fund is to contribute to the maintainance of the stability of the Greek banking system, through the strengthening of the capital adequacy of credit institutions, including subsidiaries of foreign credit institutions, provided they legally operate in Greece under the authorization of the Bank of Greece (hereinafter BoG). The Fund according to Law 4051/2012, as amended by Law 4224/2013, was liable to pay until 31/12/2014 the amount that the Hellenic Deposits and Investments Guarantee Fund (hereinafter HDIGF) would have paid for the process of the resolution of the credit institutions in accordance to Law 4261/2014, acquiring the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the Law 3746/2009. According to Law 4340/2015 and Law 4346/2015, the Fund may grant a resolution loan as defined in the new FAFA of 19/08/2015 to the HDIGF for the purposes of funding bank resolution costs, subject to the provisions of the aforementioned facility agreement and in line with the European Union's (hereinafter "EU") State aid rules. Furthermore, the Fund can provide guarantees to states, international organisations or other recipients and take any action required for the implementation of decisions of euro area bodies concerning the support of the Greek economy. It facilitates the management of the non-performing loans (hereinafter NPLs) of the credit institutions and operates under a comprehensive strategy for the banking sector and the NPLs management, which is agreed between the Ministry of Finance, the BoG and the Fund.

The Fund's registered address is in Athens, 10 Eleftheriou Venizelou Avenue.

As of the date of the issuance of the Fund's condensed interim financial statements, the Executive Board and General Council comprised of the following:

Executive Board*	Position
Christoforos Stratos	Chief Executive Officer
Michael Haralabidis	Deputy Chief Executive Officer
-	Executive Member
General Council**	Position
George Michelis	Chairman
Steven Franck	Member
Jon Sigurgeisson	Member
Christof Gabriel Maetze	Member
Dagmar Valcárcel	Member
Kerasina Raftopoulou	Member, Representative of the MoF
Vassilios Spiliotopoulos	Member, appointed by the BoG



- * On 23/08/2016, Mr. Christoforos Stratos and Mr. Michael Haralabidis were appointed as CEO and Deputy CEO, respectively, until the appointment of new members according to the ordinary procedure of the law of the Fund, following the resignation of the previous members of HFSF's Executive Board on 18/07/2016. During this period, Mr. Christoforos Stratos participates in the meetings of General Council with no voting right.
- ** On 02/06/2016, Mr. Christof Gabriel Maetze was appointed as non-executive member of the General Council following the resignation of Mr. Pierre Mariani on 01/03/2016.
- ** On 05/07/2016, Mr. Elias Karakitsos resigned from the HFSF's General Council.
- ** On 18/07/2016, Mrs. Dagmar Valcárcel was appointed as non-executive member of the General Council, replacing Mr. Wouter Devriendt who resigned on 30/04/2016.

The interim condensed financial statements were approved by the Fund's General Council on September 23, 2016.

Note 2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The condensed interim financial statements of the Fund for the three month period ended 31/03/2016 (the "interim financial statements") have been prepared in accordance with the International Financial Reporting Standard 34 "Interim Financial Reporting". These interim financial statements include selected explanatory notes and do not include all the information required for full annual financial statements. Therefore, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31/12/2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the EU.

The amounts are presented in Euro rounded to the whole, unless otherwise stated (i.e. "bn" stands for billion, "m" stands for million and "k" stands for thousand).

The interim financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss and derivative liabilities (warrants) which have been measured at fair value. The preparation of financial statements in conformity with the IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of available information and the application of judgment and assumptions are inherent in the formation of estimates in the following areas: assessment of the recoverability of receivables from banks under liquidation, valuation of financial instruments not quoted in active markets and contingencies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Fund does not prepare consolidated financial statements as these do not represent the substance of the investments of the Fund, which according to the law is aiming to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest and do not meet the needs of their users.

Following the participation of HFSF in the recapitalizations of the four systemic banks that took place in 2013 and 2015, the Fund obtained common shares in Alpha Bank S.A. (hereinafter "Alpha", Eurobank Ergasias S.A.'s (hereinafter "Eurobank") National Bank of Greece S.A. (hereinafter "NBG") and Piraeus Bank S.A. (hereinafter "Piraeus"). More specifically, under the recapitalization of 2013, the Fund obtained the majority of the common shares with restricted voting rights in Alpha, NBG and Piraeus, given that the private sector participation was above the minimum requirement as provided by the Law. Following that, private shareholders retained their right to appoint the management of the bank, which in turn has the power to manage the financial and operating policies of the bank. The Fund could exercise its voting rights in specific decisions under the legislation in force and had the rights provided in the Relationship Framework Agreements, as were in force. In the contrary, the Eurobank's share capital increase was subscribed solely by the Fund as the Bank was not able to attract private sector participation and the Fund was able to fully exercise its voting rights. However, Eurobank's management preserved its independence to determine its commercial and day-to-day decisions as provided in the Relationship Framework Agreement, as was in force. In line with the aforementioned, Eurobank was re-privatized in May 2014 with the Fund retaining only restricted voting rights thereafter. Under the recapitalization of 2015, the Fund, participated in the share capital increase of NBG and Piraeus covering the additional capital that was not covered by private investors, whereas Eurobank and Alpha covered their capital needs solely from private investors. Consequently, the Fund



became the major shareholder with full voting rights in NBG and Piraeus and HFSF's participation in Alpha and Eurobank decreased further. Nevertheless, HFSF exercises its rights as a shareholder in the four systemic banks under the terms of Relationship Framework Agreements, as amended, in November and December of 2015. HFSF acts in line with the obligations assumed according to the MFAFA signed between the European Stability Mechanism, the Hellenic Republic, the BoG and HFSF. HFSF retains temporary control, aiming to contribute in the maintenance of the stability of the Greek Banking Sector.

2.2 Adoption of International Financial Reporting Standards (IFRS)

The HFSF applied the same accounting standards as stated in the published annual financial statements for the year ended 31/12/2015, after adopting the following amendments which are effective from 01/01/2016.

- **IAS 1 (Amendments) Disclosure initiative** (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 1 clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements. An entity need not provide a specific disclosure provided by an IFRS if the information resulting from that disclosure is not material. In the statement of comprehensive income, the amendments require separate disclosures for the share of other comprehensive income of associates and joint ventures accounted for using the equity method based on whether or not it will be reclassified subsequently to profit or loss. There was no impact from the amendment of IAS 1 in the HFSF's interim financial statements.

- **IFRS 11 (Amendments) Accounting for Acquisitions of Interests in Joint Operations** (effective for annual periods beginning on or after 1 January 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. There was no impact from the amendment of IFRS 11 in the HFSF's interim financial statements.

- **IAS 16 and IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for annual periods beginning on or after 1 January 2016). The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property plant and equipment. The amendment introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. HFSF has adopted the straight line depreciation method both for property plant and equipment and for intangible assets as it considers that this method adequately reflects the consumption of the economic benefits of the assets.

- **IAS 19 (Amendments) Defined Benefit Plans: Employee Contributions** (effective for annual periods beginning on or after 1 February 2015, as endorsed by the EU). Amends the requirements in IAS 19 "Employee Benefits" for contributions from employees or third parties that are linked to service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by



paragraph 70 of IAS 19 for the gross benefit (i.e. either using the plan's contribution formula or on a straight-line basis). There was no impact from the amendment of IAS 19 in the Fund's interim financial statements.

- **IAS 27 (Amendments) Equity method in Separate Financial Statements** (effective for annual periods beginning on or after 1 January 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. In particular, separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures which are required by IAS 28 Investments in Associates and Joint Ventures to be accounted for using the equity method. There was no impact from the amendment of IAS 27 in the Fund's interim financial statements.

- **Annual Improvements to IFRSs 2010-2012 Cycle** (effective for annual periods beginning on or after 1 February 2015, as endorsed by the EU). The amendments impact the following standards:

IFRS 2 Share-based Payment - Amend the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". Specifically,

- For "market condition", the amendment indicates that it is a performance condition that relates to the market price or value of the entity's equity instruments or the equity instruments of another entity in the same group. A market condition requires the counterparty to complete a specified period of service.
- For "performance condition", the amendment specifies that the period over which the performance target is achieved should not extend beyond the service period and that it is defined by reference to the entity's own operations or activities of another entity in the same group.

IFRS 3 Business Combinations - Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value should be recognized in profit or loss.

IFRS 8 Operating Segments - Require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. Clarify that reconciliations of the total of the reportable segments' assets to the entity's assets are only required if the segments' assets are regularly reported to the chief operating decision maker.

IFRS 13 Fair Value Measurement - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis, if the effect of discounting is not material (amends basis for conclusions only).

IAS 16 and IAS 38 - Clarify that when an item of property, plant and equipment or an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after any impairment losses.

IAS 24 Related Party Disclosures - Clarify that a management entity providing key management personnel services to a reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

There was no impact from the Annual Improvements to IFRSs 2010-2012 Cycle in the HFSF's interim financial statements.



- **Annual Improvements to IFRSs 2012-2014 Cycle** (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - The amendment clarifies that, when an asset (or disposal group) is reclassified from “held for sale” to “held for distribution to owners”, or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as “held for sale” or “held for distribution to owners” simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as ‘held for sale’.

IFRS 7 Financial Instruments: Disclosures - There are two amendments to IFRS 7.

(1) Servicing contracts

If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment is prospective with an option to apply retrospectively.

(2) Interim financial statements

The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, ‘Disclosure - Offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

IAS 19 Employee Benefits - The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

IAS 34 Interim Financial Reporting - The amendment clarifies the meaning of elsewhere in the interim financial report and requires cross reference.

There was no impact from the Annual Improvements to IFRSs 2012-2014 Cycle in the Fund’s interim financial statements.

2.3 Critical judgments and estimates

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by the Management in applying the Fund’s accounting policies and the key sources of estimation uncertainty regarding the recoverability of receivables and fair value of financial instruments were similar to those applied in the annual financial statements for the year ended 31/12/2015.



Note 3 Segment Reporting

The Fund's operating segments are consistent with the management reporting system. Income and expenses are associated with each segment and are included in determining business segment performance. The Fund has no geographical segments as, according to its founding law, its operations are solely in Greece. The Fund has no intersegment/intragroup transactions as it does not consolidate any of its investments and each of its business segments is independent. The Fund operates through the following business segments:

Systemic Banks: This segment includes all the financial institutions which had received capital advances and were eventually recapitalized by the Fund in 2013 and 2015 as per capital requirements, i.e. Alpha Bank (Alpha), Eurobank Ergasias (Eurobank), National Bank of Greece (NBG) and Piraeus Bank (Piraeus).

Transitional Credit Institutions (TCIs) & Banks under Liquidation: This segment includes a) the credit institutions, which had been acquired either as a result of a resolution or the incorporation of new transitional credit institutions, namely New HPB and New Proton and b) the banks which have been placed under liquidation and the Fund has provided for their funding gap on behalf of the HDIGF, in accordance with the Law 4051/2012 as amended by Law 4224/2013.

Other: This segment includes the Fund's results relating to internal operations and procedures which ensure the appropriate design and implementation of the Fund's policies and principles. It also includes the cash and balances with banks and the interest income derived from both cash balances as well as European Financial Stability Facility floating rate notes (EFSF FRNs).

Analysis by Operating Segment

Amounts in €	01/01/2016-31/03/2016			
	Systemic Banks	TCIs & Banks under Liquidation	Other	Total
Interest income	-	-	2,964,617	2,964,617
Personnel expenses	(554,339)	(83,059)	(227,224)	(864,622)
General administrative & other operating expenses	(279,974)	(57,970)	(313,660)	(651,604)
Loss from financial instruments at FVTPL	(579,262,640)	-	-	(579,262,640)
Depreciation and amortization of property, equipment and intangible assets	(11,126)	(3,179)	(1,589)	(15,894)
Profit/(Loss) for the period	(580,108,079)	(144,208)	2,422,144	(577,830,143)

	31/03/2016			
Total segment assets	5,866,729,810	2,022,324,099	379,157,879	8,268,211,788
Total segment liabilities	(6,097,331)	(105,233)	(394,155)	(6,596,719)

Amounts in €	01/01/2015-31/03/2015			
	Systemic Banks	TCIs & Banks under Liquidation	Other	Total
Interest income	-	-	9,290,925	9,290,925
Personnel expenses	(453,257)	(145,559)	(238,861)	(837,676)
General administrative & other operating expenses	(124,830)	(40,886)	(362,615)	(528,330)
Loss from financial instruments at FVTPL	(4,425,938,503)	-	-	(4,425,938,503)
Loss from disposal of investments	-	(306,332)	-	(306,332)
Depreciation and amortization of property, equipment and intangible assets	(14,794)	(4,227)	(2,114)	(21,135)
One-off expense	(555,600,000)	-	(286,748)	(555,886,748)
Profit/(Loss) for the period	(4,982,131,384)	(497,004)	8,400,587	(4,974,227,799)



31/12/2015

Total segment assets	6,445,659,710	2,052,324,099	349,703,143	8,847,686,952
Total segment liabilities	(5,792,589)	(1,991,272)	(457,879)	(8,241,740)

Note 4 Cash and Balances with Banks

<i>Amounts in €</i>	31/03/2016	31/12/2015
Cash and balances with banks	7,262	16,843
Balances with Central Bank	1,450,319	2,077,526
Cash management account in BoG	374,409,623	347,209,623
Total	375,867,204	349,303,992

The “cash and balances with banks” line includes the cash in hand and a non-interest bearing sight account with a retail bank for the Fund’s day-to-day obligations.

The “Balances with Central Bank” line relates to balances, which are compulsory deposited and maintained in a special interest account at BoG for the Fund’s day-to-day obligations.

Pursuant to the provisions of par. 4 art.3 of Law 3864/2010, as amended by the art. 35 of Law 4320/2015, the Fund was obliged until 31/12/2015 to place 90% of its available cash in a cash management account with BoG. Cash management account in Central Bank includes cash which was transferred from balances with Central Bank.

By way of derogation to the above and according to the Law 4323/2015 (Government Gazette A 43/27.4.2015), the Fund is obliged to deposit in the cash management account in BoG any cash balances that are not necessary for covering the current cash needs. The cash balance in the cash management account is at all times available to be utilized by the Fund in order to fulfil its purposes.

The cash in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with paragraph 11 (g) of the art. 15 of Law 2469/1997.

Note 5 Financial Assets at Fair Value through Profit or Loss

The balance includes the Fund’s participations in the four systemic banks and the CoCos issued by NBG and Piraeus.

Shares in systemic banks

The Fund has classified under this line the shares received from its participation in the share capital increases (SCI) of the four systemic banks that took place within 2013 and the share capital increases of NBG and Piraeus that took place in December of 2015. The Fund has designated these shares at initial recognition at fair value through profit or loss and subsequently the gains or losses are recognized in the statement of comprehensive income.

Fair value of shares

The following table presents the fair value of the shares per bank as well as the Levels of the fair value hierarchy. The fair value of the shares was determined based on the market prices in the Athens Exchange (ATHEX) at the reporting date. The Level 1 classification is based on the fact that the market prices are unadjusted quotes in an active market.



<i>Amounts in €</i>	Fair value	Fair value hierarchy			Fair value
	31/03/2016	Level 1	Level 2	Level 3	31/12/2015
Alpha	331,583,286	331,583,286	-	-	421,246,114
Eurobank	40,570,844	40,570,844	-	-	54,163,900
NBG	923,672,296	923,672,296	-	-	1,267,278,389
Piraeus	523,804,384	523,804,384	-	-	641,487,307
Total	1,819,630,810	1,819,630,810	-	-	2,384,175,710

Movement of shares

The movement of the Fund's participations in systemic banks during the 3 month period ended on 31/03/2016 is presented in the table below:

<i>No of Shares</i>	Alpha	Eurobank*	NBG	Piraeus**
Shares held as of 31/12/2015	169,175,146	52,080,673	3,694,689,182	2,307,508,300
Additions	-	-	-	-
Disposals	-	-	-	-
Shares held as of 31/03/2016	169,175,146	52,080,673	3,694,689,182	2,307,508,300
of which:				
Shares with restricted voting rights	169,175,146	52,080,673	134,820,022	40,841,633
Shares with full voting rights	-	-	3,559,869,160	2,266,666,667
Participation with restricted voting rights	11.01%	2.38%	1.47%	0.47%
Participation with full voting rights	0.00%	0.00%	38.92%	25.95%

*The total number of shares are freely transferrable (no warrants issued).

** Out of the total number of shares held by the Fund, 3,082,353 shares correspond, after the reverse split, to the part of the share capital increase which pertained to the Cypriot banks (€ 524m) and are freely transferrable (no warrants issued).

HFSF's percentage participation in systemic banks as of 31/03/2016 and 31/12/2015 was as follows:

	Percentage Participation	
	31/03/2016	31/12/2015
Alpha	11.0%	11.0%
Eurobank	2.4%	2.4%
NBG	40.4%	40.4%
Piraeus	26.4%	26.4%

Credit rating of the four banks

The long term credit ratings of the four banks as of the date of the approval of the financial statements, per international credit rating agencies, are provided in the table below:

Banks	Fitch	S&P	Moody's
Alpha	RD	CCC+	Caa3
Eurobank	RD	CCC+	Caa3
NBG	RD	CCC+	Caa3
Piraeus	RD	CCC+	Caa3



Contingent Convertible bonds (CoCos)

Following the recapitalization of NBG and Piraeus in December 2015 and in accordance with par.2 and 5c of Law 3864/2010 and Cabinet Act No 36/2015, HFSF contributed ESM notes and in return received common shares (25% of the capital support) and CoCos (75% of the capital support). HFSF acquired from NBG the principal amount of € 2,029,200,000 denominated in 20,292 bonds of a nominal value of €100,000 each and from Piraeus the principal amount of € 2,040,000,000 denominated in 20,400 bonds of a nominal value of €100,000 each. CoCos were issued by Piraeus and NBG on 02/12/2015 and 09/12/2015 respectively at par and are perpetual without a fixed repayment date. CoCos are governed by Greek law, do not carry rights and constitute direct, unsecured and subordinated investments in the two banks, ranking at all times *pari passu* with common shareholders.

CoCos are hybrid securities that exhibit characteristics of both debt and equity. They are essentially another capital raising option, which will enable the banks to meet regulatory capital requirements, through strengthening their capital ratios. CoCos issued by NBG and Piraeus were taken into account in the Common Equity Tier 1 (CET1) ratio. The key features of CoCos are outlined below.

Key features of CoCos

Maturity and interest

The CoCos do not have a maturity date (perpetual securities). They bear return at 8% per annum for the first seven years and thereafter the interest rate is set to 7-year Mid-Swap Rate plus margin. Payment of interest (whether in whole or in part) is entirely at the discretion of the bank's BoD. Any such interest elected not to be paid is cancelled and does not accumulate. However, if the bank does not pay all or any part of any scheduled interest payments more than once, then the CoCos are automatically converted into ordinary shares of the bank. The bank's BoD has the option, at its full discretion, to pay interest in the form of newly issued ordinary shares, the number of which shall be equal to the interest payment divided by the share's current price on the interest payment date. Any interest payment shall be subject to the operation of any applicable Maximum Distributable Amount as stands pursuant to Article 141 of the Capital Requirements Directive. A mandatory interest cancellation exists, if the payment would cause the maximum distributable amount, then applicable, to be exceeded. If the bank decides not to pay the interest on CoCos, no dividend shall be paid.

Conversion upon a trigger event

If the CET1 ratio of the bank, calculated on a consolidated or a solo basis, is lower than 7% or the bank misses a second coupon payment, the CoCos are automatically converted into ordinary shares. The number of ordinary shares is determined by dividing 116% of the nominal value of the then outstanding CoCos by the subscription price (€ 0.30) in the 2015 recapitalization. The same rule applies, if the HFSF decides to exercise its option on the 7th annual anniversary from the issuance date.

Embedded Optionalities

The following options are embedded into CoCos:

- The bank's option to redeem the CoCos in cash, in whole or in part, at any time, at 100% of the principal, together with any accrued but unpaid interest, provided that all necessary regulatory approvals are obtained.
- The HFSF's option to convert the CoCos into the bank's ordinary shares in December 2022 .
- The Bank's option to cancel interest payment once, without resulting in a trigger event.
- The Bank's option to pay interest in common shares instead of cash.



Fair value of CoCos

The fair value of CoCos per bank is presented as follows:

<i>Amounts in €</i>	Fair value	
	31/03/2016	31/12/2015
CoCos issued by NBG	2,015,981,000	2,026,805,000
CoCos issued by Piraeus	2,031,118,000	2,034,679,000
Total	4,047,099,000	4,061,484,000

The valuation technique uses significant unobservable inputs and therefore the valuation of CoCos is categorized as Level 3 instrument within the fair value hierarchy.

Description of the valuation technique and inputs used

CoCos are not traded in a market, therefore according to IFRS 13 the fair value must be estimated using a valuation technique that is appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

CoCos were valued using an option-style valuation technique which is considered the most appropriate and preferable methodology in order to value derivative instruments such as CoCos and is applied according to IFRS 13. Under this approach, the expected cash flows are projected under different sets of conditions to yield a range of possible outcomes, using a multivariate Monte Carlo Simulation ("MSC"). The multivariate MCS technique is considered an appropriate methodology for developing multiple scenarios that reflect the specific underlying characteristics of CoCos and applying decisions, as if rational investors made these, in order to derive the expected cash flow or value.

The key parameters of the valuation technique selected are CET1 ratio, share price and market interest rates. The valuation technique was calibrated so that the fair value of the CoCos equals the transaction price at initial recognition.

CoCos' fair value movement

<i>Amounts in €</i>	CoCos of NBG	CoCos of Piraeus
Balance 1 January 2016	2,026,805,000	2,034,679,000
Unrealized loss recognized in the income statement	(10,824,000)	(3,561,000)
Balance 31 March 2016	2,015,981,000	2,031,118,000

Significant unobservable inputs and sensitivity analysis of CoCos' fair value

Both market and unobservable inputs have been used in the valuation approach and several variables were taken into account as relevant. The quantitative information about the significant unobservable inputs as of 31/03/2016 is presented in the following table:

Unobservable Inputs	NBG	Piraeus
Volatility of CET1 ratio	47%	42%
Long-term volatility of share price	50%	50%
Correlation between CET1 and share prices	90%	90%
Correlation between interest rates and share prices	40%	40%



An increase/(decrease) in the volatility of CET1 ratio would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the volatility of CET1 ratio would not result in a significant change of the fair value of CoCos as of the reporting date.

An increase/(decrease) in the long-term volatility of share price would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the volatility of share price would not result in a significant change of the fair value of CoCos as of the reporting date.

An increase/(decrease) in the correlation between share price and CET1 ratio would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the correlation between share price and CET1 ratio would not result in a significant change of the fair value of CoCos as of the reporting date.

An increase/(decrease) in the correlation between market interest rates and share price would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the correlation between market interest rates and CET1 ratio would not result in a significant change of the fair value of CoCos as of the reporting date.

The combined effect of a reasonable change in the CET1 volatility and the share price volatility would not result in a material change in the fair value of the CoCos.

Valuation process

The valuation of the CoCos was performed by an independent appraisal using the assumptions approved by the HFSF's Management. HFSF reviewed the valuation method and the inputs used in accordance with the HFSF relative control procedures.

Note 6 Receivables from Banks under Liquidation

According to par. 15 of art. 9 of Law 4051/2012, as amended by Law 4224/2013, the Fund became liable to pay until 31/12/2014 the amount that the HDIGF would have covered, in the context of the resolution of the financial institutions, as foreseen by par. 13 of art. 141 and par. 7 of art. 142 of Law 4261/2014. In this case, the Fund took over the rights of HDIGF as per par. 4 of art. 13A of Law 3746/2009.

The liquidators of credit institutions under liquidation are nominated by the BoG and are subject to its monitor and control. On 04/04/2016, BoG appointed PQH Single Special Liquidation S.A. as Special Liquidator for all the banks under liquidation, aiming to ensure a more efficient management of their assets and a higher performance against the operational targets. PQH, jointly owned by PwC Business Solutions S.A., Qualco S.A. and Hoist Kredit Aktiebolag, replaced the previous liquidators and took up the management of all the banks under liquidation.

Further to that, the Fund's law, as amended by Law 4254/2014, explicitly states that the monitoring and supervision of the actions and decisions of the bodies of the special liquidation of the credit institutions do not fall within the functions of the Fund and therefore, the Fund has no involvement or control over the liquidation process and the recovery of any amounts, nevertheless the Fund maintains its own independent valuation estimates over amounts to be recovered. In this context, HFSF's receivables are a combination of its contribution of EFSF FRNs and cash, instead of the HDIGF, in order to cover the funding gap of financial institutions, which were resolved.

Up to 31/03/2016 the total amount provided by the Fund to cover funding gap reached the amount of € 13,489m, out of which € 516m were recovered and € 10,950m were assessed as non-recoverable. During the 3 month period ended 31/03/2016 the Fund received a total amount of €30m from the banks under liquidation.



The funding gap, the cumulative impairment and the collections per bank under liquidation as of 31/03/2016 are presented in the following table:

Amounts in €

Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,473,992	(107,300,654)	(48,000,000)	54,173,338
ATEbank	7,470,717,000	(5,646,004,771)	(345,000,000)	1,479,712,229
Dodecanese Cooperative Bank	258,547,648	(148,159,788)	(49,000,000)	61,387,860
Evia Cooperative Bank	105,178,136	(85,464,522)	(2,000,000)	17,713,614
First Business Bank	456,970,455	(414,178,813)	(7,500,000)	35,291,642
Hellenic Post Bank	3,732,554,000	(3,425,634,177)	(15,000,000)	291,919,823
Lamia Cooperative Bank	55,493,756	(30,221,547)	(10,000,000)	15,272,209
Lesvos-Limnos Cooperative Bank	55,516,733	(38,664,778)	(12,000,000)	4,851,955
Probank	562,733,502	(519,769,011)	(5,500,000)	37,464,491
Proton Bank	259,621,860	(244,760,837)	(5,018,676)	9,842,347
T-Bank	226,956,514	(224,944,714)	(2,011,800)	-
Western Macedonia Cooperative Bank	95,244,475	(65,549,884)	(15,000,000)	14,694,591
Total	13,489,008,071	(10,950,653,496)	(516,030,476)	2,022,324,099

The movement of the Fund's receivables, including impairments and collections, from the banks under liquidation for the 3 month period ended 31/03/2016 is presented in the following table:

Amounts in €

Bank under Liquidation	01/01/2016-31/03/2016				
	Opening balance	Additions	Collections	Impairment charges	Closing balance
Achaiki Cooperative Bank	54,173,338	-	-	-	54,173,338
ATEbank	1,509,712,229	-	(30,000,000)	-	1,479,712,229
Dodecanese Cooperative Bank	61,387,860	-	-	-	61,387,860
Evia Cooperative Bank	17,713,614	-	-	-	17,713,614
First Business Bank	35,291,642	-	-	-	35,291,642
Hellenic Post Bank	291,919,823	-	-	-	291,919,823
Lamia Cooperative Bank	15,272,209	-	-	-	15,272,209
Lesvos-Limnos Cooperative Bank	4,851,955	-	-	-	4,851,955
Probank	37,464,491	-	-	-	37,464,491
Proton Bank	9,842,347	-	-	-	9,842,347
T-Bank	-	-	-	-	-
Western Macedonia Cooperative Bank	14,694,591	-	-	-	14,694,591
Total	2,052,324,099	-	(30,000,000)	-	2,022,324,099



The movement of the Fund's receivables, including impairments and collections, from the banks under liquidation for the 3 months period ended 31/03/2015 is presented in the following table:

<i>Amounts in €</i>	01/01/2015 - 31/03/2015				
	Opening balance	Additions	Collections	Impairment charges	Closing balance
Bank under Liquidation					
Achaiki Cooperative Bank	83,260,542	-	(10,000,000)	-	73,260,542
ATEbank	1,700,030,040	-	(95,000,000)	-	1,605,030,040
Dodecanese Cooperative Bank	117,531,421	-	(49,000,000)	-	68,531,421
Evia Cooperative Bank	28,252,922	-	(2,000,000)	-	26,252,922
First Business Bank	60,975,626	-	(7,500,000)	-	53,475,626
Hellenic Post Bank	367,047,367	-	(15,000,000)	-	352,047,367
Lamia Cooperative Bank	23,692,931	-	(4,000,000)	-	19,692,931
Lesvos-Limnos Cooperative Bank	20,548,979	-	(5,000,000)	-	15,548,979
Probank	96,954,709	-	(5,500,000)	-	91,454,709
Proton Bank	11,684,928	-	(694,410)	-	10,990,518
T-Bank	-	-	-	-	-
Western Macedonia Cooperative Bank	32,539,078	-	(15,000,000)	-	17,539,078
Total	2,542,518,543	-	(208,694,410)	-	2,333,824,133

Note 7 Derivative Financial Liability

Derivative financial liability line includes the warrants issued by the Fund and granted to the private investors participating in the capital increase of the 3 out of 4 systemic banks according to Law 3864/2010 and Cabinet Act 38/2012.

The fair values of warrants per bank as of 31/03/2016 and 31/12/2015 are presented below:

<i>Amounts in €</i>	Fair value	
	31/03/2016	31/12/2015
Alpha's warrants	1,141,734	2,283,468
NBG's warrants	2,703,203	1,228,729
Piraeus' warrants	843,637	843,637
Total	4,688,574	4,355,834

Fair value of warrants

Warrants are freely transferrable securities which are listed for trading in the securities market of ATHEX. The fair values are determined by reference to the prices in the ATHEX unadjusted and therefore they are classified into Level 1.

Exercise of warrants

The warrants may be exercised semiannually with the first exercise date being six (6) months following the issuance and the expiry date being after fifty-four (54) months following the issuance. No warrants exercised in the 3 month period ended on 31/03/2016.



Movement of warrants

The number of warrants outstanding as of 31/03/2016 and 31/12/2015, the movement during the 3 month period ended 31/03/2016 and the number of shares corresponding to 1 warrant (multiplier), if exercised, are presented below:

	Alpha	NBG	Piraeus
Warrants outstanding as of 31/12/2015		245,745,725	843,637,022
Warrants exercised	-	-	-
Warrants outstanding as of 31/03/2016	1,141,734,167	245,745,725	843,637,022
Multiplier	0.148173663047785	0.54861592129144	0.044757733395671

Note 8 Provisions and Other Liabilities

Amounts in €	31/03/2016	31/12/2015
Provisions	-	1,990,770
Creditors and suppliers	1,164,792	389,162
Taxes payable – other than income taxes	129,380	208,939
Contributions payable to social security funds	48,664	96,051
Accrued expenses	565,309	1,200,984
Total	1,908,145	3,885,906

The provisions line amounting to € 1,990,770 as of 31/12/2015 was settled in February 2016.

Note 9 Capital

Amounts in €	
Balance as of 21 July 2010	-
Capital increase - Cash	1,500,000,000
Balance as of 31 December 2011	1,500,000,000
Capital increase - EFSF FRNs issued on 19/04/2012	25,000,000,000
Capital increase - EFSF FRNs issued on 19/12/2012	16,000,000,000
Balance as of 31 December 2012	42,500,000,000
Capital increase - EFSF FRNs issued on 31/05/2013	7,200,000,000
Balance as of 31 December 2013	49,700,000,000
-	-
Balance as of 31 December 2014	49,700,000,000
Capital decrease - EFSF FRNs returned on 27/02/2015	(10,932,903,000)
Capital increase - ESM FRNs granted on 01/12/2015	2,720,000,000
Capital increase - ESM FRNs granted on 08/12/2015	2,705,660,748
Balance as of 31 December 2015	44,192,757,748
-	-
Balance as of 31 March 2016	44,192,757,748



Note 10 Interest Income

A breakdown of the Fund's interest income for the 3 month period ended 31/03/2016 and 31/03/2015 is provided in the table below:

<i>Amounts in €</i>	01/01/2016 - 31/03/2016	01/01/2015 - 31/03/2015
Interest income from EFSF FRNs	-	9,033,084
Interest income from cash management account	2,964,617	257,841
Total	2,964,617	9,290,925

The payment of coupon from CoCos lies to the banks' sole discretion, therefore the amount of € 106m corresponding to the interest up to 31/03/2016 is not recognized. No interest income was recognized in 2016 from EFSF FRNs due to their re-delivery to the EFSF on 27/02/2015. The cash in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with par. 11 (g) of the art. 15 of Law 2469/1997.

Note 11 Personnel Expenses

The number of directors and employees under payroll was 33 and 32 as of 31/03/2016 and 31/03/2015 respectively. The total personnel expenses for the 3 month period ended on 31/03/2016 and 31/03/2015 are analysed as follows:

<i>Amounts in €</i>	01/01/2016 - 31/03/2016	01/01/2015 - 31/03/2015
Salaries	(755,171)	(729,213)
Employer's contribution	(109,451)	(108,463)
Total	(864,622)	(837,676)

The average number of employees, including directors, during the period ended 31/03/2016 and 31/03/2015 was 32 and 32 respectively.

Note 12 General Administrative and Other Operating Expenses

<i>Amounts in €</i>	01/01/2016 - 31/03/2016	01/01/2015 - 31/03/2015
Utilities and rentals	(63,880)	(87,619)
General Council remuneration	(83,750)	(103,750)
Selection Panel remuneration	(47,610)	-
Lawyers' fees	(25,607)	(30,185)
Advisors' fees	(188,978)	(14,338)
Professionals' fees	(30,458)	(29,145)
Custody fees	(9,692)	(100,729)
Insurance fees	(87,959)	(86,392)
Other fees	(44,834)	(22,556)
Other expenses	(68,836)	(53,616)
Total	(651,604)	(528,330)



Note 13 Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The figure includes the gains or losses resulting from the revaluation of the shares held in systemic banks and the warrants issued, the results from the disposals of the shares upon the exercise of the warrants and the revaluation of the CoCos issued by NBG and Piraeus.

The breakdown of the gain or loss by financial instrument during the 3 month period ended 31/03/2016 and 31/03/2015 is presented in the table below.

<i>Amounts in €</i>	01/01/2016 - 31/03/2016	01/01/2015 - 31/03/2015
Gain/(loss) from shares		
Alpha	(89,662,827)	(1,632,559,899)
Eurobank	(13,593,056)	(427,061,523)
NBG	(343,606,094)	(748,259,449)
Piraeus	(117,682,923)	(2,250,359,633)
Subtotal	(564,544,900)	(5,058,240,504)
Gain/(loss) from warrants		
Alpha	1,141,734	561,740,000
NBG	(1,474,474)	(9,584,190)
Piraeus	-	80,146,191
Subtotal	(332,740)	632,302,001
Gain/(loss) from CoCos		
NBG	(10,824,000)	-
Piraeus	(3,561,000)	-
Subtotal	(14,385,000)	-
Total	(579,262,640)	(4,425,938,503)

Note 14 One-off Expense

Pursuant to the provisions of par. 7 art. 16c of Law 3864/2010, all financial institutions that have received a capital support from HFSF paid a one-off amount totaling € 555.6m, which was recognised in 2012 Financial Statements, as one-off income fee and actually received by the Fund in December 2012. On 19/03/2015, according to the art.35 of Law 4320/2015, HFSF transferred this amount and the relevant accrued interest totaling to € 555.9m from the HFSF account held in BoG to the Hellenic Republic.

Note 15 Commitments and Contingent Liabilities

Commitments: The Fund's commitments relate to the operational lease for its offices. The minimum future payments are presented in the table below (it is noted that the Fund may terminate the operating lease for its office following a three-month notice):

<i>Amounts in €</i>	31/03/2016	31/12/2015
No later than 1 year	162,473	162,473
Later than 1 year and no later than 5 years	40,618	81,236
Total	203,091	243,709



Legal Proceedings: No legal cases of third parties against the Fund exist at the issuance date of these interim financial statements that is probable to affect negatively the Fund's financial position.

Undertakings deriving from FAFA: Until the facility granted under the FAFA has been fully reimbursed, the Fund acts as a guarantor and has certain security related undertakings in the context of the facility agreement.

Note 16 Related Party Transactions

Related parties include the Fund's Management, close relatives to the Management, companies owned by the Management and credit institutions in which the Fund has substantial influence over the financial and operating policies.

The significant transactions entered into by the HFSF with related parties during the 3 month period ended on 31/03/2016 and 31/03/2015 and the balances outstanding as of 31/03/2016 and 31/12/2015 are presented below.

Transactions with key management personnel

The members of the Executive Board and the General Council, as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The gross remuneration paid in the first 3 months of 2016 amounted to € 156k (first 3 months of 2015: €225k). Furthermore, for the members of the Executive Board an amount of € 12k (first 3 months of 2015: € 12k) had been paid for social security contributions.

Transactions and balances with systemic banks

Following the contribution of EFSF FRNs to the systemic banks in the context of the pre-subscription agreements and subsequently due to the participation of the HFSF in the recapitalization of the banks in 2013 and 2015, the Fund considers the systemic banks to be related parties as defined in IAS 24.

The fair value of the shares held by the Fund as of 31/03/2016 amounted to € 1,819.6m (31/12/2015: € 2,384.2m) and the fair value of CoCos as of 31/03/2016 amounted to € 4,047.1m (31/12/2015: € 4,061.5m).

The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the 3 month period ended 31/03/2016 and 31/03/2015 amounted to € 9.7k and € 54.4k respectively.

Transactions and balances relating to transitional credit institutions

In the first quarter of 2015, the Fund received the amount of € 8.8m from Eurobank following the finalization of a contingency from the sale of New HPB to Eurobank that took place in 2013. Moreover, the amount provided, regarding an obligation arising from the aforementioned sale which amounted to € 1.99m as of 31/12/2015, was settled in February 2016.

Note 17 Post Balance Sheet Events

Following the reporting date of these interim financial statements, the following events related to the HFSF took place:

Composition of Selection Panel

On 04/04/2016, Mr. Lars Nyberg was appointed as a member of the Selection Panel, following the Minister of Finance's decision and the resignation of Mr. Eric Rajendra on 18/03/2016.

Composition of General Council

On 02/06/2016, Mr. Christof Gabriel Maetze was appointed by the Minister of Finance as non-executive member of the General Council, replacing Mr. Pierre Mariani who resigned on 01/03/2016. On 05/07/2016, Mr. Elias Karakitsos resigned from the General Council. On 18/07/2016, Mrs. Dagmar Valcárcel was appointed by the Minister of Finance as non-executive member of the General Council, replacing Mr. Wouter Devriendt who resigned on 30/04/2016.



Appointment of a Special Liquidator for banks under special liquidation

In line with the MoU signed on 19/08/2015, BoG appointed PQH Single Special Liquidation S.A. as Special Liquidator for the banks under liquidation, aiming to ensure a more efficient management of their assets and a higher performance against the operational targets. PQH, jointly owned by PwC Business Solutions S.A., Qualco S.A. and Hoist Kredit Aktiebolag, replaced the previous liquidators and took up the management of all the banks under liquidation.

Formation of the Hellenic Company of Assets and Participations SA

The Hellenic Company of Assets and Participations was founded under the Law 4389/2016 (Government Gazette 94/27.05.2016). Although HFSF is its direct subsidiary, the administrative autonomy and independence of the HFSF is not affected according to the provisions of the Law 4389/2016.

Systemic Banks' Board of Directors evaluation

In line with the MoU signed on 19/08/2015, the HFSF, with the help of an independent international consultant with proven experience and know-how, introduced a program to review the Boards and the Committees of the systemic banks. This review is in line with prudent international practices and the current European and national compliance and legal framework by applying criteria that go beyond the minimum supervisory requirements. Among others, the HFSF evaluated the size, operation, organization, structure and the allocation of powers and responsibilities within the Board of Directors and the Board Committees and proposed improvements and amendments to each institution's current corporate governance framework. In order to fulfil this project the HFSF was assisted, on a technical basis, by the European Bank for Reconstruction and Development (EBRD). The evaluation of the Boards and Committees of the systemic banks was completed in July 2016 and the results have been communicated to all parties involved.

Non performing large corporate loans resolution action plan

In line with the MoU signed on 19/08/2015, the HFSF, with the help of an independent international consultant, presented and implemented an NPL resolution action plan to enhance coordination among banks and accelerate the restructurings of the large corporate loans, and if needed jointly tackle entire economic sectors. The project evolved around five main axes, as follows:

- Identification and prioritization of obstacles for Large Corporate NPLs' restructuring
- Suggestion for a coordination framework among banks
- Definition of a high-level perimeter of distressed companies & sectors
- Assessment of current relevant capabilities in the banking sector
- Suggestions to expand capital markets' involvement

The project was completed and the relevant study was sent to the Institutions, Ministry of Finance, Ministry of Economy and BoG on 27/04/2016.

Analysis of non-regulatory constraints and impediments for the development of an NPL market

As per the provisions of the MoU signed on 19/8/2015, the HFSF in cooperation with BoG, provided an analysis to identify non-regulatory constraints and impediments (e.g. administrative, economic, legal) to the development of a dynamic NPL market in Greece. Following the analysis, impediments were identified and grouped per broad areas of obstacles, i.e. legal and judicial, tax and accounting, administrative and other impediments. This study was effectively completed and presented to the Authorities, in October 2015.

Subsequently and as specified in the Supplemental MoU signed on 16/06/2016, the HFSF in cooperation with BoG, would have to update and propose concrete actions regarding all remaining non-regulatory impediments to the development of a dynamic NPL market by end of June 2016. The updated study was completed and the updated report was published on HFSF's site.

Resignation of the Executive Board

Having completed successfully an important scope of work, Messrs. Aristides Xenofos (former CEO), George Koutsos (former Deputy CEO) and Anastasios Gagales (former executive member), submitted their resignation with effective



date as of 18/07/2016, with a view to facilitating choices regarding the future role and direction of the HFSF in the banking system and the Greek economy.

Completion of ATE Insurance sale

On 01/08/2016, Piraeus announced the completion of the agreement for the sale of 100% of the share capital of ATE Insurance to ERGO International AG, a subsidiary of Munich Re, following the fulfillment of all the conditions under the relevant agreement, as well as the receipt of all necessary approvals from the competent bodies, including the HFSF. ERGO International AG paid a consideration of €90.1m in cash for the total stake of Piraeus in ATE Insurance's share capital. Following the closing of the transaction and based on contractual agreement, the HFSF has a claim against Piraeus, from the proceeds of this transaction, which currently cannot be reliably estimated.

Appointment of CEO and Deputy CEO of the Executive Board

Pursuant to Article 80 of Law 4413/2016 (Government Gazette A' 148), the Fund's Law 3864/2010 was amended and a procedure for the placement of members of the Executive Board with full powers and duties, has been introduced for the time needed until the appointment of new members according to the ordinary procedure of the law of the Fund. Therefore, following a proposal by the General Council to the Minister of Finance, Mr. Christoforos Stratos, member of the General Council, was appointed as CEO and Mr. Michael Haralabidis, senior HFSF Executive, was appointed as Deputy CEO on 23/08/2016 (YODD 444). Their appointment is in accordance to the agreement of the Euro Working Group and the non-binding opinion of the Selection Panel. During this period, Mr. Christoforos Stratos participates in the meetings of General Council with no voting right.

Note 18 Significant Events of Systemic Banks

During the 3 month period ended on 31/03/2016 and up to the issuance date of the Fund's interim financial statements, the following events relating to the systemic banks took place:

Alpha

On 01/03/2016, Alpha announced the acquisition of the entirety of Alpha's Bulgarian Branch operations by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria AD (Postbank), pursuant to the provision of the relevant regulatory approvals, was concluded.

On 24/03/2016, Mr. Jan Vanhevel, was elected member of the BoD of the Bank in replacement of Mr. Minas Tanes, effective as of 21/04/2016.

On 10/05/2016, the sale of all shares of the Bank's subsidiary, Alpha Bank A.D. Skopje was completed.

On 18/02/2016 and 13/05/2016, the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd with the amount of € 57.82m and € 11.9m respectively.

On 17/05/2016, Alpha, Eurobank and KKR Credit have reached a binding agreement by which the banks agree to assign the management of credit and equity exposures to a selected number of Greek companies into a platform managed by Pillarstone. Subject to final Board approval, the EBRD is considering co-investing in partnership with KKR and the banks.

On 28/07/2016, Mr. Richard R. Gildea was elected member of the BoD of the Bank.



Eurobank

On 01/03/2016, Eurobank announced the acquisition of the entirety of Alpha's Bulgarian Branch operations by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria AD (Postbank), pursuant to the provision of the relevant regulatory approvals, was concluded.

During the first half of 2016, the Eurobank Group acquired, through its subsidiaries Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. 0.45% of GRIVALIA PROPERTIES R.E.I.C., and thus the total Group participation to GRIVALIA subgroup amounts to 20.93%.

On 17/05/2016, Alpha, Eurobank and KKR Credit have reached a binding agreement by which the banks agree to assign the management of credit and equity exposures to a selected number of Greek companies into a platform managed by Pillarstone. Subject to final Board approval, the EBRD is considering co-investing in partnership with KKR and the banks.

On 20/05/2016, Eurobank announced that its Romanian subsidiaries Bancpost and ERB Retail Services, and its Dutch subsidiary ERB New Europe Funding, have entered into a binding agreement with ProsperoCapital, funded by a consortium of investors consisting of IFC and Kruk, regarding the assignment of a portfolio of NPLs of €170m gross book value (€597m of total unpaid balances).

On 04/08/2016, Eurobank announced that the sale of 80% of Eurolife ERB Insurance Group Holdings S.A. ("Eurolife") to Costa Luxembourg S.a.r.l., a company jointly controlled by Fairfax Financial Holdings Limited and OMERS Administration Corporation was completed, after all required regulatory approvals have been obtained. The cash consideration paid pursuant to the transaction documentation, post distribution of a €34m dividend to Eurobank by Eurolife, was € 324.7m. The transaction results in capital accretion for Eurobank, as it increases its CET1 ratio by c. 27 bps.

NBG

In February 2016, NBG entered into a definitive agreement to sell 100% of its interests in eleven Limited Partnerships held directly or indirectly by NBG and managed by NBGI PE Limited.

On 26/05/2016, Mr. Kurt Geiger and Mr. Mike Aynsley were elected as independent non-executive members of the BoD.

On 15/06/2016, NBG announced the transfer of its 99.81% stake in Finansbank A.Ş. to Qatar National Bank S.A.Q. ("QNB"). The consideration was €2,750m and additionally QNB repaid the \$910 million of subordinated debt that NBG had extended to Finansbank, increasing the liquidity position of the NBG Group by approximately €3.6 billion. With the successful completion of the sale, NBG's pro-forma Q1 2016 CET1 ratio increased by c.740bps to 21.8%. This capital enhancement will pave the way to the repayment, following approval by the Single Supervisory Mechanism of the European Central Bank, of the €2.0bn CoCos issued by NBG and held by HFSF.

On 29/06/2016, Mrs. Marianne Økland was elected as independent non-executive member of the BoD, in replacement of the independent non-executive member who resigned, Mr. Kurt Geiger.

On 19/07/2016, Mr. Panagiotis Leftheris was appointed as the new Representative of HFSF on the BoD.

On 22/07/2016, the securities issued by NBG under Hellenic Republic guarantees, as per Law 3723/2008, have been fully paid up and cancelled. Following the definitive expiry of these guarantees, NBG is no longer subject to the provisions of Law 3723/2008 and the representation of the Hellenic Republic on NBG's BoD has been ceased.

On 28/07/2016, Mr. Makkas was elected as a non-executive member of the BoD.



On 08/08/2016, NBG has completed the first greek SME securitization transaction since 2007. NBG will raise up to €300m of medium-term funding by placing the senior notes with the European Investment Bank (EIB), the European Investment Fund (EIF) and the European Bank for Reconstruction and Development (EBRD).

Piraeus

On 20/01/2016, Mr. Stavros Lekkakos was appointed interim CEO, replacing Mr. Anthimos Thomopoulos, who resigned on 15/01/2016.

On 27/01/2016, Mr. David Hexter was elected independent non-executive member and Messrs Alexander Blades and Andreas Schultheis non-executive members, further to the resignations of independent non-executive vice Chairman, Mr. Nikolaos Christodoulakis and non-executive member, Mr. Stylianos Golemis.

On 20/04/2016, Mr. Andreas Schultheis was resigned from his position as a non-executive member of BoD.

On 28/04/2016, Piraeus redeemed the last remaining bonds issued under Hellenic Republic guarantees by the under Pillar II and used by the bank for liquidity purposes. Upon redemption of Pillar II, Piraeus no longer has any reliance on Law 3723/2008, and therefore it will no longer be subject to the restrictions of the program.

On 11/05/2016, Piraeus disposed to EBRD a 15% stake in the share capital of European Reliance General Insurance Co. S.A. The stake is part of the 28.7% previously held by Piraeus and sold as part of the bank's disposal of non-core assets in the implementation framework of its Restructuring Plan following the successful recapitalization in December 2015. The remaining stake will be acquired by the insurer's management and two other legal entities.

On 08/06/2016, further to the resignations of independent non-executive members, Messrs A. Athanasiou and P. Pappas, Messrs Karel De Boeck and Arne Berggren were elected as new independent non-executive members for the remaining term of the BoD.

On 08/06/2016, Piraeus announced that, in the context of implementation of its restructuring plan, it has entered into an agreement with Wert Red Sarl, a Luxembourg company wholly owned by Värde Partners, for the sale of 18,551,880 shares in its subsidiary, Trastor R.E.I.C, corresponding to a 33.8% of the share capital of the company.

On 29/06/2016, Mr. George Pouloupoulos was appointed as a new BoD member and Deputy Chief Executive Officer and he will be the acting CEO, replacing Mr. Stavros Lekkakos who resigned from the position of interim CEO.

On 08/07/2016, Piraeus announced that it has entered into an agreement with Holding M. Sehnaoui SAL, for the sale of shares in its subsidiary in Cyprus, Piraeus Bank Cyprus Ltd. The sale, combined with the capital increase of Piraeus Cyprus by an amount of €40m, will result in Piraeus' shareholding in Piraeus Cyprus being reduced to 17.6% and the CET1 capital ratio of Piraeus will improve by approximately 15 bps.

On 20/07/2016, Ms Charikleia Apalagaki was elected as Interim Chairman of the BoD, following the resignation of Mr. Michalis Sallas.

On 01/08/2016, Piraeus announced the completion of the agreement for the sale of 100% of the share capital of ATE Insurance to ERGO International AG, a subsidiary of Munich Re, following the fulfillment of all the conditions under the relevant agreement, as well as the receipt of all necessary approvals from the competent bodies, including the HFSF. ERGO International AG paid a consideration of €90.1m in cash for the total stake of Piraeus in ATE Insurance's share capital. Following the closing of the transaction and based on contractual agreement, the HFSF has a claim against Piraeus Bank, from the proceeds of this transaction, which currently cannot be reliably estimated.

On 30/08/2016, Mr. Vasileios Furlis, non-executive member, submitted his resignation from the BoD.



Key financial information per bank

Key financial information for the 3 month period ended on 31/03/2016 per bank in group level is presented in the table below:

<i>Amounts in € million</i>	Alpha	Eurobank	NBG	Piraeus
Total Assets	68,207	72,938	111,743	85,682
Total Liabilities	59,298	65,829	101,881	85,735
Total Equity	8,909	7,109	9,862	9,947
Profit/(Loss) Before Tax	13	75	33	(39)
Net Profit/(Loss)	(2)	67	97	(44)
Capital Adequacy Ratio	16.4%	16.9%	14.4%	17.3%
Common Equity Tier I	16.3%	16.5%	14.4%	17.3%