



September 26th, 2014

ANNOUNCEMENT

Interim Financial Report of the Hellenic Financial Stability Fund

The Hellenic Financial Stability Fund (HFSF) announces its interim financial report, for the six month period ended June 30, 2014.

As **Mrs. Anastasia Sakellariou, HFSF's CEO** stated: "The first half of 2014 has been a particularly active and constructive period for the Fund; most notably, the second round of recapitalization of the four systemic banks was successfully completed, thus further strengthening their capital base. Additionally, the Fund in close cooperation with the banks and the Authorities, finalized and approved their restructuring plans. The Fund's participations are valued based on market prices, therefore, directly affecting its financial results. As of 31/12/2013 the valuation was € 22.6bn versus € 19.7bn as of 30/06/2014 which is due to the impact of the pricing of the second round of recapitalizations. As of today, the valuation stands at € 17bn reflecting the recent volatility in the market. Going forward, the Fund will continue to support the banks' efforts to improve asset quality and preserve capital adequacy in order to enhance value creation."

The main points of the report, during the above-mentioned period, are:

I. The Fund's financial performance

Interest income: During H1 2014 interest income amounted to € 38.9m versus € 129.9m in H1 2013. The decrease in interest income versus H1 2013 is due to the decrease of the amount of European Financial Stability Facility bonds held by the Fund due to the completion of the systemic banks' recapitalization in the end of June 2013.

Personnel expenses: During H1 2014 personnel expenses amounted to € 1.4m versus € 1.2m during H1 2013. On 30/06/2014 the Fund's personnel amounted to 30, whereas on 31/12/2013 it amounted to 26.

General administrative and other operating expenses: During H1 2014 operating expenses amounted to € 16.0m versus € 5.4m in H1 2013. The main reasons for the increase in operating expenses were a) the increase by € 0.3m in custody fees due to the recapitalized banks' shares acquired by the Fund at the end of June 2013 and b) the fees for services rendered by investment banks for the systemic banks' Share Capital Increases (SCI) which amounted to € 14.2m, in compliance with the legal requirement to obtain two fairness opinions per SCI per bank. It should be noted that the € 14.2m fees correspond to a total amount of € 8,3bn raised by the SCIs of the systemic banks (i.e. 0,17% of capital raised).

Cash and balances with Central Bank: As of 30/06/2014 cash and deposits in Bank of Greece stood at € 630.8m versus € 488.8m as of 31/12/2013.

Investment securities: As of 30/06/2014 the portfolio of the EFSF bonds remained unchanged from the year end level at € 10,938.6m.

Financial assets at fair value through profit or loss: As of 30/06/2014 the Fund's portfolio of the four systemic banks' market value stood at € 19,7 billion versus € 22,6 billion as of 31/12/2013. This has further declined to €17 billion in the third quarter.

Receivables from banks under liquidation: The estimated recoverable amount of the funding gap, which has been covered by the Fund instead of the HDIGF, amounted to € 2,792m as of 30/06/2014 versus € 2,853m as of 31/12/2013. During H1 2014 the Fund recognized in the P&L statement an impairment loss of € 34.3m and collected a total amount of € 40m. In July 2014 the BoG decided the final funding gap of Western Macedonia Cooperative Bank that was increased by € 13.2m as compared to the preliminary funding gap. It should be noted that the liquidation proceeds may vary as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors beyond the liquidators control such as the macroeconomic outlook.

II. Systemic Banks' overview

Alpha Bank S.A.

In February 2014 the HFSF provided its consent to Alpha to proceed with the invitation for an Extraordinary General Meeting, to decide on a SCI, of up to € 1.2bn, with cancellation of preemption rights. The SCI was completed on 28/03/2014 and the amount was fully covered by institutional investors, via a private placement at a subscription price of € 0.65 per share. As a result of the SCI, the HFSF's shareholding in Alpha was reduced from 81.7% to 69.9%.

Following its SCI, Alpha proceeded on 17/04/2014 with the redemption of the Hellenic Republic's preference shares of € 940 million.

In June 2014 the HFSF approved the Restructuring Plan of Alpha which was subsequently approved by DG Competition on 09/07/2014. Alpha acquired Citibank's Greek Retail Banking business, as well as Diners Club of Greece. It also proceeded with the issuance of senior unsecured 3 years notes of € 500 million with a coupon of 3.375% and a yield of 3.5% at issuance.

Also in June 2014 Alpha's second warrants exercise took place. There were 60,899,318 warrants exercised and 451,179,721 actual shares exchanged, with the Fund receiving € 206,459,840. Following the exercise the HFSF shareholding in Alpha declined from 69.9% to 66.4%.

Eurobank Ergasias S.A.

In March 2014 the HFSF provided its consent to Eurobank to proceed with the invitation for an Extraordinary General Meeting, which decided on a SCI, of €2,864 million, with cancellation of preemption rights. The SCI process was completed on 29/04/2014 and the amount was fully covered by institutional and retail investors through a private placement and a public offering. As a result of the SCI, the HFSF's shareholding in Eurobank was reduced from 95.2% to 35.4%.

Following the completion of the Eurobank's SCI, HFSF has restricted voting rights and entered in a new relationship framework agreement with Eurobank, similar to that of the other systemic banks.

In April 2014 the HFSF approved the Restructuring Plan of Eurobank, which was subsequently approved by DG Competition on 29/04/2014.

In June 2014 Eurobank proceeded with the issuance of a four-year senior unsecured bond of € 500 million with a coupon of 4.25% and a yield of 4.375% at issuance.

Also in June 2014 Eurobank sold to institutional investors common shares of Eurobank Properties REIC, which corresponded to approximately 13.5% of Eurobank Properties share capital. Following this trade Eurobank holds 20.48% of Eurobank Properties share capital and retains management control and fully consolidates it.

National Bank of Greece S.A.

On 16/04/2014 the HFSF provided its consent for NBG to proceed with a € 2.5bn SCI with cancellation of preemption rights. The SCI process was completed on May 12, 2014 and the amount was fully covered by institutional investors with a subscription price of €2.20 per share, as it was determined by the international book-building process. Following the SCI HFSF shareholding in NBG declined from 84.4% to 57.2%.

In April 2014 NBG proceeded with the issuance of a five-year senior unsecured bond of € 750 million with a coupon of 4.375% and a yield of 4.5% at issuance.

In June 2014 the HFSF approved the Restructuring Plan of the Bank which was subsequently approved by DG Competition on 23/07/2014.

Piraeus Bank S.A.

In January 2014 the results of Piraeus first warrants exercise were communicated to the Fund. 603,280 warrants were exercised and 2,700,125 shares were exchanged, with the Fund receiving €4,682,017. Following the said exercise the HFSF's shareholding in Piraeus Bank decreased from 81.0% to 80.9%.

In February 2014 the HFSF provided its consent to Piraeus to proceed with the invitation for an Extraordinary General Meeting, to decide on a SCI of up to € 1.75bn, with cancellation of preemption rights. The SCI process was completed in April and the amount was fully covered by institutional and retail investors through a private placement and a public offering at a subscription price of € 1.70 per share. As a result of the SCI HFSF's shareholding in Piraeus was reduced from 80.9% to 67.3%.

Following its SCI, Piraeus proceeded with the redemption of the € 750 million preference shares held by the Hellenic Republic. Additionally in March 2014 Piraeus proceeded with the issuance of a three-year senior unsecured bond of €500 million with a coupon of 5% and a yield of 5.125% at issuance.

In May 2014, the Board of Directors of Piraeus initiated the process for a merger with GENIKI Bank S.A. through its absorption by Piraeus.

In June 2014 the HFSF approved the Restructuring Plan of the Bank which was subsequently approved by DG Competition on 23/07/2014.

In July 2014 Piraeus' second warrants exercise took place. 4,951,260 warrants were exercised and 22,160,707 shares were exchanged, with the Fund receiving €39,180,130. Following the exercise the HFSF shareholding in Piraeus declined from 67.3% to 66.9%.

In August 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 is expected to be completed by the end of 2014.

For the full Report please click the link bellow:

[Interim Financial Report 2014 of the Hellenic Financial Stability Fund \(HFSF\)](#)

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Hellenic Financial Stability Fund (HFSF)

The Hellenic Financial Stability Fund (HFSF) was founded in July 2010 under the law 3864/2010 as a private legal entity it does not belong to the public sector and has administrative and financial autonomy. The objective of the HFSF shall be to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest. The HFSF shall act in line with the relevant commitments of the Greek Republic under Law 4046/2012 (A' 28).

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