

# Hellenic Financial Stability Fund



## Interim Financial Statements

For the 9 month period ended 30/09/2014

(In accordance with International Accounting Standard 34)

December 2014



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## Statement of Financial Position

<i>Amounts in €</i>	Note	30/09/2014	31/12/2013
<b>ASSETS</b>			
Cash and balances with Central Bank	4	625,334,672	488,766,493
Investment securities	5	10,958,237,257	10,938,032,977
Financial assets at fair value through profit or loss	6	16,992,596,364	22,584,683,404
Property and equipment		145,571	187,766
Intangible assets		18,734	28,307
Receivables from banks under liquidation	7	2,792,013,608	2,853,078,162
Other assets	15	8,861,269	1,068,318
<b>Total Assets</b>		<b>31,377,207,475</b>	<b>36,865,845,427</b>
<b>LIABILITIES</b>			
Liabilities for payment of funding gap	8	-	161,118,506
Derivative financial liability	9	2,034,145,952	2,282,271,430
Other liabilities		520,762	604,713
<b>Total Liabilities</b>		<b>2,034,666,714</b>	<b>2,443,994,649</b>
<b>EQUITY</b>			
Capital		49,700,000,000	49,700,000,000
Accumulated losses		(20,357,459,239)	(15,278,149,222)
<b>Total Equity</b>		<b>29,342,540,761</b>	<b>34,421,850,778</b>
<b>Total Liabilities &amp; Equity</b>		<b>31,377,207,475</b>	<b>36,865,845,427</b>

*The Notes from pages 8 to 23 form an integral part of these interim financial statements*

Athens, 10 December 2014

The Chief Executive Officer

The Deputy Chief Executive  
Officer

The Chief Financial & Operating Officer

Anastasia Sakellariou

George Koutsos

Ioannis Kyriakopoulos



## Statement of Comprehensive Income for the 9 month period ended 30/09/2014

<i>Amounts in €</i>	Note	01/01/2014 - 30/09/2014	01/01/2013 - 30/09/2013
Interest income	10	58,589,606	148,602,870
Commission income	11	-	110,676,358
Personnel expenses	12	(2,029,278)	(1,773,460)
General administrative & other operating expenses	13	(16,708,767)	(10,253,302)
Impairment of investments and receivables and provision charges for funding gap	7	(34,275,213)	(3,270,957,624)
Gain/(loss) from financial instruments at fair value through profit or loss	14	(5,093,635,143)	(9,648,038,485)
Gain/(loss) from investment securities	15	8,814,170	433,973,954
Depreciation and amortization of property, equipment and intangible assets		(64,212)	(51,132)
Other income/(expenses)		(1,180)	2,050,000
<b>Loss for the period</b>		<b>(5,079,310,017)</b>	<b>(12,235,770,821)</b>
<b>Other comprehensive income/(expenses)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>		<b>(5,079,310,017)</b>	<b>(12,235,770,821)</b>

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## Statement of Comprehensive Income for the 3 month period ended 30/09/2014

<i>Amounts in €</i>	01/07/2014 - 30/09/2014	01/07/2013 - 30/09/2013
Interest income	19,653,018	18,691,017
Commission income	-	-
Personnel expenses	(631,780)	(549,302)
General administrative & other operating expenses	(662,910)	(4,879,037)
Impairment of investments and receivables and provision charges for funding gap	-	-
Gain/(loss) from financial instruments at fair value through profit or loss	(1,596,601,192)	(6,280,020,040)
Gain/(loss) from investment securities	8,814,170	47,700,027
Depreciation and amortization of property, equipment and intangible assets	(21,122)	(9,338)
Other income/(expenses)	(114)	-
<b>Loss for the period</b>	<b>(1,569,449,930)</b>	<b>(6,219,066,673)</b>
<b>Other comprehensive income/(expenses)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>(1,569,449,930)</b>	<b>(6,219,066,673)</b>

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## Statement of Changes in Equity

<i>Amounts in €</i>	Capital	Reserves & accumulated profits/(losses)	Total
<b>Balance as of 01/01/2013</b>	<b>42,500,000,000</b>	<b>(5,670,645,476)</b>	<b>36,829,354,524</b>
Capital increase	7,200,000,000	-	7,200,000,000
Profit/(Loss) for the period	-	(12,235,770,822)	(12,235,770,822)
<b>Balance as of 30/09/2013</b>	<b>49,700,000,000</b>	<b>(17,906,416,298)</b>	<b>31,793,583,702</b>
Profit/(Loss) for the period	-	2,628,267,076	2,628,267,076
<b>Balance as of 01/01/2014</b>	<b>49,700,000,000</b>	<b>(15,278,149,222)</b>	<b>34,421,850,778</b>
Profit/(Loss) for the period	-	(5,079,310,017)	(5,079,310,017)
<b>Balance as of 30/09/2014</b>	<b>49,700,000,000</b>	<b>(20,357,459,239)</b>	<b>29,342,540,761</b>

*The Notes from pages 8 to 23 form an integral part of these interim financial statements*



## Cash Flow Statement

<i>Amounts in €</i>	01/01/2014 - 30/09/2014	01/01/2013 - 30/09/2013
<b>Cash flows from operating activities</b>		
<b>Loss for the period</b>	<b>(5,079,310,017)</b>	<b>(12,235,770,821)</b>
<b>Adjustments for non-cash items included in statement of comprehensive income and other adjustments:</b>	<b>5,093,826,141</b>	<b>12,461,885,708</b>
Depreciation and amortization of property, equipment and intangible assets	64,212	51,132
Impairment of investments and receivables and provision charges for funding gap	34,275,213	3,270,957,624
(Gain)/loss from financial instruments at fair value through profit or loss	5,093,635,143	9,648,038,485
(Gain)/Loss from disposal of investments	(8,814,170)	(433,973,954)
Interest income	(25,334,257)	(23,187,579)
<b>Net (increase)/decrease in operating assets:</b>	<b>(128,177,969)</b>	<b>(81,686,006)</b>
Change in receivables from funding gap and liquidations	(134,329,165)	(385,323,181)
Change in accrued interest receivable	5,129,977	195,433,222
Change in accrued income receivable	-	110,239,444
Other assets	1,021,219	(2,035,491)
<b>Net increase/(decrease) in operating liabilities:</b>	<b>(83,950)</b>	<b>4,275,438</b>
Other liabilities	(83,950)	4,275,438
<b>Net cash from operating activities</b>	<b>(113,745,795)</b>	<b>148,704,319</b>
<b>Cash flows from investing activities</b>		
Participation in share capital increase of investments	-	(394,998,542)
Proceeds received from warrants exercised	250,326,418	-
Purchase of property, equipment and intangibles assets	(12,444)	(72,897)
<b>Net cash from investing activities</b>	<b>250,313,974</b>	<b>(395,071,439)</b>
<b>Cash flows from financing activities</b>		
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>136,568,179</b>	<b>(246,367,120)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>488,766,493</b>	<b>827,827,829</b>
<b>Cash and cash equivalents at end of period</b>	<b>625,334,672</b>	<b>581,460,711</b>

*The Notes from pages 8 to 23 form an integral part of these interim financial statements*



## Notes to the Interim Financial Statements

### Note 1 General Information

The Hellenic Financial Stability Fund (hereinafter the “Fund” or “HFSF”) was founded in July 2010 (under Law 3864/2010) as a private legal entity and does not belong to the 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 applicable. On a supplementary basis, the provisions of codified Law 2190/1920 are applied as in force, provided that 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 its entire capital being subscribed by the Greek government, nor by the issuance of the relevant decisions by the Minister of Finance.

The purpose of the Fund is to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest. In pursuing this objective, the Fund provides capital support to credit institutions and to transitional credit institutions established under art. 142 of Law 4261/2014 (which replaced the Law 3601/2007), under terms and conditions which take into account the rules of prudent use and management of the assets of the Fund. It monitors and assesses how credit institutions, to which capital support is provided by the Fund, comply with their restructuring plans, safeguarding at the same time the business autonomy of the credit institution. The Fund ensures that such credit institutions operate on market terms and that private sector participation in them is enhanced on the basis of transparent procedures and on the European Union (EU) legislation on state aid. The Fund exercises its shareholding rights deriving from its participation in the credit institutions to which capital support is provided by the Fund. It disposes in whole or partially, of financial instruments issued by the credit institutions in which it participates, according to the provisions of the Law 3864/2010. It exercises its rights on the transitional credit institutions of article 142 of Law 4261/2014 according to the provisions of the Law 3864/2010 and Law 4261/2014.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter “BoD”) by the Ministry of Finance according to the decision A.P. 44560/B.2018 (Government Gazette YODD 319/30.9.2010). On 30/01/2013 the Board of Directors was substituted by the Executive Board and the General Council according to the decision of the Minister of Finance 3710/B.204 (Government Gazette YODD 35/30.1.2013), as amended by the decisions of the Minister of Finance 04960/B1112.B (Government Gazette YODD 193/30.4.2013), 19582/B1195 (Government Gazette YODD 210/7.5.2013), 20532/B.1252 (Government Gazette YODD 215/15.5.2013), 36922/B.2149 (Government Gazette YODD 421/29.8.2013), GDOP11361EX2013/B.2183 (Government Gazette YODD 430/6.9.2013), GDOP0000276EX/B.2896 (Government Gazette YODD 4/13.1.2014), GDOP000038EX2014/B.53 (Government Gazette YODD 6/14.1.2014), GDOP000046EX2014/B.54 (Government Gazette YODD 9/15.1.2014), GDOP0000569EX2014/B.793 (Government Gazette YODD 254/8.5.2014) and GDOP0001381EX2014/B.1745 (Government Gazette YODD 688/5.11.2014).

From the date of the enactment of Law 4051/2012 (Government Gazette A 40/29.2.2012) as amended by Law 4224/2013, the Fund covers the amount that the Hellenic Deposit & Investment Guarantee Fund (hereinafter “HDIGF”) would have paid for the process of the resolution of the credit institutions in accordance to Law 4261/2014 until 31/12/2014. Specifically the Fund is obliged to pay the amount as per paragraph 13 of article 141 and paragraph 7 of article 142 of the aforementioned law. In this case the Fund is obliged to acquire the right and the privilege of the HDIGF in accordance with the paragraph 4 of Article 13A of Law 3746/2009.

Within the framework of accomplishing its objective, the Fund should manage its capital and its assets and exercise the rights in its capacity as shareholder in a way to protect the value of such assets, to minimize the risks for the Greek public and neither prevent nor distort the competition in the banking sector.

The scope of the Fund does not include the provision of liquidity assistance, which is provided according to Law 3723/2008 or according to the operating framework of the Eurosystem and the Bank of Greece (hereinafter “BoG”).

In addition, the Fund may provide guarantees to states, international organizations or other recipients and generally, take any action required for the implementation of decisions of the Euro area bodies concerning the support of the Greek economy.

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





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

<b>Executive Board</b>	<b>Position</b>
Anastasia Sakellariou	Chief Executive Officer
George Koutsos	Deputy Chief Executive Officer
Anastasios Gagales	Member

  

<b>General Council*</b>	<b>Position</b>
Christos Sclavounis	Chairman
Pierre Mariani	Member
Wouter Devriendt	Member
John Zafiriou	Member
Stephan Wilcke	Member
Steven Franck	Member
Christoforos Stratos	Member
Avraam Gounaris	Member, Representative of the Ministry of Finance
Vasilios Spiliotopoulos	Member, appointed by the BoG

\* Mr. Wouter Devriendt replaced on 13/01/2014 Mr. Andreas Beroutsos, who submitted his resignation on 14/11/2013.

\* Mr. Avraam C. Gounaris replaced Ms. Eftychia Michailidou on 14/01/2014, who submitted her resignation on 09/01/2014.

\* Mr. Vasilios Spiliotopoulos replaced Mr. Spyros Zarkos on 06/05/2014 who had previously replaced Mr. Eftimios Gatzonas on 15/01/2014, who submitted his resignation on 16/12/2013.

\* Mr. Steven Franck and Mr. Christoforos Stratos were appointed as independent members on 6/11/2014 as per the recent law amendment.

The interim financial statements have been approved by the Fund's General Council on 10/12/2014.

## **Note 2 Summary of Significant Accounting Policies**

### **2.1 Basis of preparation**

The condensed interim financial statements of the Fund as at and for the nine month period ended on 30/09/2014 (hereinafter "interim financial statements") have been prepared in accordance with International Accounting 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 31/12/2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union (the "EU").

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

The interim financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets held at fair value through profit or loss and derivative financial liabilities (share ownership rights – hereinafter "warrants") which have been measured at fair value.

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 are 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.

### **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 31/12/2013, after adopting the following amendments which are effective from 01/01/2014.

- **IAS 32 "Offsetting Financial Assets and Financial Liabilities" (amendment).** The amendment provides clarifications on the application of the offsetting rules.



- **IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets (amendments)**. The amendments remove the requirement to disclose the recoverable amount of assets or cash-generating units to which a significant amount of goodwill or intangible assets with indefinite useful lives have been allocated, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where the recoverable amount is determined using a present value technique.

- **IAS 39 “Novation of derivatives and continuation of hedge accounting”(amendment)**. The amendment provides relief from discontinuing hedge accounting when a derivative designated as a hedging instrument is novated to a clearing counterparty and certain conditions are met.

The adoption of the above amendments had no impact on the HFSF’s interim financial statements.

- **IFRIC “Interpretation 21 Levies” (IFRIC 21)**. IFRIC 21 clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. There was no impact from the adoption of this interpretation in the interim financial statements of the Fund.

The adoption by the EU, by 31/12/2014, of new standards, interpretations or amendments, which have been issued or may be issued during the year by the International Accounting Standards Board (IASB), and their mandatory or optional adoption for periods beginning on or after 01/01/2014, may affect retrospectively the periods presented in these interim financial statements.

### 2.3 Critical judgments and estimates

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by Management in applying the Fund’s accounting policies and the key sources of estimation uncertainty were similar to those applied in the annual financial statements for the year ended 31/12/2013.

### 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 are 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 as per the BoG’s capital requirements, i.e. Alpha Bank S.A. (hereinafter “Alpha”), Eurobank Ergasias S.A. (hereinafter “Eurobank”), National Bank of Greece S.A. (hereinafter “NBG”) and Piraeus Bank S.A. (hereinafter “Piraeus”).

**Transitional Credit Institutions (TCIs) & HDIGF Operations:** This segment includes a) the credit institutions, which have been derived as a result of a resolution and the incorporation of new TCIs, namely New Hellenic Post Bank S.A. (hereinafter “New HPB”) and New Proton Bank S.A. (hereinafter “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 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 principals. It also includes unutilized cash balances and EFSF FRNs.



## Analysis by Operating Segment

Amounts in €

01/01-30/09/2014

	Systemic Banks	TCIs & HDIGF Operations	Other	Total
Interest income	-	-	58,589,606	<b>58,589,606</b>
Personnel expenses	(1,079,727)	(350,272)	(599,279)	<b>(2,029,278)</b>
General administrative & other operating expenses	(15,350,240)	(149,249)	(1,209,278)	<b>(16,708,767)</b>
Impairment of investments and receivables and provision charges for funding gap	-	(34,275,213)	-	<b>(34,275,213)</b>
Gain/(loss) from financial instruments at fair value through profit or loss	(5,093,635,143)	-	-	<b>(5,093,635,143)</b>
Gain/(loss) from investment securities	-	8,814,170	-	<b>8,814,170</b>
Depreciation and amortization of property, equipment and intangible assets	(44,949)	(12,842)	(6,421)	<b>(64,212)</b>
Other income/(expenses)	(1,180)	-	-	<b>(1,180)</b>
<b>Profit/(Loss) for the period</b>	<b>(5,110,111,239)</b>	<b>(25,973,406)</b>	<b>56,774,628</b>	<b>(5,079,310,017)</b>
<b>Other comprehensive income/(expenses)</b>	-	-	-	-
<b>Total comprehensive income / (expenses) for the period</b>	<b>(5,110,111,239)</b>	<b>(25,973,406)</b>	<b>56,774,628</b>	<b>(5,079,310,017)</b>

30/09/2014

<b>Total segment assets</b>	16,992,596,364	2,800,827,778	11,583,783,333	<b>31,377,207,475</b>
<b>Total segment liabilities</b>	2,034,388,662	61,692	216,360	<b>2,034,666,714</b>

Amounts in €

01/01-30/09/2013

	Systemic Banks	TCIs & HDIGF Operations	Other	Total
Interest income	104,298,643	-	44,304,227	<b>148,602,870</b>
Commission income	110,676,358	-	-	<b>110,676,358</b>
Personnel expenses	(930,207)	(311,153)	(532,100)	<b>(1,773,460)</b>
General administrative & other operating expenses	(7,875,904)	(832,991)	(1,544,407)	<b>(10,253,302)</b>
Impairment of investments and receivables and provision charges for funding gap	-	(3,270,957,624)	-	<b>(3,270,957,624)</b>
Gain/(loss) from financial instruments at fair value through profit or loss	(9,648,038,485)	-	-	<b>(9,648,038,485)</b>
Gain/(loss) from investment securities	524,116,664	(90,142,710)	-	<b>433,973,954</b>
Depreciation and amortization of property, equipment and intangible assets	(35,792)	(10,226)	(5,113)	<b>(51,132)</b>
Other income/(expenses)	2,050,000	-	-	<b>2,050,000</b>
<b>Profit/(Loss) for the period</b>	<b>(8,915,738,724)</b>	<b>(3,362,254,704)</b>	<b>42,222,607</b>	<b>(12,235,770,821)</b>
<b>Other comprehensive income/(expenses)</b>	-	-	-	-
<b>Total comprehensive income / (expenses) for the period</b>	<b>(8,915,738,724)</b>	<b>(3,362,254,704)</b>	<b>42,222,607</b>	<b>(12,235,770,821)</b>

31/12/2013

<b>Total segment assets</b>	22,585,706,288	2,853,078,162	11,427,060,975	<b>36,865,845,425</b>
<b>Total segment liabilities</b>	2,282,694,729	161,239,449	60,471	<b>2,443,994,649</b>



#### Note 4 Cash and Balances with Central Bank

<i>Amounts in €</i>	30/09/2014	31/12/2013
Cash and balances with banks	6,992	10,099
Balances with Central Bank	625,327,680	488,756,394
<b>Total</b>	<b>625,334,672</b>	<b>488,766,493</b>

The cash and balances with banks include a non-interest bearing sight account with a retail bank for the Fund's day-to-day obligations. The Fund's balances with Central Bank pertain to balances, which are compulsory deposited and maintained in a special interest account at BoG. The agreement regarding this interest account was amended on 11/06/2014 following the guideline of the European Central Bank ("ECB") of 5 June 2014 (ECB/2014/22). According to L. 3864/2010, any other form of investment is prohibited.

#### Note 5 Investment Securities

The Fund has classified the EFSF FRNs received as loans and receivables. The notional amount and fair values as of 30/09/2014 and 31/12/2013 are presented in the tables below:

<i>Amounts in €</i>				30/09/2014		31/12/2013	
ISIN	Issue Date	Interest Rate	Maturity Date	Nominal Value	Fair Value	Nominal Value	Fair Value
EU000A1G0A57	19/12/2012	6M Euribor + 34 b.p.	19/12/2022	1,524,900,000	1,560,704,652	1,524,900,000	1,541,399,418
EU000A1G0A65	19/12/2012	6M Euribor + 35 b.p.	19/12/2023	1,069,394,000	1,096,481,750	1,069,394,000	1,081,376,560
EU000A1G0A73	19/12/2012	6M Euribor + 36 b.p.	19/12/2024	1,138,609,000	1,179,302,886	1,138,609,000	1,151,691,617
EU000A1G0BE6	31/5/2013	6M Euribor + 33 b.p.	30/5/2024	3,600,000,000	3,715,956,000	3,600,000,000	3,632,580,000
EU000A1G0BD8	31/5/2013	6M Euribor + 34 b.p.	30/5/2025	3,600,000,000	3,724,092,000	3,600,000,000	3,632,796,000
<b>Subtotal</b>				<b>10,932,903,000</b>	<b>11,276,537,288</b>	<b>10,932,903,000</b>	<b>11,039,843,595</b>
Plus: Accrued Interest				25,334,257	25,334,257	5,129,977	5,129,977
<b>Total</b>				<b>10,958,237,257</b>	<b>11,301,871,545</b>	<b>10,938,032,977</b>	<b>11,044,973,572</b>

#### Fair Value Hierarchy of EFSF FRNs

The EFSF FRNs are classified as Level 2 as they were valued based on market observable data. The fair value is estimated using the discounted cash flow model based on market interest rates offered for instruments with similar credit quality. No transfers of financial instruments between Level 1 and Level 2 occurred.

#### Note 6 Financial Assets at Fair Value through Profit or Loss

The Fund has classified under this caption the shares received from the participation in the share capital increase (SCI) of the four systemic banks. The Fund has designated the shares at initial recognition at fair value through profit or loss with the gains or losses recognized in the Statement of Comprehensive Income. Their fair value as of 30/09/2014 amounts to € 16,993m.

The following table presents the fair value of the shares per bank as well as the Levels of the fair value hierarchy.



<i>Amounts in €</i>	Fair value	Fair value hierarchy			Fair value
	30/09/2014	Level 1	Level 2	Level 3	31/12/2013
Alpha	5,203,090,069	5,203,090,069	-	-	5,631,843,970
Eurobank	1,624,917,015	1,624,917,015	-	-	2,880,061,249
NBG	4,691,788,975	4,691,788,975	-	-	7,785,946,734
Piraeus	5,472,800,305	5,472,800,305	-	-	6,286,831,451
<b>Total</b>	<b>16,992,596,364</b>	<b>16,992,596,364</b>	-	-	<b>22,584,683,404</b>

#### Fair value of shares

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.

#### Movement of shares

The table below shows the movement of the Fund's investments in the systemic banks during the 9 month period of 2014.

<i>No of Shares</i>	Alpha	Eurobank	NBG	Piraeus
Shares held as of 31/12/2013	8,925,267,781	5,208,067,358	2,022,323,827	4,109,040,164
Additions	-	-	-	-
Disposals	(451,179,721)	-	(993)	(24,860,832)
<b>Shares held as of 30/09/2014</b>	<b>8,474,088,060</b>	<b>5,208,067,358</b>	<b>2,022,322,834</b>	<b>4,084,179,332*</b>

\* Out of the total number of shares held by the Fund, 308,235,294 shares correspond to the part of the share capital increase which pertained to the Cypriot banks (€ 524m) and are freely transferrable (no warrants issued).

In January 2014 due to the warrants' exercise, the Fund sold 2,700,125 of Piraeus shares. The Fund realized gains of € 91,804 from the said exercise reflecting the difference between the warrant's exercise price (€ 1.734) and the share's issue price (€ 1.70).

In June 2014 the Fund sold 451,179,721 and 993 shares of Alpha and NBG respectively. The Fund realized gains of € 7,940,736 from the Alpha shares exercise and € 170 from the NBG shares exercise reflecting the difference between the warrant's exercise price (Alpha: € 0.4576, NBG: € 4.4616) and the share's issue price (Alpha: € 0.44, NBG: € 4.29).

In July 2014 the Fund sold 22,160,707 of Piraeus shares. The Fund realized gains of € 1,506,928 from the said exercise reflecting the difference between the warrant's exercise price (€ 1.768) and the share's issue price (€ 1.70).

Following the SCIs and the exercise of warrants that took place during 2014 the HFSF's percentage participation in the systemic banks was as follows:

<b>Banks</b>	<b>Percentage Participation</b>	
	30/09/2014	31/12/2013
Alpha	66.4%	81.7%
Eurobank	35.4%	95.2%
NBG	57.2%	84.4%
Piraeus	66.9%	81.0%

#### Note 7 Receivables from Banks under Liquidation

According to par. 15 of article 9 of Law 4051/2012 (A' 40), 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 provided by par. 13 of art. 141 and par. 7 of art. 142 of Law 4261/2014. In this case the Fund takes over the rights of the 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.



Further to that, recent 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, but nevertheless maintains its own independent valuation estimates over amounts to be recovered. In this context, the HFSF's receivables are a combination of its contribution of EFSF FRNs and cash, instead of the HDIGF, to cover the funding gap of financial institutions, which were desolved. During the 9 month period ended on 30/09/2014, the Fund collected via the liquidation process a total amount of € 40m in cash from recoveries (€ 38m from Achaiki Cooperative Bank and € 2m from T-Bank).

The funding gap, the cumulative impairment and collections per bank under liquidation 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	(61,605,192)	(38,000,000)	109,868,800
Lamia Cooperative Bank	55,493,756	(9,525,765)	(6,000,000)	39,967,991
Lesvos-Limnos Cooperative Bank	55,516,733	(21,608,393)	(7,000,000)	26,908,340
Dodecanese Cooperative Bank	258,547,648	(92,538,747)	-	166,008,901
Evia Cooperative Bank	105,178,136	(54,004,936)	-	51,173,200
Western Macedonia Cooperative Bank	95,244,475	(48,850,036)	-	46,394,439
Proton Bank	259,621,860	(243,612,666)	(4,324,266)	11,684,928
ATEbank	7,470,717,000	(5,500,038,150)	(220,000,000)	1,750,678,850
Hellenic Post Bank	3,732,554,000	(3,352,282,850)	-	380,271,150
T-Bank	226,956,514	(224,944,714)	(2,011,800)	-
First Business Bank	456,970,455	(376,695,998)	-	80,274,457
Probank	562,733,502	(433,950,950)	-	128,782,552
<b>Total</b>	<b>13,489,008,071</b>	<b>(10,419,658,397)</b>	<b>(277,336,066)</b>	<b>2,792,013,608</b>

The movement of the Fund's receivables, including impairment, from banks under liquidation during the 9 month period ended on 30/09/2014 is presented in the following table:

*Amounts in €*

Bank under Liquidation	Opening balance	01/01/2014 - 30/09/2014			Closing balance
		Additions	Collections	Impairment charges/reversals	
Achaiki Cooperative Bank	147,868,800	-	(38,000,000)	-	109,868,800
Lamia Cooperative Bank	39,967,991	-	-	-	39,967,991
Lesvos-Limnos Cooperative Bank	26,908,340	-	-	-	26,908,340
Dodecanese Cooperative Bank	166,008,901	-	-	-	166,008,901
Evia Cooperative Bank	63,939,049	-	-	(12,765,849)	51,173,200
Western Macedonia Cooperative Bank	54,681,344	13,222,459	-	(21,509,364)	46,394,439
Proton Bank	11,684,928	-	-	-	11,684,928
ATEbank	1,750,678,850	-	-	-	1,750,678,850
Hellenic Post Bank	380,271,150	-	-	-	380,271,150
T-Bank	2,011,800	-	(2,011,800)	-	-
First Business Bank	80,274,457	-	-	-	80,274,457
Probank	128,782,552	-	-	-	128,782,552
<b>Total</b>	<b>2,853,078,162</b>	<b>13,222,459</b>	<b>(40,011,800)</b>	<b>(34,275,213)</b>	<b>2,792,013,608</b>





The movement of the Fund's receivables, including impairment, from banks under liquidation during the 9 month period ended on 30/09/2013 is presented in the following table:

<i>Amounts in €</i>		01/01/2013 - 30/09/2013			
Bank under Liquidation	Opening balance	Additions	Collections	Impairment charges/reversals	Closing balance
Achaiki Cooperative Bank	147,868,800	-	-	-	147,868,800
Lamia Cooperative Bank	47,584,890	-	-	-	47,584,890
Lesvos-Limnos Cooperative Bank	36,057,800	-	-	-	36,057,800
Proton Bank	16,009,194	-	-	-	16,009,194
ATEbank	1,970,678,850	-	-	-	1,970,678,850
Hellenic Post Bank	-	3,732,554,000	-	(3,270,957,624)	461,596,376
First Business Bank	-	349,550,000	-	-	349,550,000
Probank	-	158,366,667	-	-	158,366,667
<b>Total</b>	<b>2,218,199,534</b>	<b>4,240,470,667</b>	<b>-</b>	<b>(3,270,957,624)</b>	<b>3,187,712,577</b>

#### Note 8 Liabilities for Payment of Funding Gap

<i>Amounts in €</i>	30/09/2014	31/12/2013
Liability for Western Macedonia Cooperative Bank funding gap	-	27,340,672
Liability for Dodecanese Cooperative Bank funding gap	-	92,538,747
Liability for Evia Cooperative Bank funding gap	-	41,239,087
<b>Total</b>	<b>-</b>	<b>161,118,506</b>

As of 31/12/2013 the total amount of € 161.1m pertained to a) the remaining amount of € 133.8m to be paid for the final funding gap of Dodecanese and Evia Cooperative banks (the final funding gap was determined by the BoG on 10/06/2014) and b) 1/3 of the preliminary funding gap of Western Macedonia Cooperative Bank amounting to € 27.3m (the preliminary funding gap of Western Macedonia Cooperative Bank amounted to € 82.0m, originated from its liquidation as it was decided by the Resolution Committee of the BoG on 08/12/2013). On 27/06/2014 the Fund contributed € 133.8m in cash to Alpha that undertook the deposits and other transferred liabilities and assets of the Dodecanese and Evia Cooperative Banks. On 14/07/2014 the Resolution Committee of the BoG decided the final funding gap of Western Macedonia Cooperative Bank which amounted to € 95.3m and the remaining amount of € 40.6m was paid in cash to Alpha on 29/07/2014.

#### Note 9 Derivative Financial Liability

The derivative financial liability account includes solely the warrants issued by the Fund and granted to the private investors which participated in the capital increase of the 3 systemic Banks according to Law 3864/2010 and Cabinet Act 38/2012. The fair values per bank are set out below:

<i>Amounts in €</i>	Fair value	
	30/09/2014	31/12/2013
<b>Derivative Financial Liability</b>		
Alpha's warrant	1,567,010,840	1,349,267,193
NBG's warrant	106,900,580	285,068,353
Piraeus' warrant	360,234,532	647,935,884
<b>Total</b>	<b>2,034,145,952</b>	<b>2,282,271,430</b>



#### Fair value hierarchy 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 unadjusted prices in the ATHEX and therefore they are classified into Level 1.

The number of warrants outstanding as of 30/09/2014 and 31/12/2013, the movement of warrants during the 9 month period ended 30/09/2014 and the number of shares corresponding to 1 warrant (multiplier), if exercised, are presented below:

	Alpha	NBG	Piraeus
Warrants outstanding as of 31/12/2013	1,204,702,851	245,748,580	849,195,130
Warrants exercised	(60,899,318)	(121)	(5,554,540)
<b>Warrants outstanding as of 30/09/2014</b>	<b>1,143,803,533</b>	<b>245,748,459</b>	<b>843,640,590</b>
<b>Multiplier</b>	<b>7.4087</b>	<b>8.2292</b>	<b>4.4758</b>

In January 2014 the Fund received an amount of € 4.7m following the 1<sup>st</sup> exercise of Piraeus's warrants. In June 2014 the Fund received the amounts of € 206.5m and € 4.4k from the 2<sup>nd</sup> exercise of Alpha's and NBG's warrants respectively. In July 2014 the Fund received an amount of € 39.2m from the 2<sup>nd</sup> exercise of Piraeus warrants.

#### Note 10 Interest Income

A breakdown of the Fund's interest income for the 9 month period ended 30/09/2014 and 30/09/2013 is provided in the table below:

<i>Amounts in €</i>	01/01/2014 - 30/09/2014	01/01/2013 - 30/09/2013
Interest income from EFSF FRNs	58,304,681	148,602,870
Interest income from deposits	284,925	-
<b>Total</b>	<b>58,589,606</b>	<b>148,602,870</b>

#### Note 11 Commission Income

In accordance with the Presubscription Agreements between HFSF and the banks signed in 2012, the banks were obliged to pay the HFSF a 1% annual underwriting fee on the nominal amount of the EFSF FRNs that they received in 2013 for the period from the date of the advance until the date of the total advances' conversion into share capital. No commission income existed for the 9 month period ended 30/09/2014.

The analysis of the Fund's commission income for the 9 month period ended 30/09/2014 and 30/09/2013 is provided below.

<i>Amounts in €</i>	01/01/2014 - 30/09/2014	01/01/2013 - 30/09/2013
1% annual underwriting fee		
Alpha	-	12,455,833
Eurobank	-	22,743,941
NBG	-	45,038,056
Piraeus	-	30,438,528
<b>Total</b>	<b>-</b>	<b>110,676,358</b>





## Note 12 Personnel Expenses

The number of directors and employees included in the payroll of the Fund was 33 and 22 as of 30/09/2014 and 30/09/2013 respectively. The total personnel expenses for the 9 month period ended 30/09/2014 and 30/09/2013 are analysed as follows:

<i>Amounts in €</i>	<b>01/01/2014 - 30/09/2014</b>	<b>01/01/2013 - 30/09/2013</b>
Salaries	(1,763,212)	(1,525,829)
Employer's contribution	(266,066)	(247,631)
<b>Total</b>	<b>(2,029,278)</b>	<b>(1,773,460)</b>

## Note 13 General Administrative and Other Operating Expenses

<i>Amounts in €</i>	<b>01/01/2014 - 30/09/2014</b>	<b>01/01/2013 - 30/09/2013</b>
Utilities and rentals	(263,262)	(254,899)
General Council remuneration	(266,250)	(155,666)
Lawyers' fees	(340,770)	(348,541)
Audit firms' fees	(106,721)	(267,063)
Advisors' fees	(14,398,348)	(8,306,829)
Professionals' fees	(110,580)	(139,201)
Custody fees	(630,744)	(308,762)
Insurance fees	(206,140)	(231,797)
Fees to bank representatives	(48,729)	(51,881)
Other fees	(79,899)	(50,928)
Other expenses	(257,324)	(137,735)
<b>Total</b>	<b>(16,708,767)</b>	<b>(10,253,302)</b>

## Note 14 Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The account includes the gains or losses resulting from the revaluation of the shares of the systemic banks held by the Fund and the warrants issued as well as the results from the disposals of the shares following the exercise of the warrants. The breakdown of the gain or loss from each financial instrument for the 9 month period ended 30/09/2014 and 30/09/2013 is presented in the table below.

<i>Amounts in €</i>	<b>01/01/2014 - 30/09/2014</b>	<b>01/01/2013 - 30/09/2013</b>
<b>Gain/(loss) from equity instruments</b>		
Alpha	(222,294,060)	1,169,745,455
Eurobank	(1,255,144,233)	(4,120,769,158)
NBG	(3,094,153,329)	(2,609,127,216)
Piraeus	(770,168,999)	(1,849,068,074)
<b>Subtotal</b>	<b>(5,341,760,621)</b>	<b>(7,409,218,993)</b>
<b>Gain/(loss) from warrants</b>		
Alpha	(217,743,647)	(1,369,188,865)
NBG	178,167,773	(212,353,596)
Piraeus	287,701,352	(657,277,031)
<b>Subtotal</b>	<b>248,125,478</b>	<b>(2,238,819,492)</b>
<b>Total</b>	<b>(5,093,635,143)</b>	<b>(9,648,038,485)</b>



#### Note 15 Gain/(Loss) from Investment Securities

The € 8.8m gain in the 9 month period ended 30/09/2014 refers to an additional gain from the sale of New HPB that took place in 2013, due to the finalization of contingencies included in the SPA, in the third quarter of 2014. The amount has not been collected up to the issuance date and it is included in other assets.

The € 434m gain in the 9 month period ended 30/09/2013 derived from the following transactions:

##### a) Gain from EFSF FRNs contributed in the Banks' recapitalization process

The amount that the Fund contributed for the SCIs in terms of their recapitalization process was lower than the one determined by the BoG, due to private sector participation in the SCIs. The nominal amount of the EFSF FRNs actually disbursed amounted to € 24,998.1m, whereas the fair value of the EFSF FRNs amounted to € 25,522.2m. In the 9 month period ended 30/09/2013 the Fund recognized a € 524.1m gain which derived from the difference between the fair value and the nominal value of the EFSF FRNs, classified as Loans and Receivables, at the time of their contribution towards the completion of the 4 systemic banks' recapitalization.

##### b) Gain from the disposal of New HPB

The Fund recognized a gain of € 304.9m resulting from the sale of the 100% of the shares of New HPB to Eurobank on 30/08/2013. The consideration received by the Fund amounted to € 859.8m which was the fair value of the Eurobank's shares based on the market price at the date of sale. The capital of New HPB was € 500m and was fully paid up by the Fund in the form of EFSF FRNs, as its sole shareholder. In November 2013 the Fund paid an amount of € 54.9m in cash as settlement for the transaction following the New HPB's net asset value.

##### c) Loss from the disposal of New Proton

The Fund recognized a loss of € 395m resulted from the sale of New Proton to Eurobank. On 30/08/2013, Eurobank paid to HFSF a € 1 consideration in exchange for 100% of the New Proton's shares. Prior to the completion of the transaction, the HFSF covered the capital needs of New Proton by contributing € 395m in cash, in accordance with the sale and purchase agreement with Eurobank.

#### Note 16 Commitments and Contingent Liabilities

a) **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>	<b>30/09/2014</b>	<b>31/12/2013</b>
No later than 1 year	253,688	253,688
Later than 1 year and no later than 5 years	443,954	634,220
<b>Total</b>	<b>697,642</b>	<b>887,908</b>

b) **Legal proceedings:** No legal proceedings of third parties against the Fund exist at the issuance date of the interim financial statements that may affect negatively the Fund's financial position.



#### **Note 17 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 the 9 month period ended 30/09/2014 and 30/09/2013 and the balances outstanding as of 30/09/2014 and 31/12/2013 are presented below.

#### **Transactions with key management personnel**

The BoD Members (effective for the period from 01/01/2013 up to 31/01/2013) and the Members of Executive Board and General Council (effective from 01/02/2013), as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. Their compensation is not linked to their performance and the gross remuneration in the first 9 months of 2014 amounted to € 671k (nine months of 2013: € 585k). Furthermore, for the Executive Members an amount of € 47.3k (nine months of 2013: € 46k) had been paid for social security contributions.

#### **Transactions and balances with systemic banks**

Following the contribution of EFSF FRNs to the systemic banks (Alpha, Eurobank, NBG and Piraeus) in the context of the presubscription agreements and subsequently due to the participation of the HFSF in the recapitalization of the banks, the Fund considers the systemic banks to be related parties as defined by IAS 24.

The nominal amount of EFSF FRNs contributed to the systemic banks in the context of the recapitalization process in the 9 month period of 2013 amounted to € 24,998m. The fair value of the shares held of the Fund as of 30/09/2014 amounted to € 16,993m. (31/12/2013: € 22,585m).

In the 9 month period of 2013 the total funding gap paid to systemic banks for the transfer of assets and liabilities of the banks under liquidation amounted to € 158.4m in cash and € 1,144m in the form of EFSF FRNs. On 31/12/2013 the liability for payment of funding gap amounted to € 161m. On 27/06/2014, the Fund contributed € 133.8m in cash to Alpha which pertained to the final funding gap of Dodecanese and Evia Cooperative Banks. On 14/07/2014 the Resolution Committee of the BoG decided the final funding gap of Western Macedonia Cooperative Bank which amounted to € 95.3m and the remaining amount of € 40.6m was paid in cash to Alpha on 29/07/2014 (Note 8).

In accordance with the presubscription agreement, the Banks which received capital advances had to pay to the HFSF a 1% annual underwriting fee on the nominal amount of the EFSF FRNs that they received for the period from the date of the capital advance until the date of the total advances' conversion into share capital. The accrued commission income for the first 9 months of 2013 amounted to € 110.7m (Note 11).

In the first 9 months of 2013 the Fund recognized in the other income account an amount of € 2,050,000, which was reimbursed by the systemic banks and relates to expenses paid for financial advisory services in the context of recapitalization. In the 9 month period ended on 30/09/2014 the Fund was reimbursed with € 419k by Eurobank and € 604k by Piraeus.

The custody fees, relating to shares held by HFSF, paid to the systemic banks for the 9 month period in 2014 and 2013 amounted to € 377k and € 118k respectively.

#### **Transactions with transitional credit institutions**

On 29/01/2013 the Fund fully covered New HPB's share capital increase in the form of EFSF FRNs with a nominal value of € 500m and contributed an amount of € 2,730.8m in the form of EFSF FRNs pertaining to the initial funding gap. Following the issuance of the BoG's decision for the determination of the final funding gap amounting to



€ 3,732.6m (BoG's Resolution Committee decision 11/21.05.2013), on 14/06/2013 the HFSF contributed the remaining EFSF FRNs with nominal amount € 1,001.8m to the New HPB.

On 14/02/2013 the Fund disbursed the amount of € 227m in cash, instead of the HDIGF, to New HPB. This amount represented part of the remaining funding gap, after the liquidation of T-Bank and the transfer of its assets and liabilities to New HPB.

On 28/08/2013 the Fund also fully subscribed to the capital increase of New Proton by contributing € 395m in cash.

On 30/08/2013 the Fund sold to Eurobank New HPB and New Proton for a consideration of € 681m and € 1 respectively. The market value of Eurobank's shares acquired amounted to € 859.8m, while an amount of € 54.9m was paid to Eurobank as settlement of the transaction due to the change of New HPB net asset value.

In the third quarter of 2014 and following the finalization of contingencies from the sale of New HPB held in 2013, HFSF recognized an additional € 8.8m gain and a receivable of an equal amount from Eurobank.

#### **Note 18 Post Balance Sheet Events**

Following the date of the balance sheet, the following event related to HFSF took place:

On 6/11/2014, Mr. Steven Franck and Mr. Christoforos Stratos were appointed by the Ministry of Finance (Government Gazette YODD 688/5.11.2014) as new additional non-executive members of the General Council in line with the recent founding law amendment.

#### **Note 19 Significant Events of Systemic Banks**

During the third quarter of 2014 and up to the issuance date of the Fund's interim financial statements, the following events related to the four systemic banks took place:

##### **a) Events related to the systemic banks**

##### **i) EBA/SSM Comprehensive Assessment : AQR and Stress Test Results**

On 26/10/2014 the ECB and the EBA announced the results of the Comprehensive Assessment. This exercise comprised both an Asset Quality Review (AQR) and a Stress Test in which the capital adequacy of banks under review was tested under different stress scenarios, and measured against minimum threshold levels in each scenario.

The AQR was a point-in-time assessment of the accuracy of the carrying value of banks' assets as of 31/12/2013 and provided a starting point for the stress test, which in turn provided a forward-looking examination of the resilience of banks' solvency to two hypothetical scenarios, also reflecting the information arising from the AQR.

Under the static balance sheet - adverse scenario – assumption, the aggregate capital shortfall for the Greek systemic banks amounted to €8.7bn (Alpha: €0bn, Eurobank €4.7bn, NBG €3.4bn, and Piraeus €0.7bn). However, taking into account the effect of net capital raising actions that took place in 2014, the remaining aggregate capital shortfall amounted to approximately €2.7bn (Eurobank €1.76bn, and NBG €0.93bn). Greek banks were also assessed under the dynamic balance sheet assumption (taking into account the restructuring plans that were approved by DG-COMP after 1 January 2014), resulting into NBG having no shortfall and Eurobank a slight shortfall amounting to € 18m.



## ii) Deferred Tax Asset Scheme

A law (L. 4303/2014, Government Gazette 231/17.10.2014) was voted by the Greek Parliament amending article 27A of law 4172/2013. Article 27A deals with the voluntary conversion of the deferred tax assets (DTA) on temporary differences, deriving from PSI and allowances for loan losses, to a definitive and cleared tax credit (DTC) against the Greek State. DTCs held by the banks give rise to a direct refund right from the State.

In order for the eligible DTA to be included in the regulatory capital of the banks a special resolution of the General Meeting (EGM) of the entity is required. In October 2014 the Fund provided its consent to Alpha, Eurobank, and NBG to proceed with the calling of EGMs in order to approve the banks' participation in the DTA Scheme. The EGMs of the aforementioned banks were held on 7/11/2014 and approvals were granted. An EGM of Piraeus is scheduled on 19/12/2014 to approve the bank's participation in the DTA scheme.

## b) Other events per systemic bank

### i) Alpha

In June 2014 HFSF had provided Alpha with its consent to acquire Citibank's Greek Retail Banking business as well as Diners Club of Greece, together with the associated receivables, assets under management, deposits, customer relationships as well as branches, employees and infrastructure. The acquisition was completed by the end of September.

Alpha, with the consent of HFSF, launched in September a Voluntary Separation Scheme (VSS). A total number of 2,200 employees participated in the VSS. As a result of that Alpha will have an annual cost saving of approximately € 120m and a one-off cost of approximately € 195m.

On 4/11/2014 Alpha published its interim financial statements for the nine month period ended 30/09/2014. Key financial information is presented in the table below:

<i>Amounts in € million</i>	<b>Group</b>
Total Assets	72,420
Total Liabilities	63,839
Total Equity	8,581
Profit/(Loss) Before Tax	(382)
Net Profit/(Loss)	111
Common Equity Tier I	15.9%

The December 10<sup>th</sup>, 2014 is the completion date of the order submission for the Alpha's warrant third exercise.

### ii) Eurobank

In the context of the Law 3864/2010, HFSF announced on April 4, 2014 that it would enter into a new Relationship Framework Agreement (RFA) with Eurobank, in the event that private sector participation exceeded 50% of the share capital increase of Eurobank that took place in April 2014. The new RFA between Eurobank and the HFSF was signed in August 2014.

On 7/11/2014 Eurobank published its interim financial statements for the nine month period ended 30/09/2014. Key financial information is presented in the table below:



<i>Amounts in € million</i>	<b>Group</b>
Total Assets	74,264
Total Liabilities	67,313
Total Equity	6,951
Profit/(Loss) Before Tax	(901)
Net Profit/(Loss)	(677)
Common Equity Tier I	16.9%

### iii) NBG

In September 2014 HFSF provided its consent to NBG in order for Finansbank to proceed with a SCI without pre-emption rights of existing shareholders, by means of a public offering. Based on the restructuring plan approved by the European Commission Directorate General for Competition, NBG is required to reduce its shareholding in Finansbank so that its share ownership represents no more than 60% by the end of 2015. In November 2014 NBG, following HFSF's approval, announced that it will also proceed with a secondary offering of existing shares in Finansbank corresponding to approximately 2.25% of the paid-in capital of Finansbank post the SCI and with the granting of an overallotment option. The total stake offered through the SCI, the secondary offering and the overallotment option will not exceed 26.9%.

In September 2014 NBG announced the signing of the sale and purchase agreement for Astir Palace Vouliagmeni S.A, between the Hellenic Republic Asset Development Fund S.A. (HRADF) in its capacity as seller, Apollo Investment HoldCo in its capacity as buyer, and Jermyn Street Real Estate Fund IV L.P. in its capacity as guarantor.

In October 2014 NBG announced the results of the mandatory tender offer for the acquisition of the total common registered shares of MIG REIC, which was approved by the HFSF. Following completion of the transfer of the tendered shares, NBG Pangaea REIC holds 13,605,064 shares in aggregate, representing approximately 96.67% of the total paid-up share capital and voting rights of MIG REIC.

In October 2014 NBG announced the acquisition of 5% of the voting common shares of Finansbank from International Finance Corporation (IFC), upon exercise of IFC's relevant right (put option) and in accordance with the agreement between them of 29/3/2007. NBG paid a total consideration of \$ 343,060,832, bringing NBG's stake to 99.81%.

On 6/11/2014 NBG published its interim financial statements for the nine month period ended 30/09/2014. Key financial information is presented in the table below:

<i>Amounts in € million</i>	<b>Group</b>
Total Assets	113,311
Total Liabilities	101,642
Total Equity	11,669
Profit/(Loss) Before Tax	(11)
Net Profit/(Loss)	1,211
Common Equity Tier I	15.8%

### iv) Piraeus

In July 2014 Piraeus' second warrants exercise took place. There were 4,951,260 warrants exercised and 22,160,707 actual shares exchanged, with the Fund receiving €39,180,129. Following the exercise the HFSF shareholding in Piraeus bank declined from 67.3% to 66.9%.



On 14/8/2014, Piraeus announced the sale of 100% of ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re for a total consideration of €90m subject to customary net asset value adjustments upon closing. The transaction is subject to regulatory approvals and envisaged to be completed by the end of 2014.

In October 2014 the HFSF decided to vote in Piraeus' EGM in favor of Piraeus merger by acquisition with Geniki Bank and the completion of the transaction with the signing of the merger agreement. HFSF also decided to vote in favor of the cancellation of the €750m Greek state preference shares of Law 3723/2008 following their full repayment in May 2014, along with the corresponding reduction of the share capital. Both actions were approved by Piraeus EGM on 30/10/2014.

On 25/11/2014 Piraeus published its interim financial statements for the nine month period ended 30/09/2014. Key financial information is presented in the table below:

<i>Amounts in € million</i>	<b>Group</b>
Total Assets	86,419
Total Liabilities	78,650
Total Equity	7,769
Profit/(Loss) Before Tax	(2,454)
Net Profit/(Loss)	(1,638)
Common Equity Tier I	13.1%