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Press Release

Hellenic Financial Stability Fund's Annual Financial Report

The Hellenic Financial Stability Fund (HFSF) uploaded today on its web site (www.hfsf.gr) the "Annual Financial Report" for the period covering from 1/1/2012 to 31/12/2012.

The key points of the annual report are the following:

- **The Fund's capital and its capital advances to the systemic banks:** After the Fund's capital increases in 2012 and 2013 in the form of Floating Rate Notes (FRNs) issued by the European Financial Stability Fund (EFSF), the Hellenic Financial Stability Fund's (HFSF's) paid up capital amounts to €49,700m. Following the signing of the Presubscription Agreements, and according to Bank of Greece's (BoG) letter regarding the necessary capital support, HFSF proceeded on 28/5/2012 to the payment of a capital advance in the form of EFSF FRNs against the future share capital increases of the four systemic banks amounting to €18,000m. In particular Alpha Bank received €1,900m, Eurobank €3,970m, Piraeus Bank €4,700m and National Bank of Greece (NBG) €7,430m. At the end of 2012 the four banks received additional capital support amounting to a total of €6,262m.
- **Contribution of Funding Gaps:** According to the relevant laws, the Fund has to cover, for 22 months, starting from 29/2/2012, the amount of money arising from the resolution of the financial institutions instead of the Hellenic Deposit and Investment Guarantee Fund's (HDIGF). In this framework during 2012 the Fund paid €7,256m for the resolution of five financial institutions. As of 31/12/2012, the recoverable amount from the liquidation process was estimated to be €2,218m, hence an impairment of the Fund's receivables amounting to €5,038m. It should be noted that the Fund has no direct involvement or control over the liquidation process that will be recovered by this process, due to the fact that the responsibility lies with the liquidator and the supervisor authority, the Bank of Greece.
- **Cash and Cash Equivalents:** As of 31/12/2012 the Fund's cash and cash equivalents stood at €828m.
- **Operating Expenses:** The Fund's operating expenses for 2012 amounted to €4.9m (incl. general administrative, consultants/ auditors/ legal fees and staff costs).
- **Acquisitions of banks in 2012 and 2013 to date:**
 - **Alpha Bank** acquired Emporiki Bank
 - **National Bank of Greece** acquired the good part of FBB and Probank
 - **Piraeus Bank** acquired the good part of Agricultural Bank, Geniki Bank, Millennium Bank and the Greek operations of Bank of Cyprus, Cyprus Popular Bank, and Hellenic Bank.

- **Eurobank** acquired New Hellenic Post Bank (NHPB) and New Proton Bank (New Proton). In the case of NHPB the Fund, as its sole shareholder, contributed €500m for the bank's share capital, and covered, instead of HDIGF, following BoG's decision, its €3,960m funding gap. In the case of New Proton, as its sole shareholder, the Fund proceeded in 2012 with the subscription of two additional share capital increases totaling €295m in order for the bank to comply with the BoG's capital requirements.
- **Corporate Governance:** The Executive Board consists of three members. The Executive Board is responsible for HFSF's tasks as well as the implementation of the General Council's decisions. The General Council consists of five members (two additional independent members to be added) and is responsible for the oversight of the exercise of HFSF's tasks and powers as well as the examination of the administration and the operations of HFSF. The Audit Committee assists the General Council in fulfilling its oversight responsibilities for the financial reporting process, the internal audit performance, the external auditor's appointment, remuneration and independence and the HFSF's process for monitoring compliance with laws and regulations as well as the code of conduct.
- **The Fund's activities in 2012 resulted in the successful Recapitalisation of the systemic Banks in 2013:** After the capital increase of the four systemic banks in 2013, the Fund's shareholdings are as follows: NBG 84,35%; Piraeus Bank 81,01%, Alpha Bank 83,71%, and Eurobank 93,55%.
- **Relationship Framework Agreements (RFAs):** The Fund signed on 10/07/2013, (available on the Fund's website www.hfsf.gr), the RFAs between the Fund and the four systemic banks. The RFA determines the relationship between each systemic bank and HFSF as well as the matters related with, amongst others, (a) the Banks' corporate governance, (b) the development from the Banks and approval by HFSF of the Restructuring Plans, (c) HFSF's consent rights.
- **Priorities for 2013:**
 - a) **Restructuring plans of systemic banks:** According to the laws regarding state aid the banks which receive state aid should proceed to restructuring measures, on the basis of a 5-year restructuring plan which will be approved by the Directorate-General for Competition (DG Comp).
 - b) **Re-privatisation of Eurobank:** After the signing of the agreements for the acquisition of New HPB and New Proton to Eurobank, the enlarged Eurobank Group strengthens its strategic position in the Greek banking sector and makes its investment proposition more attractive, facilitating its re-privatisation to the benefit of the Greek State and the economy. In the coming months HFSF will prepare the ground for the return of Eurobank to private sector ownership, allowing the bank to be run effectively as a private sector bank and ensuring that its management prepares the bank for an effective privatization either via a private or market placement.

As **Mrs. Anastasia Sakellariou HFSF's CEO** stated: "The Fund completed successfully and, on schedule, the recapitalization of the credit institutions and also a range of additional activities such as the signing of the Framework Agreements (RFAs) with the systemic banks, the approval of the Liability Management Exercises of the banks, as well as the approval for the acquisition of the transitional credit institutions and the "good" part of the banks under liquidation from the four systemic banks.

The Fund's main objective remains the maintenance of the Greek banking system's stability, and the immediate priority is to attract new private capital to the banks".

For the full “Financial Annual Report” please visit the Fund’s web page (www.hfsf.gr) under the section About – Financial Information.

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Hellenic Financial Stability Fund (HFSF)

The Hellenic Financial Stability Fund 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 HFSF aims at maintaining the stability of the Greek financial system through the support of the capital adequacy of banks.

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