



February 12th, 2016

ANNOUNCEMENT

**Interim Financial Statements
of the Hellenic Financial Stability Fund**

The Hellenic Financial Stability Fund (HFSF) announces the issuance of its interim financial statements, for the nine month period ended September 30th, 2015.

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

I. The Fund's financial performance

Interest income: During the nine month period ended September 30th, 2015 interest income amounted to € 15m versus € 58.6m in the respective period in 2014. The decrease in interest income is due to the re-delivery of the European Financial Stability Facility (EFSF) Notes held by the Fund, on 27/02/2015. The balance in 2015, except from the coupons of EFSF Notes, includes the proceeds from the cash management account with Bank of Greece (BoG) amounted to € 6m.

Personnel expenses: During the nine month period ended September 30th, 2015 personnel expenses amounted to € 2.2m versus € 2m during the respective period in 2014. The increase is due to the increase of the number of personnel. The average number of employees for the 9 month period ended September 30, 2015 was 32, while during the respective period of 2014 was 28.

General administrative and other operating expenses: During the nine month period ended September 30th, 2015 operating expenses amounted to € 1.5m versus € 16.7m in the respective period in 2014. The main reasons for the decrease in operating expenses are due to the fees for services rendered by advisors for the banks' SCIs amounted to €14.2m, in compliance with the legal requirement to obtain 2 fairness opinions per SCI per bank for the share capital increases in 2014, as well as to the decreased custodian costs resulting from the re-delivery of EFSF bonds and the lower prices of the Fund's holdings in the four systemic banks.

Loss from Financial Instruments at Fair value: The result from financial instruments at FVTPL amounted to € 8.271m loss in the 9 month period ended 30/09/2015 versus € 5.094m loss in the respective period of 2014. The result for the first nine months of 2015 pertains to a) the revaluation loss of the Fund's shareholdings in the systemic banks and the sales of shares due to the exercise of warrants (loss of € 9.505m in the 9 month period ended 30/09/2015 versus loss of € 5.342m in the respective period of 2014) and b) the revaluation gain of the warrants (gain of € 1.233m in the 9 month period ended 30/09/2015, versus gain of € 248m in the respective period of 2014). The decline is due to the continuing market volatility of the Athens Stock exchange.

One-off expense: The one-off expense relates to the pre-subscription fee amounted to € 555.6m, which was paid in December 2012 by the systemic banks that have received capital support from HFSF. On 19/03/2015, according to the article 35 L. 4320/2015, HFSF contributed this amount to the Hellenic Republic and the relevant accruals amounted to € 555.9m in total.

Cash and balances with Banks: As of September 30th, 2015 the Fund's cash and balances amounted to € 344.9m versus € 670m as of 31st December 2014. An amount of € 340.8m is deposited in a cash management account at the Bank of Greece in accordance to the provisions of Law 4323/2015.

Investment securities: The balance included the carrying amount of the EFSF FRNs which was nil as of 30/06/2015 following the re-delivery of all unused EFSF FRNs on 27/02/2015 versus € 10,937m, inclusive of accrued interest, as of 31/12/2014.

Financial Assets at fair value through profit or loss: On September 30th, 2015 the fair value of the HFSF's holdings in the four systemic banks was € 2,117m versus € 11,622m as of December 31st, 2014. It should be noted that the decline is due to the continuing market volatility of the Athens stock exchange.

Receivables from banks under liquidation: On September 30th, 2015 the receivables from the banks under liquidation were €2.263m versus €2,542m as of December 31st, 2014. During the nine month period ended September 30th, 2015 the Fund received in cash a total amount of €208.7m from the banks under liquidation and recognised in the income statement an impairment loss of €70.1m versus €34.3m in the respective period in 2014.

Capital: Following the re-delivery of the EFSF Notes on 27/02/2015, the HFSF proceeded with the reduction of its paid in capital by the amount of € 10.9bn. As of September 30, 2015 HFSF's capital amounted to € 38.8bn.

II. HFSF's overview of events

Signing of the third amendment agreement relating to the Master Financial Assistance Facility Agreement

In February 2015 the HFSF proceeded with the signing of the third amendment agreement relating to the MFAFA, between EFSF, the Hellenic Republic, HFSF and BoG, thus extending the agreement until 30/06/2015.

Return of EFSF Notes to the issuer and reduction of HFSF capital

Following a ministerial decision as of 26/02/2015 and in accordance with the MFAFA as amended and in alignment with the Eurogroup statement as of 20/02/2015 the HFSF proceeded with the re-delivery of the unused EFSF Notes, with nominal value of €10,9 bn, to the EFSF on 27/02/2015. Additionally, the HFSF proceeded with the reduction of its paid in capital by the amount of €10,9bn.

Transfer of € 555.9m to the Hellenic Republic

Pursuant to the provisions of par. 7 art. 16c of Law 3864/2010, all financial institutions that have received a capital support from HFSF were obliged to pay a one-off amount totaling € 555.6m, which was recognized in 2012 Financial Statements, as one-off income fee. On 19/03/2015, according to the article 35 L. 4320/2015, HFSF transferred this amount and the relevant accruals amounted to € 555.9m from the HFSF account in BoG to the Hellenic Republic. This transaction is recognized as an one-off expense in the Statement of Comprehensive Income of 2015.

III. Systemic Banks' overview

Alpha Bank

In January 2015, Alpha announced the sale of Alpha Insurance Limited, its subsidiary in Cyprus, and the sale of Cardlink S.A., formerly held by Alpha and Eurobank at 50% each.

In February 2015 the HFSF provided its consent to Alpha's BoD to proceed with the merge by absorption of Diners Club of Greece with the Bank, which was completed in June 2015.

In March 2015, Alpha Bank Cyprus Ltd announced the completion of the merger of Alpha Bank Cyprus Ltd and Emporiki Bank Cyprus Ltd, by absorption of the second from the first.

In July 2015, Alpha and Eurobank announced that they have reached a preliminary agreement regarding the acquisition of Alpha's Branch in Bulgaria by Eurobank Bulgaria AD, Eurobank's subsidiary.

For more information, which covers the last quarter of 2015, regarding Alpha Bank's overview of events, refer to the financial report.

Eurobank

In January 2015, Eurobank announced the sale of the entire share capital of Cardlink S.A., formerly held by Alpha and Eurobank at 50% each.

For more information, which covers the last quarter of 2015, regarding Eurobank's overview of events, refer to the financial report.

National Bank of Greece

In January 2015 the HFSF provided its consent to NBG's BoD to proceed with the reverse merger of Pangaea REIC with MIG REIC. Pangaea REIC owns 96.94% of the share capital and voting rights of MIG REIC. The proposed merger has been proposed to take place in consolidating the assets and liabilities of the above mentioned companies.

In August 2015, NBG announced that the BoD of its affiliates under the name National PANGAIA and MIG Real Estate approved the draft merger agreement.

For more information, which covers the last quarter of 2015, regarding National Bank of Greece's overview of events, refer to the financial report.

Piraeus Bank

In February 2015, Piraeus announced that Capital Group Companies, as of 03/02/2015 owns indirectly, through funds managed by it, the 9.85% of Bank's total voting rights exclusive of HFSF's shareholding.

In April 2015, Piraeus acquired the "good" part of Panellinia Bank S.A. with the consent of HFSF, following a tender offer launched by the BoG. HDIGF covered the initial funding gap of € 273m.

For more information, which covers the last quarter of 2015, regarding Piraeus Bank's overview of events, refer to the financial report.

The CEO of the HFSF, **Mr. Aris Xenofos** on the occasion of the publication of interim financial statements, for the nine month period ended September 30th, 2015 noted: "during the first nine months the unstable Greek Securities Market (the Stock Exchange Banking Index -82%) significantly burdened the value of the Fund's portfolio that reached a total capital of € 4,7 bn which, during the first quarter, was also affected by the return of the unutilized EFSF bonds (€ 10,9 bn). This change in the Fund's portfolio has reduced its revenue, however the operating expenses of the Fund were significantly reduced over the previous year (9/2016: € 3,6m versus 9/2014: € 18.8m). During the third quarter the Fund's activities were particularly intense where important processes and initiatives

were undertaken for the planning of the upcoming recapitalization of the systemic banks and the significant changes to be made to the law governing the operations of the Fund."

For the interim financial statement please click the link bellow:

[Interim Financial Report of the Hellenic Financial Stability Fund \(HFSF\) for the nine month period ended September 30th, 2015.](#)

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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.

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