Hellenic Financial Stability Fund

Annual Report
for the financial year
from 21/07/2010 to 31/12/2011

May 2012

ΤΑΜΕΙΟ ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

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Board of Directors Report

The Hellenic Financial Stability Fund and its Developments

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. In addition, the provisions of company 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 its entire capital being subscribed by the Greek government, nor by the issuance of the relevant decisions by the Minister of Finance.

The Fund began its operation on 30/9/2010 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 319/30.9.2010). The purpose of the Fund is to maintain 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), and through the recapitalization of transitional credit institutions (bridge bank) formed in accordance with article 63E of Law 3601/2007. For a period of 12 months according to law 4051/12, starting from 29/02/2012, the Fund will cover 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 3601/2007. Specifically the Fund will pay the amount as per paragraph 13 of article 63D and paragraph 7 of article 63E of the aforementioned law for up to a period of one year. In this case the Fund shall acquire the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the 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 BoG.

In addition, the Fund may provide guarantees to states, international organizations or other beneficiaries and in general may take any action necessary for implementing the decisions made by the bodies of the eurozone with a view to supporting the Greek economy.

Significant Events

The most significant events that took place during the financial year are described as follows:

- During the period from 1/10/2010 up to 31/12/2011 as well as during the three months of the current year, the Fund proceeded to the organization of its divisions and its staffing in the context of its preparation to face the credit institutions' requests for their capital reinforcement. Three departments have been formed, the Investment Management Department, the Risk Management Department and the Finance and Administration Department, which have been staffed accordingly and additionally a legal advisor and legal counsel have also been hired. Furthermore, agreements have been signed with external parties (auditors and law firms), which will assist the Fund in its objectives. Specifically, the collaboration with the external parties pertains to the provision of services relating to financial and legal due diligence on the appraisal of business plans and the fair valuations of the banks.

- In order to provide timely information on the Fund and to respond effectively and directly to the project assigned to it, a Cooperation Protocol has been signed with the BoG through which information is provided on the credit institutions operating in Greece.

- The Fund actively participated in the amendments of the law governing it and in forming the provisions of the laws regarding the revitalization of the credit institutions. The Fund has also been meeting regularly with representatives of the Troika regarding matters on the financial sector.

- The fund publishes monthly financial ledgers, copies of which are sent to the Greek Parliament, the Finance Minister, the Governor of the BoG, the European Commission, the European Central Bank and the International Monetary Fund (hereinafter IMF) as well as monthly information memorandums on the Fund's activities, which are sent to the Finance Minister and the Governor of the BoG.

- Effective 09/10/2011, the Fund, following the suggestion of the BoG (no. CFI 3007/9.10.2011) and in accordance with article 63E of Law 3601/2007, is the sole shareholder of the first transitional credit institution, New Proton Bank SA, in Greece. On 09/10/2011 the Fund contributed the first installment of the New Proton's share capital (€ 220m.). The second installment of € 30 m. was paid in February 2012.

Summary of the Fund's Investment in the New Proton Bank & Financial Performance for FY2011

During the 1st half of 2011, the BoG performed an on-site inspection on Proton Bank, following which, the BoG suggested the creation of a new "Transitional Credit Institution" under the name "New Proton Bank S.A." in which all deposits and selected assets and liabilities of the former bank were transferred. The license of the "Old" Proton was recalled by the BoG and the bank was put under liquidation.
On 09/10/2011 the Fund contributed the share capital of the New Proton and is its sole shareholder. The share capital of € 250m. was paid in two tranches; €220m in October 2011 and €30m in February 2012.
In collaboration with its new sole shareholder, the New Proton submitted to the BoG and the European Commission a detailed restructuring plan based on new strategic initiatives to revitalize the bank and enhance its attractiveness and its financials with the aim of selling it.

Statement of Financial Position – New Proton

Amounts in €m	31/12/2011	9/10/2011
Total assets	**1,712.7**	**3,055.6**
of which:		
Cash & cash equivalents	113.4	100.2
Net Loans to customers	831.4	930.8
Financial assets	416.8	583.1
Other assets	351.0	1,441.5
of which HDIGF/HFSF receivables	289.6	1,371.6
Total liabilities	**1,802.2**	**2,890.9**
of which:		
Due to banks	381.9	1,215.2
Due to customers	1,355.4	1,615.5
Derivatives & other debt instruments	49.8	49.2
Other liabilities	15.1	11.0
Total equity	**(89.5)**	**164.7**
Paid in share capital	220.0	-
Non-paid in share capital	30.0	250.0
Accumulated losses and other reserves	(339.5)	(85.3)

Source: unaudited financial statements for the period ended 31/12/2011 drafted by New Proton's management for the purpose of preparing the Fund's financial statements.

On 09/10/2011 New Proton's other assets included receivables from the HDIGF/HFSF amounting to € 1,371.6m., which is analysed as follows: a) receivables from the HDIGF amounting to € 862m. due to New Proton's funding gap, € 65m. of which were paid by the HDIGF on 11/10/2011 and the remaining € 797m. of which were paid on 12/12/2011, b) share capital amounting to € 250m. which was contributed by the HFSF in 2 tranches, € 220m. in October 2011 and € 30m. in February 2012, and c) receivables of € 259.6m. due to an additional funding gap which was derived following an additional thorough examination on New Proton and which was paid by the HFSF on

14/05/2011 instead of the HDIGF. As of 31/12/2011 the balance of New Proton's receivables from the HDIGF/HFSF stood at € 289.6m. (€ 259.6m. receivable due to additional funding gap + € 30m. receivable for 2nd tranche of capital increase).

Statement of Comprehensive Income for FY2011 - New Proton

Amounts in €m	**09.10.2011 – 31.12.2011**
Net Interest income	7.1
Net Fee and commission income	0.6
Gains/(losses) from financial transactions	(2.5)
Other income	0.2
Total operating income	5.3
Total operating expenses	(11.7)
Profit / (Loss) before provisions & impairments	**(6.4)**
Provisions	(91.6)
Impairments of Greek Government Bonds*	(146.5)
Profit / (Loss) before tax	**(244.6)**
Tax	-
Profit / (Loss) after tax	**(244.6)**
Net change in securities' portfolio	(6.9)
Total profit / (loss) after tax	**(251.4)**

Source: unaudited financial statements for the period ended 31/12/2011 drafted by New Proton's management for the purpose of preparing the Fund's financial statements.

** As a result of the PSI+, i.e. the haircut in the nominal value of the Greek Government Bonds by 53.5% and the exchange of the old Greek Government Bonds with new bonds (31.5% GGBs and 15% EFSF), the New Proton recognized the bonds it held as of 31/12/2011 with a 75% or € 146.5 m impairment to their nominal value. The said percentage was defined based on the present value of the new bonds versus the old ones, through the aforementioned exchange.*

According to the unaudited financial statements for the period 09/10/2011-31/12/2011 which were drafted by the Management of the New Proton for the purpose of preparing the Fund's financial statements, the financial results for the period 09/10/2011-31/12/2011, before tax, loan provisions and the PSI+ effect on the GGBs, have been affected by the prevailing liquidity constraints in money markets and the increased funding cost. The net loss for the period (before provisions and impairments) amounts to € (6.4)m. The results have been further negatively affected by credit risk provisions of € (82.6)m., € (146.5)m. of impairments on the GGB's due to the PSI+ and impairments of participations € (9.0)m. and other provisions, resulting in a total loss of € (244.6)m. for the period 09/10/2011 – 31/12/2011.

The loss for the period 09/10/2011 – 31/12/2011 combined with the adjustments to the opening statement of financial position as of 09/10/2011 mainly due to additional provisions on transferred loans amounting to € (85.3)m., the payment of € (2.7)m. for the capital increase tax and in € (6.9)m. in revaluation losses on the available for sale portfolio with a revaluation date on 31/12/2011, which recognized directly in the bank's equity, led the New Proton to a negative equity amounting to € (89.5)m. and therefore in immediate need of a recapitalisation. Given that, according to the New Proton's Management, the bank's risk weighted assets as of 31/12/2011 amount to € 1,203.5m. and regulatory capital stood at € (85.5)m., an amount of € 194m. is required in order for its core capital adequacy ratio to exceed 9%, as required on 30/09/2012.

The Fund's Financial Performance for Financial Year 2011

Statement of Comprehensive Income

Interest and Similar Income: For financial year 2011 the said account amounted to € 12.6m. Interest income is solely earned to the deposit account HFSF maintains with the BoG (information on the interest rate of the Fund's interest bearing account is provided in note 11 to the financial statements).

Operating Expenses: The said account for financial year 2011 amounted to € 1.8m. which includes staff costs of € 1.0m. and general administrative and operating expenses of € 0.8m. (mainly rentals, BoD fees and audit and advisory firms' fees).

Statement of Financial Position

Cash and Cash Equivalents: As of 31/12/2011 the said account stood at € 1,290.9m. The Fund's capital and cash balances are deposited in a special interest bearing account maintained with the BoG. Any other form of investment is prohibited.

Share Capital: The paid-in capital as of 31/12/2011 amounted to € 1.5 billion. The authorized share capital, according to law 3864/10, as it stands, amounts to € 50 billion, which will be raised in the context of the mechanism put in place by the European Union and the IMF.

Investment Portfolio and Impairments:

After a thorough examination of the New Proton Bank's loan portfolio, it was concluded that as of the date of establishment of the new bank, additional provisions and other adjustments were required totaling € 85.3m. In addition, the € 147m. impairment of Greek government bond portfolio to account for the effects of PSI+, the negative operational results, additional provisions and impairments of its participations led to the impairment of the total value of the HFSF's participation in New Proton Bank by € 220m. as of 31/12/2011.

Post Balance Sheet Events

- On 3/2/2012 the Fund contributed € 30m. for the full subscription of the second installment of the New Proton's share capital. The bank's share capital after the said corporate action stands at € 250m.

- According to Law 4051/2012 the Fund's managerial bodies are the General Counsel, which consist of five members and the Executive Committee, which consists of three members. One representative of the European Commission and one representative of the European Central Bank, or their alternates, can participate in the General Counsel and Executive Committee meetings. The Fund is managed by the current BoD until the members of the General Counsel and the Executive Committee are appointed.

- According to par. 12 of article 16B of law 3864/2010 as amended by law 4051/29.2.2012, the Fund, for 12 months commencing from 29/02/2012, will contribute the amount that the HDIGF would have covered, in the context of the revitalization of the financial institutions, as foreseen by par. 13 of art. 63D and par. 7 of art. 63E of law 3601/2007. In this case the Fund takes over the responsibilities of the HDIGF as per par. 4 of art. 13A of law 3746/2009. In this context, the Fund contributed to the New Proton on 14/5/2012 the amount of € 259.6m. and on 10/04/2012 an amount of € 310.9m. to National Bank of Greece S.A. (hereinafter NBG) for the deposits of the clients of the cooperative banks under liquidation. Furthermore, based on the Ordinance on 30/04/2012, the Fund will contribute the amount of € 227m. to Postal Savings Bank for the transfer of the assets and liabilities of T Bank. It is noted that the amount contributed for the Cooperative Banks is based on preliminary estimations of the BoG and will be finalized within 3 months, whereas New Proton's and Postal Savings Bank's amounts are final.

- On 15/03/2012 The European Financial Stability Facility (hereinafter EFSF), the Greek State, the Fund and the BoG, signed the "Master Financial Assistance Facility Agreement" amounting to a total of € 109 billion and the Fund guarantees on behalf of the Greek State the amount which will be used for the recapitalization of the credit institutions.

On 17/04/2012 the Fund signed with the Greek State and the BoG the Acceptance Notice for the deposit EFSF bonds into the Fund's account amounting to a total of € 25 billion, which pertain to the recapitalization and revitalization of the credit institutions.

The Fund's share capital as of the financial statements' approval date stood at € 26.5 billion (€ 1.5 billion in initial capital and € 25 billion from an additional capital increase on 19/04/2012). The capital increase took place with the contribution of floating rate notes (FRNs) issued by the EFSF. The FRNs were issued on 19/04/2012 in 5 equal tranches with maturities from 2018 up to 2022 and coupons of 6M Euribor + 46 bp up to 77bp.

- On 20/04/2012 the Fund issued Commitment Letters for an amount of € 18 billion, valid through 30/09/2012, towards NBG (€ 6.9 billion), EFG Eurobank-Ergasias (€ 4.2 billion), Alpha Bank (€ 1.9 billion) and Piraeus Bank (€ 5.0 billion), which were assessed as viable by the BoG, so as to cover the minimum capital adequacy ratio requirement of 8%.

- According to the provisions of the Memorandum (L. 4046/2012. Appendix V-1), two new divisions are anticipated to be establised, one responsible for monitoring the banks that will be recapitalized from the Fund and one responsible for monitoring the Interim Credit Institutions and related matters. The organisational and managerial requirements necessitated by the establishment of these divisions is currently being assessed.

- According to the Ministerial Act on 30/04/2012 it was decided that paragraph 10 would be added to article 6 of Law 3864/2010, according to which in a future share capital increase of a credit institution, which has been assessed viable by the BoG, the Fund will pay an advance of its subscription in the share capital increase or part of the subscription and up to the amount set by the BoG, without following the procedure as set forth by par. 3 and notwithstanding the procedure of par. 4, following a resolution by the BoG.

- A Cabinet Act on 03/05/2012 was issued setting the terms of the subscription agreements to be drafted, between the Fund, the credit institutions and the EFSF.

Prospects

In the following months, it is anticipated that the banks' recapitalisation will start and will also be the Fund's main activity for 2012. In order to respond to the capital requirements, the Fund has been reinforced with capital amounting to € 25 billion and is expected to be further enhanced (total authorized capital: € 50 billion), in the context of the loan agreement signed between the HFSF and the Republic of Greece.

Corporate Governance

Management

The Hellenic Financial Stability Fund (HFSF or Fund) is managed by the Board of Directors (BoD), which is the highest governing body and decides independently for any issue arising concerning the definition and the implementation of the Fund's objectives, its management and operations and the management of its assets. Among others, the BoD decides on the development of the Internal Regulations of the Fund, the appointment of personnel, the approval of the annual financial statements, the designation of supervisory bodies and the establishment of committees. With an aim of achieving its objective of maintaining stability in the Greek banking System, the Fund manages the capital and its assets and exercise its 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 to neither prevent nor distort competition in the banking sector. The Fund's mission is based on an integrated strategy, which is subject to agreement between the Ministry of Finance, the Bank of Greece (hereinafter BoG) and the Fund. The members of the BoD, listed below, provide to the Fund the appropriate expertise, skills and qualifications in order to effectively manage its activities. The BoD operates in accordance with the governance rules described in the foundation Law 3864/2010 and its amendments. According to the recent Law 4051/2012 as decision-making bodies of the Fund shall be the General Council and the Executive Committee. The General Council shall consist of five members and the Executive Board of three members. One representative of the European Commission and one representative of the European Central Bank, together with their alternates, may attend the meetings of the Council and the Board. Until the appointment of the members of the General Council and the Executive Board and the constitution of such bodies, the Fund is managed by the existing BoD.

During the period ended 31/12/2011 the BoD Members and Observers were the following:

Name	Position in the BOD	Profession
Executive Members		
Thomopoulos Panayotis	Chairman	Chairman of the BoD
Kyrkos Charalambos	Vice-Chairman	Vice Chairman of the BoD
Gagales Anastasios	Vice-Chairman	Vice Chairman of the BoD
Non-Executive Members		
Plaskovitis Ilias	Member	General Secretary of Ministry of Finance
Zakka Vasiliki [1]	Member (Member of Audit Committee)	Director of Financial Stability Dept. of BoG
Tsaveas Nikolaos [2]	Member (Member of Audit Committee)	Director of Financial Stability Dept. of BoG
Independent / Non-Executive Members		
Tzavalis Ilias [3]	Member (Member of Audit Committee)	University Professor in Economics
Iplixian Pepi [3]	Member (Member of Audit Committee)	Member of the BoD of New Proton SA
Observers		
Basch Peter from Feb. 2011 (EC representative), Weiss Peter from Nov. 2010 to Jan. 2011 (EC representative – alternate to Mr. Basch), Strouzas Panagiotis from Nov. 2010 (ECB representative)		

[1] *Mrs. Zakka replaced Mr. Tsaveas on the BoD and the Audit Committee in Sep. 2011.*

[2] *Mr. Tsaveas was a Member of the BoD and the Audit Committee from Oct. 2010 up to Sep. 2011.*

[3] *Mr. Tzavalis (a BoD Member since Nov. 2010) replaced Mrs. Iplixian in the Audit Committee from Dec. 2011 up to Feb. 2012 (in Feb. 2012 Mrs. Iplixian replaced Mrs. Tzavalis in the Audit Committee).*

The BoD is called by the Chairman on a regular basis once a month and extraordinarily whenever needed, following a written invitation of the members 5 (five) working days in advance; the representatives of the European Commission (EC) and the European Central Bank (ECB) are also invited. During the first period of the Fund's operation, the BoD met sixteen (16) times.

The total number of Board and Audit Committee meetings and the number of participations of each BoD Member and Observer, during the period ended 31/12/2011, are depicted in the following table:

Name	Board of Directors	Audit Committee
Total Number of Meetings	16	7
Number of Participations		
Executive Members		
Thomopoulos Panayotis	16	
Kyrkos Charalambos	16	
Gagales Anastasios	16	
Non-Executive Members		
Plaskovitis Ilias	14	
Zakka Vasiliki [1]	5	2
Tsaveas Nikolaos [2]	11	5
Independent / Non-Executive Members		
Tzavalis Ilias [3]	13	1
Iplixian Pepi [3]	16	6
Audit Committee Chairman		
Glavanis Chris	10	7
Observers		
Basch Peter (from Feb. 2011)	11	
Strouzas Panagiotis (from Nov. 2010)	15	
Weiss Peter (from Nov. 2010 to Jan. 2011) – Alternate to Mr. Basch	3	

[1] *Mrs. Zakka replaced Mr. Tsaveas on the BoD and the Audit Committee in Sep. 2011.*

[2] *Mr. Tsaveas was a Member of the BoD and the Audit Committee from Oct. 2010 up to Sep. 2011.*

[3] *Mr. Tzavalis (a BoD Member since Nov. 2010) replaced Mrs. Iplixian in the Audit Committee from Dec. 2011 up to Feb. 2012 (in Feb. 2012 Mrs. Iplixian replaced Mrs. Tzavalis in the Audit Committee).*

Curricula Vitae of the Members of the Board of Directors

Panayotis-Aristidis Thomopoulos

Mr. Thomopoulos has extensive experience in international banking (including resolution of banks: Bank of Crete 1995-6 and Proton Bank 2011). He has served as a senior member of the Organisation of Economic Co-operation and Development (OECD), as Deputy Governor of the BoG being responsible for the Banking Supervisory Department (including foreign subsidiaries). Furthermore, he participated as alternate in the Governing Council meetings of the European Central Bank (ECB) and the European Monetary Institution (EMI) dealing with international banking issues. In addition he was also the BoG's representative in the Economic and Monetary Commission of the European Institution and Chairman of the BoD of "Electronic Interbanking Systems S.A." (DIAS).

Professional career:
Since October 2010 Mr. Thomopoulos holds the position of Executive Chairman of the HFSF's BoD.
BoG (1994-2010): Deputy Governor (1994-2009), Member of BoD of the Monetary Policy Council (2009-2010). Member of the BoD of the Greek Public Debt Agency (1998-2009). Member of the Alternates Commission (of the Governors), and he participated in the BoD meetings of the European Monetary Institution (1994-1998). He also participated, along with the Governor, in the Governing Council meetings and the BoD meetings of the ECB (1998-2002) and on an ad-hoc basis he was appointed as representative of the Governor, on the BoD of the ECB, up to the end of his term, in 2009, as Deputy Governor. Member of the International Relations Committee (IRC) (2002–2010). Member of the Economic and Financial Committee (2002-2009) of the European Union. International Monetary Fund (IMF) (2002-2009) Alternate Governor for Greece. OECD (1966-1994) Economics Department Head of Country Desks responsible for the annual Economic Surveys and forecasts (Economic Outlook) for the UK, Belgium, Luxembourg, Ireland, Spain, Greece and Yugoslavia. Member of the Economic Policy Committee (EPC) (1995-2009) of the OECD.).

Education:
London School of Economics and Political Science (B. Sc. Econ. and M. Sc. Econ.), Université de Paris-I (DEA Course).

Languages:
Greek, English, French and knowledge of Spanish

Haralambos Kyrkos

From October 2010 he is executive Vice-Chairman of HFSF.
Prior to joining the HFSF he was a Partner at "Ernst & Young", Leader for Financial Services for Central & Southeastern Europe for 3 years, while before that appointment he has served for 12 years on the BoD of EFG Eurobank-Ergasias S.A. as Chief Risk Officer for the group covering Greece & Southeast Europe.
Being in the banking sector for over 25 years, Mr. Kyrkos held posts abroad for 4 years as Chief Executive Officer of Banque Nationale de Greece, France and Chief Executive Officer of EFG Private Bank Luxembourg.

Anastassios Gagales

Anastassios Gagales is Executive Vice-Chairman of the HFSF.
Prior to joining the HFSF, he was for nineteen years at the IMF where he worked on a wide range of countries (advanced and emerging economies, surveillance and program countries) and was involved in bank restructuring operations and Financial Sector Assessment Programs. Earlier, he worked for eleven years in the Research Department of the BoG and, in this capacity, represented the Bank in numerous European Union and BIS committees. In 1988-9 he served as Financial Attaché at the Permanent Representation of Greece at the European Union (EU) where he was involved in the negotiations for the Second Banking and Own Funds Directives.
He has a PhD in economics from the University of Rochester (U.S.A.) and a BSc (suma cum laude) from the Athens School of Economics and is fluent in English and German.

Dr. Ilias Plaskovitis

Dr. Ilias Plaskovitis was born in Athens in 1957. He is Associate Professor in the Department of Economics and Regional Development, Panteion University. He has served as Secretary General for Investment and Development in the Ministry of National Economy (1993-98) and as Secretary General for European Affairs in the Ministry of Foreign Affairs (2000-2004). He is currently (since 2009) the Secretary General of the Ministry of Finance.
He holds a Bachelor Degree in Economics from the University of Sussex (UK), a Master Degree in Urban and Regional Development from the same University and a Ph.D. in Agricultural Economics from the University of Reading U.K.
He has published several articles and studies primarily in the field of regional economics.

Dr. Elias Tzavalis

Dr. Elias Tzavalis brings significant international consulting experience in banking, financial markets and the macroeconomy.
He is also vice-president of the Management Board of the Centre of Economic Performance and Planning (KEPE) of Greece. Prior to the HFSF, he was a non-executive member of the management board of Agricultural Bank of Greece.
He has published a large number of research works on investment strategies, forecasting financial markets and asset pricing in internationally recognized journals, and he has consulted government or private institutions on the Greek economy and banking sector.
He holds a PhD from London Business School and is currently a Professor in financial econometrics at the Athens University of Economics and Business. Before, he was Professor at Queen Mary University of London.

Peppy Iplixian

Ms. Iplixian has over thirty years extensive experience in the banking industry and the services sector, in Greece and the USA.
She joined HFSF from EFG Eurobank, where she was for 9 years, initially as head of Strategy reporting to top management and then as Senior Manager Audit and Compliance for the Wholesale Banking. She had the opportunity

to implement a number of strategic initiatives mostly related to strategic and financial banking risks, while at the same time ensuring cost reduction and the satisfaction of all stakeholder interests.
Between 1987-2000 she worked for three commercial banks in the USA, Consolidated-Nations Bank (now Bank of America), The International Bank of Miami, a private bank, and Banca Nazionale del Lavoro, a branch of the state Italian Bank, in positions of corporate strategy, compliance and risk, mostly operational, with emphasis on the implementation of relevant electronic systems and procedures.
Between 1972 -1987 she worked mainly in the financial consulting field in Greece, with most relevant positions in The Hay Group, the Commercial Bank of Greece and ICAP Hellas, where a good number of the projects involved strategic bank consulting.
She holds degrees in Business Administration (BA) και Management Studies (post graduate Diploma) at the University of Northumbria, Newcastle on Tyne, England and professional credentials in Organization & Methods from the British Institute of Administrative Management, while she has attended numerous seminars mostly in risk and compliance.

Vassiliki Zakka

Mrs. Vassiliki Zakka is the Director of the Financial Stability Department of the BoG since September 2011. She joined BoG in 1992 and until September 2011 held several positions in the Supervision of Credit and Related Financial Institutions Department.
She has a degree in Chemical Engineering from the National Technical University of Athens and a Master in Business Administration (MBA) from the Warwick Business School. She is also a member of the Chartered Institute of Management Accountants of the United Kingdom and has the title of “Financial Risk Manager” certified by the Global Association of Risk Professionals (GARP).

Nicholas Tsaveas

Mr. Nicholas T. Tsaveas has worked at the Foundation of Economic and Industrial Research (IOBE) in Greece and at the International Monetary Fund. He joined the Bank of Greece in 2000 as a Special Advisor and from 2009 to September 2011 was the Director of the Financial Stability Department. He is currently a Member of the Banking Supervision Committee of the ECB and an alternate member of the EFC.
He was educated in Economics at the Universities of Athens and Cambridge, from which he received his PhD in 1989.

Audit Committee

The Audit Committee, which supervises the Internal Audit Department, was established by the BoD and consists of two (2) non-executive members of the BoD and an external financial expert who has proven competency and international experience in both audit and accounting. As of 31/12/2011 the Members of the Audit Committee were Mr. Glavanis since 10/11/2010 (Chairman), Mr. Tzavalis (replacing Mrs. Iplixian in December 2011) and Mrs. Zakka (replacing Mr. Tsaveas in September 2011). As of the financial statements’ approval date the Members of the Audit Committee are Mr. Glavanis (Chairman), Mrs. Iplixian (replacing Mr. Tzavalis in February 2012) and Mrs. Zakka. The Audit Committee meets regularly, at least 6 times per year, and occasionally whenever necessary. Following relevant invitation, at the meetings of the Audit Committee, the Executive Committee or Chief Officers of the Fund may be present. Seven (7) Audit Committee meetings were held last year. In all seven (7) meetings there was a quorum.
In particular, the main responsibilities of the Internal Audit Committee are the following:

a) Supervision of the internal audit function.
b) Proposal for the appointment of external auditors and the scope of their services.
c) Consultation with the external auditors regarding audit findings of the latter.
d) Review of the annual financial statements.
e) Submission of reports to the BoD on a regular basis.
f) Regulation of any matter governing the Committee’s operations.

The Audit Committee operates in accordance with the Fund Internal Regulations and the Audit Committee Charter.

Board of Directors Remuneration Policy

The appointment of the seven (7) Members of the BoD was effected by the decision A.P. 44560/B.2018 of 30/09/2010 of the Minister of Finance, following recommendation of the Governor of the BoG for a five-year term, renewable until 30/06/2017. With the above decision, notwithstanding any contrary provision of law or regulatory act, the remuneration of the members of the BoD was also defined, that bear the budget of the Fund.

Fund Personnel

The Fund personnel is appointed by a decision of the BoD, following a call of interest invitation and an assessment of relevant qualifications.

The majority of the Fund's personnel have a private law employment agreement of a definite period of three years, with a renewal option.
Allowed is also secondment to the Fund, of officials, lawyers working on a "paid assignment" basis, as well as staff working on a private law employment agreement for an indefinite period, either from the Public Sector or from Public Legal Entities or Private Legal Entities, as well as employees from the BoG. The secondment is effected by decision of the Minister following the suggestion of the Fund's Chief Executive Officer, and by the Governor of the BoG for employees of the BoG. The duration of such secondments is two (2) years with no limitation to extension, notwithstanding the existing provisions on secondments. Staff seconded to the Fund has the right to choose, upon application, if remuneration will be received by the employer from whom he was seconded, or by the Fund according to the Fund's policy on the relevant position. The remuneration of the staff described above is determined by a decision of the Executive Committee.

On 31/12/2011 Fund's personnel amounted to 6, whereas as of the date of approval of the financial statements the number of personnel amounted to 18.

Board Members' Remuneration

The President, the Executive and the non-executive members of the BoD, due to their relationship with the Fund, received remuneration for the period from 01/10/2010 to 31/12/2011 as listed in the table below. Their remuneration is not associated to their performance and the amounts below reflect only gross compensation and their expenses. Furthermore, as far as executive members are concerned, the amount of € 32,089.57 has been paid by the Fund as social security contribution (not included in the following table):

Name	Position on the BoD for the period ended 31/12/11	BOD remuneration 01/10/10 – 31/12/11 (€)
Thomopoulos Panayotis	Chairman (Executive Member)	294,633.74
Kyrkos Charalambos	Vice Chairman (Executive Member)	205,107.72
Gagales Anastasios	Vice Chairman (Executive Member	195,920.54
Plaskovitis Ilias	Member (Non-Executive)	34,530.00
Zakka Vasiliki (since Sep. 2011)	Member (Non-Executive)	6,906.00
Tsaveas Nikolaos (from Oct. 2010 up to Sep. 2011)	Member (Non-Executive)	27,624.00
Tzavalis Ilias (since Nov. 2010)	Member (Independent Non-Executive)	34,530.00
Iplixian Pepi	Member (Independent Non-Executive)	35,024.16

System of Internal Controls

The BoD is responsible for the development of an efficient and effective System of Internal Controls (SICs) in order to ensure the achievement of the Fund's objectives, safeguarding the assets of the Greek citizens. The SIC constitutes the totality of detailed audit mechanisms and processes which track continuously every activity, contributing to the effective and safe operation of the Fund.

As this period refers to the first operational year of the Fund with a limited number of personnel (6), it should be noted that any efforts were limited to the initial development of an internal control system with the design and approval given by its BoD:

- Internal Audit Regulations
- Internal Audit Division Regulations
- Code of Conduct

The BoD of the Fund, with the support of the Audit Committee, has the ultimate responsibility for implementing the appropriate policies and principles to ensure the effective and consistent application of the SICs. The Management is responsible for the development and implementation of appropriate control mechanisms and procedures depending on the scope, the risks and the nature of work of the Fund's departments, the evaluation of weaknesses arising and the necessary remedial actions.

The SIC which was started to get designed in 2011, is aimed at addressing risks to a certain level and not necessarily eliminating them.

The SICs of the Fund is designed to safeguard the following objectives:

- Consistent implementation of the Fund's strategy , through the effective use of the available resources;
- Identification and management of all types of risks assumed by the Fund;
- Completeness and credibility of the data and information required for the accurate and timely determination of the financial condition of the Fund and the compilation of true and fair financial statements, filed in Greek and International authorities;
- Compliance with the internal regulations, procedures and code of conduct governing the Fund's operation, as well as with the external regulations, including National and EU legal framework;
- Adoption of international best practices and principles of corporate governance;
- Prevention and avoidance of erroneous actions and irregularities that could endanger the Fund's reputation and interests.

The Fund's Audit Committee is responsible for monitoring the adequacy and effectiveness of the SICs of the Fund, based on the reports received by the internal audit department and the external auditors. The Audit Committee supervises the preparation of annual financial statements and interim trial balances of the Fund in accordance with the International Financial Reporting Standards and advises the Fund's BoD accordingly.

By decision of the BoD a person with specific competences and auditing experience is appointed as Chief Auditor of the Internal Audit Department of the Fund, with a five-year term contract, which may be extended until 3.6.2017. The Internal Auditor does not form part of the official hierarchy, enjoys full independence in the accomplishment of his/her duties, has access to all books, records and accounts of the Fund and reports directly to the BoD. Following decisions of the BoD, after having assessed the needs in resources, two (2) additional Internal Auditors can be appointed, assisting the Chief Auditor of the Internal Audit Department. Up to 31/12/2011 the Internal Audit Department had not been staffed yet. According to the Internal Regulations of the Internal Audit Department, the Chairman of the Audit Committee for the period under consideration was acting as Internal Auditor of the Fund.
The personnel of the Fund is liable to the obligation of loyalty, confidentiality and compliance with the internal Code of Conduct.

During the financial year, the external auditors inform the Audit Committee on any problems or weaknesses identified during the SICs. The Audit Committee submits proposals to the BoD to address these weaknesses and monitors the implementation of the agreed remedial action plans. In addition, the Audit Committee recommends the appointment of the external auditors, pre-authorizes the services provided by them and review the relationship between audit and non-audit services, in order to ensure the independence of the audit.

Statement of Board of Directors

Declarations of the Chairman and the Vice Chairmen of the Board of Directors.
We, in our capacity as Members of the Board of Directors of the Hellenic Financial Stability Fund, as far as we know, declare that:

1. The Financial Statements for the period ended 31/12/2011 have been prepared in accordance with the current accounting standards and present a true and fair view of the assets and liabilities, equity and results of the operations of the Fund.
2. The Board of Directors Report presents in a true manner the evolution, the performance and the position of the Fund.

Athens, 18 May, 2012

The Chairman of the Board of Directors	The Vice Chairman of the Board of Directors	The Vice Chairman of the Board of Directors
Panayotis Thomopoulos	Anastasios Gagales	Charalambos Kyrkos

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A.

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TRUE TRANSLATION
INDEPENDENT AUDITOR'S REPORT
To the Shareholders of "Hellenic Financial Stability Fund"

Report on the Financial Statements

We have audited the accompanying financial statements of "Hellenic Financial Stability Fund", which comprise the statement of financial position as at December 31, 2011, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as these have been adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hellenic Financial Stability Fund as of December 31, 2011, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
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Report on Other Legal and Regulatory Requirements

We have agreed and confirmed the content and consistency of the Directors' Report to the accompanying financial statements according to the provisions of the articles 43a and 37 of the Codified Law 2190/1920.

Athens, May 18, 2012
The Certified Public Accountant

Nicos K. Sofianos
RN SOEL: 12231
Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
3a Fragoklissias & Granikou Str.
15125 Maroussi
Reg. No. SOEL: E. 120

Statement of Financial Position

For the financial year from 21 July 2010 to 31 December 2011

Amounts in €	Note	31/12/2011
ASSETS		
Cash and balances with Central Bank	4	1,290,879,398.30
Investment securities	5	1.00
Property and equipment	6	157,734.12
Intangible assets	7	13,323.15
Other assets	8	106,046.17
Total assets		**1,291,156,502.74**
LIABILITIES		
Other liabilities	9	392,460.24
Total liabilities		**392,460.24**
SHAREHOLDERS EQUITY		
Share capital	10	1,500,000,000.00
Reserves		
Accumulated losses		(209,235,957,50)
Total equity		**1.290.764.042,50**
Total equity and liabilities		**1,291,156,502.74**

The notes from pages 20 to 32 form an integral part of the financial statements

Athens, 18 May 2012

The Chairman of the Board of Directors	The Vice Chairman of the Board of Directors	The Vice Chairman of the Board of Directors	The Chief Financial Officer
Panayotis Thomopoulos	Charalambos Kirkos	Anastasios Gagales	Ioannis Kyriakopoulos

Statement of Comprehensive Income

For the financial year from 21 July 2010 to 31 December 2011

Amounts in €	Note	**21/07/2010 – 31/12/2011**
Interest income	11	12,604,917.37
Personnel expenses	12	(1,012,169.03)
General administrative and other operating expenses	13	(795,617.04)
Impairment of investments	5	(219,999,999.00)
Depreciation and amortization of property, equipment and intangible assets	6,7	(30,747.22)
Other expenses		(2,342.58)
Loss for the financial year		**(209,235,957.50)**
Other comprehensive income /(expenses):		
Available for sale securities		-
Total comprehensive income loss for the financial year		**(209,235,957.50)**

The notes from pages 20 to 32 form an integral part of the financial statements

Athens, 18 May 2012

The Chairman of the Board of Directors	The Vice Chairman of the Board of Directors	The Vice Chairman of the Board of Directors	The Chief Financial Officer
Panayotis Thomopoulos	Charalambos Kyrkos	Anastasios Gagales	Ioannis Kyriakopoulos

Statement of Changes in Equity

For the financial year from 21 July 2010 to 31 December 2011

Amounts in €	Share capital	Available for sale securities reserve	Reserves & accumulated losses	**Total**
Balance as of 21/07/2010	-	-	-	-
Share capital increase	1,500,000,000.00			1,500,000,000.00
Revaluation adjustments				
Profit / (loss) for the financial year			(209,235,957.50)	(209,235,957.50)
Balance as of 31/12/2011	**1,500,000,000.00**	**0.00**	**(209,235,957.50)**	**1.290.764.042,50**

The notes from pages 20 to 32 form an integral part of the financial statements

Statement of Cash Flows

For the financial year from 21 July 2010 to 31 December 2011

Amounts in €	**21/07/2010 - 31/12/2011**
Cash flow from operating activities	
Profit / (loss) for the financial year	**(209,235,957.50)**
Adjustments for:	
Depreciation and amortization of property, equipment and intangible assets	30,747.22
Impairment of investment	219,999,999.00
Net (profit) / loss from disposal of property and equipment	1,690.85
Net (increase)/decrease in operating assets:	
Other assets	(106,046.17)
Net increase/(decrease) in operating liabilities:	
Other liabilities	392,460.24
Net cash inflows from operating activities	**11,082,893.64**
Cash flow from investing activities	
Participation in share capital increase	(220,000,000.00)
Purchase of property, equipment and intangibles	(203,692.14)
Proceeds from disposal of property, equipment and investment property	196.80
Net cash outflows from investing activities	**(220,203,495.34)**
Cash flows from financing activities	
Proceeds from share capital increase	1,500,000,000.00
Net cash inflows from financing activities	**1,500,000,000.00**
Net increase in cash and cash equivalents	**1,290,879,398.30**
Cash and cash equivalents at beginning of financial year	**0.00**
Cash and cash equivalents at end of financial year	**1,290,879,398.30**

The notes from pages 20 to 32 form an integral part of the financial statements

Notes to the Financial Statements

NOTE 1 General Information

The Hellenic Financial Stability Fund (hereinafter HFSF or Fund) was founded on 21/07/2010 (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 in force. In addition, the provisions of company 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. Based on the founding act the Fund's tenor has been set up to 30 June 2017.

The Fund began its operation on 30/9/2010 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 on 30/9/2010 of the Minister of Finance. The purpose of the Fund is to maintain the stability of the Greek banking system, including foreign subsidiary financial institutions, 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), and through the capital injection to transitional credit institutions formed in accordance with article 63E of Law 3601/2007. For a period of 12 months according to law 4051/12, i.e. from 29/02/2012, the Fund will cover the amount that the Hellenic Deposit and Investment Guarantee Fund (hereinafter HDIGF) would have paid for the process of the revitalizing the credit institutions in accordance to law 3601/2007. Specifically, the Fund will pay the amount as per paragraph 13 of article 63D and paragraph 7 of article 63E of the aforementioned law. In this case the Fund shall acquire the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the law 3746/2009. Furthermore the Fund can provide guarantees to countries, international organisations or others and generally for every necessary action for the application of decisions of the Eurozone pertaining to the support of the Greek economy.

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

As of 31/12/2011 the Fund's BoD and Observers comprised of the following:

Name	Position in BoD	Profession
Executive Members		
Thomopoulos Panayotis	Chairman	Chairman of the BoD
Kyrkos Charalambos	Vice Chairman	Vice Chairman of the BoD
Gagales Anastasios	Vice Chairman	Vice Chairman of the BoD
Non – Executive Members		
Plaskovitis Ilias	Member	General Secretary-General of the Ministry of Finance
Zakka Vassiliki [1]	Member (Member of the Audit Committee)	BoG Head of Financial Stability
Independent Non – Executive Members		
Tzavalis Ilias [2]	Member (Member of the Audit Committee)	University Professor in Economics
Iplixian Peppy [2]	Member	BoD member, New Proton
Observers		
Basch Peter from Feb. 2011 (EC representative), Weiss Peter from Nov. 2010 to Jan. 2011 (EC representative – alternate to Mr. Basch), Strouzas Panagiotis from Nov. 2010 (ECB representative)		

[1] *Mrs. Zakka replaced Mr. Tsaveas on the BoD and the Audit Committee in Sep. 2011.*
[2] *Mr. Tzavalis (a Member of the BoD since Nov. 2010) replaced Mrs. Iplixian in the Audit Committee from Dec. 2011 up to Feb. 2012 (in Feb. 2012 Mrs. Iplixian replaced Mrs. Tzavalis in the Audit Committee).*

The Auditor of the financial statements is Mr. Nikolaos Sofianos, I.C.P.A. Reg.: No 12231.
The current financial statements have been approved by the Fund's BoD on 18 May 2012.

NOTE 2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Fund for the year ended 31/12/2011 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the E.U. The E.U.-endorsed IFRS may differ from the IFRS as issued by the International Accounting Standards Board ("IASB") if, at any point in time, new or amended IFRS have not been endorsed by the E.U. On 31/12/2011, there were no unendorsed standards effective for the year ended 31/12/2011, which affect these financial statements. Furthermore, there was no difference between the IFRS endorsed by the EU and the IFRS issued by the IASB in terms of their application to the Fund. Accordingly the financial statements for the year ended 31/12/2011 are prepared in accordance with the IFRS as issued by the IASB. The amounts are presented in Euro (unless otherwise stated).

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets. 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 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 valuation of financial instruments not quoted in active securities' and stock markets.

The presentation currency for these financial statements is the Euro, which is also the functional currency. The Financial Statements cover the period from 21/07/2010, when the fund was founded, up to 31/12/2011. The Fund's Directors have reviewed the accounting policies and believe that the accounting policies adopted are the most appropriate for the circumstances of the Fund.

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 temporary aiming to stabilize the Greek banking sector and do not meet the needs of their users.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Adoption of IFRS

New standards, amendments and interpretations to existing standards effective after 2011

- **IFRS 7 "Financial Instruments: Disclosures"** (Amendment) (effective for annual periods beginning on or after 1 July 2011). The amendment requires certain additional disclosures in relation to transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The Fund has not applied this amendment.

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2015). IFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities, including some hybrid contracts.

The new standard requires all financial assets to be:

(a) classified on the basis of the entity's business model for the financial assets and the cash flow characteristics of the financial assets.

(b) initially measured at fair value plus transaction costs, except the financial assets at fair value through P&L in which transaction costs are not included.

(c) subsequently measured at amortised cost or fair value.

(d) investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in the income statement.

(e) the concept of "embedded derivatives" does not apply to financial assets within the scope of the Standard and the instrument must be classified and measured in accordance with the above guidelines.

The standard also requires a financial liability to be classified as either at fair value through profit or loss or at amortised cost. For a financial liability designated at fair value through profit or loss, the change in the liability's fair value attributable to changes in the liability's credit risk is recognized directly in other comprehensive income, unless it creates or increases an accounting mismatch. The amount that is recognized in other comprehensive income is not transferred in the Income Statement when the liability is settled or extinguished.

The Fund has not applied this Standard and is currently evaluating the timing of application.

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements"** (Amendment)**, IAS 28 "Investments in Associates and Joint Ventures"** (Amendment) (effective for annual periods beginning on or after 1 January 2013).

IFRS 10 provides a single consolidation model and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 replaces the consolidation requirements in IAS 27 "Consolidated and Separate Financial Statements" which now only deals with the requirements for separate financial statements and SIC-12 "Consolidation—Special Purpose Entities".

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-monetary Contributions by Venturers". It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures. Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted.

IAS 28 "Investments in Associates and Joint Ventures" (2011) supersedes IAS 28 "Investments in Associates" and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Fund has not applied the above Standards and amendments and it is not expected to have an impact on its financial statements.

- **IFRS 13 "Fair Value Measurement"** (effective for annual periods beginning on or after 1 January 2013). IFRS 13:

- defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price);
- sets out in a single IFRS a framework for measuring fair value; and
- requires disclosures about fair value measurements.

IFRS 13 applies to IFRS that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 explains how to measure fair value for financial reporting. It does not require fair value measurements in addition to those already required or permitted by other IFRS and is not intended to establish valuation standards or affect valuation practices outside financial reporting.

The Fund has not applied this Standard and is currently evaluating the impact of IFRS 13 on its financial statements.

- **IAS 1 "Presentation of Financial Statements"** (Amendment) (effective for annual periods beginning on or after 1 July 2012). The amendments require to group together items within OCI that may be reclassified to the profit or loss section of the statement of comprehensive income subsequently.

The Fund has not applied this amendment and is currently evaluating its impact on its financial statements.

- IAS 32 "Financial Instruments: Presentation" (Amendment) (effective for annual periods beginning on or after 1 January 2014). The amendment provides clarifications on the application of the offsetting rules.

The Fund has not applied this amendment and is currently evaluating its impact on the financial statements.

- IFRS 7 "Financial Instruments: Disclosures" (Amendment) (effective for annual periods beginning on or after 1 January 2013). The amendment requires information about all financial instruments that are offset in accordance with paragraph 42 of IAS 32. The amendment also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

The Fund has not applied this amendment and is currently evaluating its impact on the financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the financial statements.

2.3 Investment Securities

The purpose of the Fund is to maintain the stability of the Greek banking system through strengthening the capital adequacy of credit institutions operating in

Greece. The capital strengthening is provided through participation of the Fund in the share capital increase of the credit institutions under recapitalisation by issuing common shares or contingent convertible securities (CoCos).
Investment securities are initially recognized at fair value (including transaction costs) and are classified as available for sale. Purchases or sales of such securities are recognized in the financial statements on the trade date, which corresponds to the date during which the Fund commits to buy or sell the asset.

Available for sale investment securities are measured subsequent to initial recognition at fair value. In the case that the fair value of equity instruments cannot be reliably and subjectively measured, then these securities are recognized at cost. Unrealized gains and losses arising from changes in the fair value of available for sale investment securities are reported in other comprehensive income, until such investment is sold, collected or otherwise disposed of in any other way, or until such investment is determined to be impaired.

When an available for sale investment security is disposed of or impaired, the accumulated unrealized gain or loss included in other comprehensive income is transferred from equity to the income statement for the period and reported as gains / losses from investment securities. Gains and losses on disposal are determined using the moving weighted average cost method.

Impairment: The Fund assesses at each reporting date whether there is objective evidence that an investment security or a group of such securities is impaired.

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the Income statement) is transferred into the Income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of comprehensive income.

2.4 Fair value of Financial Instruments

The Fund measures the fair value of its financial instruments based on a framework for measuring fair value that categorizes financial instruments based on a three-level hierarchy of the inputs to the valuation technique, as discussed below.

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include financial instruments with quoted prices that are traded less frequently than exchange-traded instruments, as well as financial instruments without quoted prices and certain derivative contracts whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

2.5 Recognition of deferred profit or loss on the transaction date

There are cases where the fair value of financial instruments is determined through the use of valuation models, which are based on prices or ratios, which are not always available in the market. In these cases, initially, the financial instrument is recognized by the Fund at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Such a difference between the transaction price and the model value is commonly referred to as “Day 1 profit or loss”. The Fund does not recognize that initial difference, immediately in the income statement.

Deferred Day 1 profit or loss is recognized gradually during the duration of the transaction. Any unrecognized Day 1 profit or loss is immediately released to the Income statement if the fair value of the financial instrument in question can be determined either by using market observable model inputs or by reference to a quoted price for the same product in an active market or upon settlement.

After entering into a transaction, the Fund measures the financial instrument at fair value, adjusted for the deferred Day 1 profit or loss. Subsequent changes in fair value are recognized immediately in the Income statement without reversal of deferred Day 1 profits and losses.

2.6 Property and Equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Fund for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalized, only when it is probable that they will result in future economic benefits to the Fund beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognized. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful lives. The estimated useful life of property and equipment relating to leasehold improvements and transportation means is till 30/06/2017 and for furniture and equipment up to 3 years.

At each reporting date the Fund assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit / (loss) before tax.

2.7 Software

Software includes costs that are directly associated with identifiable and unique software products that are anticipated to generate future economic benefits beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

Software is recognized under the caption “Intangible assets” and is amortized using the straight-line method over the useful life, up to 30/07/2017.

2.8 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2.9 Related Party Transactions

Related parties include the Fund’s Management, close relatives to the Management, companies owned by the Management or companies in whom the Management has substantial influence in the financial and operating policies.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise of notes, site deposits in banks and deposits in the Central Bank. The cash in hand and cash equivalents are recognised at cost.

NOTE 3 Critical Accounting Estimates and Assumptions in the Application of Accounting Principles

The preparation of financial statements in accordance with IFRS requires that the management makes judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the financial statements. The management believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31/12/2011.
The most significant areas, for which judgments, estimates and assumptions are required in applying the Fund's accounting policies, are the following:

Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. These include present value methods and other models based mainly on observable input parameters and to a small extent to unobservable input parameters.

All valuation models are validated before they are used as a basis for financial reporting, and periodically reviewed thereafter. However, determination of fair values contains significant amount of judgment. Therefore, the management establishes adjustments to cover the risks associated with the estimation of unobservable input parameters and the assumptions within the model themselves.
Although a significant degree of judgment is, in some cases, required in establishing fair values, the Management believes the fair values recorded in the statement of financial position and the changes in fair values recorded in the statement of comprehensive income are prudent and reflective of the underlying economics, based on controls and procedural safeguards employed.

Impairment of investment securities

The fund follows the guidance of IAS 39 to determine when investment debt securities are impaired. This determination requires significant judgment.

NOTE 4 Cash and Balances with Central Bank

Amounts in €	31/12/2011
Cash and balances with banks	2,246.02
Balances with Central Bank	1,290,877,152.28
Total	**1,290,879,398.30**

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 and share capital which are compulsory deposited and maintained in a special interest account at BoG. Any other form of investment is prohibited.

NOTE 5 Investment Securities

The Fund's investment in the Share Capital of the New Proton Bank

Proton Bank ("Proton") was incorporated in 2001 with a primary focus on Investment Banking, while in 2005 it was listed in the Athens Exchange. In 2006 it acquired and fully absorbed Omega Bank, a small commercial bank specialized in corporate banking and SMEs. As of 30/06/2011 Proton had a network of 28 branches across Greece and employed 562 people.

During the 1st half of 2011, the BoG performed an on-site inspection following which, it appointed a Commissioner (as per art. 63 of law 3601/2007). On 09/10/2011 a new "Transitional Credit Institution" was created under the name "New Proton Bank S.A." in which all deposits (customer, bank and government) and selected assets and liabilities (including securities and loan portfolios) of the former bank were transferred. The new bank was created following a suggestion of the BoG which anticipated, firstly, that the public's trust in the stability and normal operability of the banking system would be toppled by placing Proton into special liquidation, and, secondly, creating a transitional credit institution and transferring to it all of Proton's assets would safeguard the bank's operability following the decision of the Minister of Finance (Min. Dec. N. 9250/9.10.11 – Government Gazette 2246B, 9.10.2011). The license of the "Old" Proton was recalled by the BoG and the bank was put under liquidation.

The Hellenic Deposit and Investment Guarantee Fund (HDIGF) was called following the BoG's decision in order to cover the funding gap between the value of the transferred assets and liabilities, amounting to € 862m. to the New Proton.

The Fund contributed the share capital of the New Proton and is its sole shareholder. The share capital of € 250m. was paid in two tranches; € 220m. in October 2011 and € 30m. in February 2012).

The New Proton

The New Proton, in collaboration with its sole shareholder, submitted to the BoG and the European Commission a detailed restructuring plan based on new strategic objectives which would revitalize the bank, would bolster its attractiveness and its financial results with the aim of its sale in the next 2-3 years, as foreseen by the law on financial institution revitalization.

A new BoD was appointed in which a representative from the HFSF participated, the top management was removed and replaced to enhance governance, risk management and internal control capabilities, while a new and more flexible organizational structure was designed.

The key efforts of the new management focus on resolving issues of the past amongst which:

- significant exposure to high risk loan portfolios
- high funding cost due to the high dependency of the bank on short-term time deposits with large interest rate margins,
- liquidity shortage due to maturity mismatch between long-term corporate lending and short-term retail deposits
- poor internal control system and risk management framework,
- increased operational costs, inefficient organizational structure etc.

According to the new restructuring plan (to be approved by the European Commission), the strategic objectives of the New Proton include among others:

    - The development of a new client-centric model, based on the bank's historically strong "point" which was the provision of advisory services, with an emphasis on high quality small and medium enterprises, with a focus on professionals (doctors, lawyers etc.) for the provision of banking services such as loans and deposits, as well as a wide range of retail banking services based on the customer's needs (such as mortgages, credit cards, brokerage, bank assurance, 'personal banking' etc.)
- The strengthening of selling points of the network (28 branches) and the change in the culture of the bank with the aim of upgrading the customer relationships for the development of cross-selling capabilities, not only attracting deposits
- The reduction and maintenance of Eurosystem funding at low levels (15% of total assets)
- The reduction of exposure to the shipping sector and securities portfolios
- Disposal of the 100% subsidiary Proton Mutual Funds and the bank's participation in the insurance company Omega Brokers (the services will continue to be provided to customers through independent contracts)
- The continuation of the provision of brokerage and leasing services at a smaller scale, reflecting lower demand and higher financial risk
- The drastic enhancement of the bank's risk management and internal audit framework and processes:
    - hiring a Chief Risk Officer, a Chief Internal Auditor and a Chief Financial Officer
    - developing risk strategy, policies, models and methodologies
    - establishing systems where needed
- Reduce headcount (as of December 2011, the bank employed 516 people), and
- Actively manage all high risk loans to safeguard the bank's interests.

Statement of Financial Position – New Proton

Amounts in €m	31/12/2011	09/10/2011
Total assets	**1,712.7**	**3,055.6**
of which:		
Cash & cash equivalents	113.4	100.2
Net Loans to customers	831.4	930.8
Financial assets	416.8	583.1
Other assets	351.0	1,441.5
of which HDIGF/HFSF receivables	289.6	1,371.6
Total liabilities	**1,802.2**	**2,890.9**
of which:		
Due to banks	381.9	1,215.2
Due to customers	1,355.4	1,615.5
Derivatives & other debt instruments	49.8	49.2
Other liabilities	15.1	11.0
Total equity	**(89.5)**	**164.7**
Paid in share capital	220.0	-
Non-paid in share capital	30.0	250.0
Accumulated losses and other reserves	(339.5)	(85.3)

Source: unaudited financial statements for the period ended 31/12/2011 drafted by New Proton's management for the purpose of preparing the Fund's financial statements.

On 09/10/2011 New Proton's other assets included receivables from the HDIGF/HFSF amounting to € 1,371.6m., which is analysed as follows: a) receivables from the HDIGF amounting to € 862m. due to New Proton's funding gap, € 65m. of which were paid by the HDIGF on 11/10/2011 and the remaining € 797m. of which were paid on 12/12/2011, b) share capital amounting to € 250m. which was contributed by the HFSF in 2 tranches, € 220m. in October 2011 and € 30m. in February 2012, and c) receivables of € 259.6m. due to an additional funding gap which was derived following an additional due diligent examination on New Proton and which was paid by the HFSF on 14/05/2011 instead of the HDIGF. As of 31/12/2011 the balance of New Proton's receivables from the HDIGF/HFSF stood at € 289.6m. (€ 259.6m. receivable due to additional funding gap + € 30m. receivable for 2nd tranche of capital increase).

Statement of Comprehensive Income – New Proton

Amounts in €m	09/10/2011 – 31/12/2011
Net Interest income	7.1
Net Fee and commission income	0.6
Gains/(losses) from financial transactions	(2.5)
Other income	0.2
Total operating income	5.3
Total operating expenses	(11.7)
Profit / (Loss) before provisions & impairments	**(6.4)**
Provisions	(91.6)
Impairments of Greek Government Bonds*	(146.5)
Profit / (Loss) before tax	**(244.6)**
Tax	-
Profit / (Loss) after tax	**(244.6)**
Net change in securities' portfolio	(6.9)
Total profit / (loss) after tax	**(251.4)**

Source: unaudited financial statements for the period ended 31/12/2011 drafted by New Proton's management for the purpose of preparing the Fund's financial statements.

** As a result of the PSI+, i.e. the haircut in the nominal value of the Greek Government Bonds by 53.5% and the exchange of the old Greek Government Bonds with new bonds (31.5% GGBs and 15% EFSF), the New Proton recognized the bonds it held as of 31/12/2011 with a 75% or € 146.5 m impairment to their nominal value. The said percentage was defined based on the present value of the new bonds versus the old ones, through the aforementioned exchange.*

According to the unaudited financial statements for the period 09/10/2011-31/12/2011 which were drafted by the Management of the New Proton for the purpose of preparing the Fund's financial statements, the financial results for the interim period from 09/10/2011-31/12/2011, before the effects of the loan provisions and the effect of the PSI+ on the GGBs held by the bank and before tax, have been affected by the prevailing liquidity constraints in money markets and the increased funding cost. The net loss for the period (before provisions and impairments) amounts to € (6.4)m. The results have been further negatively affected by € (82.6)m. in credit risk provisions, € (146.5)m. of impairments on the GGB's due to the PSI+ and € (9.0)m. in impairments of holdings and other provisions, resulting in a loss of € (244.6)m. for the period 09/10/2011 – 31/12/2011.

The loss for the period 09/10/2011 – 31/12/2011 combined with the adjustments to the opening statement of financial position as of 09/10/2011 mainly due to additional provisions on transferred loans amounting to € (85.3)m., the payment of € (2.7)m. for the capital increase tax and in € (6.9)m. in revaluation losses on the available for sale portfolio with a revaluation date on 31/12/2011, which recognized directly in the bank's equity, led the New Proton to a negative equity amounting to € (89.5)m. and therefore in immediate need of a recapitalisation. Given that, according to the New Proton's Management, its risk weighted assets as of 31/12/2011 amount to € 1,203.5m., and regulatory capital amounts to € (85.5)m. an amount of € 194m. is needed in order for the core capital adequacy ratio to exceed 9% as required for 30/09/2012.
The aforementioned resulted in a total impairment of the Fund's investment amounting to € 220m. on 31/12/2011.

NOTE 6 Property and Equipment

Amounts in €	Vehicles & equipment	Leasehold improvements	Total
Cost			
Balance as of 21 July 2010	-	-	-
Additions	55,176.89	131,696.10	186,872.99
Disposals and write-offs	1,887.65		1,887.65
Balance 31 December2011	53,289.24	131,696.10	184,985.34
Accumulated depreciation			
Depreciation charge	8,101.66	19,149.56	**27,251.22**
Balance 31 December2011			
Net book amount 31 December 2011	**45,187.58**	**112,546.54**	**157,734.12**

NOTE 7 Intangible Assets

Amounts in €	**31/12/2011**
Cost	**Software**
Balance as of 21 July 2010	-
Additions	16,819.15
Balance 31 December2011	16,819.15
Accumulated amortization	
Amortization charge	3,496.00
Balance 31 December2011	3,496.00
Net book value 31 December 2011	**13,323.15**

NOTE 8 Other Assets

Amounts in €	**31/12/2011**
Prepaid expenses	84,028.17
Guarantees	22,018.00
Total	**106,046.17**

NOTE 9 Other Liabilities

Amounts in €	**31/12/2011**
Creditors and suppliers	230,067.44
Social security contributions payable	100,156.80
Other expenses payable	62,236.00
Total	**392,460.24**

NOTE 10 Share Capital

The authorised share capital, according to amended L. 3864/10, amounts to € 50 billion resulting from funds which will be raised as part of the mechanism put in place by the European Union and the IMF to support Greece according to L. 3845/2010, and which will be gradually covered from the Greek government and included in non-transferable titles until the expiry of the HFSF. As of 31/12/2011 the paid in share capital totaled € 1.5 billion.
It is noted that as of the financial statement approval date, i.e. on 18/05/2012, the Fund’s share capital stood at € 26.5 billion, following the Fund’s € 25 billion capital increase on 19/04/2012 with the contribution of FRNs issued by the European Financial Stability Facility (hereinafter EFSF).

NOTE 11 Interest and Similar Income

Interest income is solely attributed to the deposit account HFSF maintains with the BoG. According to article 2 of the agreement for the payment of interest from the BoG, this is calculated as follows: (a) For any available amount in the account up to € 2,500m., the interest amount will be calculated daily applying an interest rate which will be 10 basis points below the EONIA index, of the previous calendar month, as long as the resulting interest is not below the minimum set interest rate as defined in article 3, par.2 of law 3860/2010 which is the interest rate for accepting deposits in the Eurosystem deposit facility. (b) the interest rate applicable to any amounts in the deposit account that exceed the € 2,500m. will be the interest rate for accepting deposits in the Eurosystem deposit facility.

NOTE 12 Personnel Expenses

The Fund’s personnel as of 31/12/2011 stood at 6. The total personnel expenses for the period 21/07/2010 – 31/12/2011 is analysed as follows:

Amounts in €	**21/07/2010 - 31/12/2011**
Salaries	962,664.17
Employer’s contribution	49,504.86
Total	**1,012,169.03**

NOTE 13 General Administrative and Other Operating Expenses

Amounts in €	21/07/2010 - 31/12/2011
Utilities and rentals	141,354.29
BoD remuneration	138,120.00
Lawyers' fees	72,746.40
Audit firms' fees	101,794.80
Advisors' fees	118,880.73
Freelancers' fees	53,113.14
Other companies' fees	73,333.81
Other expenses	96,273.87
Total	**795,617.04**

NOTE 14 Commitments and Contingent Liabilities

- Commitments: As of 31/12/2011 the Fund had a commitment amounting to € 30m. pertaining to the contribution of the second instalment of New Proton's € 250m. share capital increase (first instalment € 220m. contributed in October 2011). It is noted that the second instalment was contributed to New Proton in February 2012.
-Operating lease commitments: The Fund's commitments relate to the operational leasing for its offices. The minimum future payments are as follows: a) during the year € 131,090, b) More than one year up to 30/06/2017: € 589,905.
-Legal matters: There are no pending matters

NOTE 15 Risk Management

The Fund is not facing any credit, market or liquidity risk. However, the Fund's investments in banks are subject to these risks which may have a direct effect in their value.

NOTE 16 Related Party Transactions

BoD members, as well as close relatives or companies controlled individually or jointly by them, did not enter intor transactions with the Fund. The Executive Members of the BoD, received during the financial year ended 31/12/2011 due to their relationship with the Fund, their remuneration as presented in the table below. Their remuneration is not linked to their performance and include only the gross remuneration as well as their expenses. Furthermore, for the executive members, an amount of € 32,089.57 has been paid for social security contributions.

Amounts in €	01/10/2010 - 31/12/2011
Panayotis Thomopoulos – Chairman (Executive)	294,633.74
Kyrkos Charalampos – Vice Chairman (Executive)	205,107.72
Gagalis Anastasios – Vice Chairman (Executive)	195,920.54

NOTE 17 Independent Auditor's Fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. has served as the independent auditor for the year ended 31/12/2011. The following table presents the aggregate fees for professional audit and other services (incl. VAT) rendered to the Fund by the auditing firm Deloitte Hadjipavlou Sofianos & Cambanis S.A.

Amounts in €	**21/07/2010 - 31/12/2011**
Audit fees for statutory audit of financial statements	7,000.00
Other audit related fees	10,510.00
Total	**17,510.00**

NOTE 18 Post Balance Sheet Events

- On 03/02/2012 the Fund paid € 30m. to New Proton for the subsciprtion of the second instalment of its the share capital. The New Proton's total share capital following the said corporate action stood at € 250m.

- According to Law 4051/2012, the General Counsel (5 members) and the Executive Committee are the management bodies of the Fund. When meetings are convened between the General Counsel and the Executive Committee, one representative of the European Commission and one representative of the European Central Bank (or their replacements) have the right to participate. Until the Members of the General Counsel and Executive Members have been appointed, the Fund is being managed by the current BoD.

- According to par. 12 of article 16B of law 3864/2010 as amended by law 4051/29.2.2012, the Fund, for 12 months commencing from 29/02/2012, will contribute the amount that the HDIGF would have covered, in the context of the revitalization of the financial institutions, as foreseen by par. 13 of art. 63D and par. 7 of art. 63E of law 3601/2007. In this case the Fund takes over the responsibilities of the HDIGF as per par. 4 of art. 13A of law 3746/2009. In this context, the Fund contributed to the New Proton on 14/5/2012 the amount of € 259.6m. and on 10/04/2012 an amount of € 310.9m. to National Bank of Greece S.A. (hereinafter NBG) for the deposits of the clients of the cooperative banks under liquidation. Furthermore, based on the Ordinance on 30/04/2012, the Fund will contribute the amount of € 227m. to Postal Savings Bank for the transfer of the assets and liabilities of T Bank. It is noted that the amount contributed for the Cooperative Banks is based on preliminary estimations of the BoG and will be finalized within 3 months, whereas New Proton's and Postal Savings Bank's amounts are final.

- On 15/03/2012 The EFSF, the Greek State, the Fund and the BoG, signed the "Master Financial Assistance Facility Agreement" amounting to a total of € 109 billion and the Fund guarantees on behalf of the Greek State the amount which will be used for the recapitalization of the credit institutions.
  On 17/04/2012 the Fund signed with the Greek State and the BoG the Acceptance Notice for the deposit EFSF bonds into the Fund's account amounting to a total of € 25 billion which pertain to the recapitalization and revitalization of the credit institutions.
  The Fund's share capital as of the financial statements' approval date amounted to € 26.5 billion, following its € 25 billion capital increase on 19/04/2012. Specifically on 19/04/2012, following the amendment of art. 1 of law 3864/2010 (which was the one that increased the Fund's capital to € 50 billion), the Fund's share capital increased by € 25 billion to the amount of € 26.5 billion through the contribution of floating rate notes (FRNs) issued by the EFSF. The said bonds are held in an account in the Dematerialised Securities System at the BoG and have the following terms:

Nominal Value (€)	Issue Date	Maturity Date	ISIN	Coupon
5.000.000.000	19/04/2012	19/04/2018	EU000A1G0AL3	6M Euribor + 46 b.p.
5.000.000.000	19/04/2012	19/04/2019	EU000A1G0AM1	6M Euribor + 57 b.p.
5.000.000.000	19/04/2012	19/04/2020	EU000A1G0AN9	6M Euribor + 64 b.p.
5.000.000.000	19/04/2012	19/04/2021	EU000A1G0AP4	6M Euribor + 71 b.p.
5.000.000.000	19/04/2012	19/04/2022	EU000A1G0AQ2	6M Euribor + 77 b.p.

- On 20/04/2012 the HFSF issued Commitment Letters for an amount of € 18 billion, valid through 30/09/2012, towards NBG (€ 6.9 billion), EFG Eurobank-Ergasias (€ 4.2 billion), Alpha Bank (€ 1.9 billion) and Piraeus Bank (€ 5.0 billion), which were assessed as viable by the BoG, so as to cover the minimum requirement of 8%.

- According to the provisions of the Memorandum (L. 4046/2012. Appendix V-1), two new divisions are anticipated to be establised, one responsible for monitoring the banks that will be recapitalized from the Fund and one responsible for monitoring the Interim Credit Institutions and related matters. The organisational and managerial requirements necessitated by the establishment of these divisions is currently being assessed.

- According to the Ministerial Act on 30/04/2012 it was decided that paragraph 10 would be added to article 6 of Law 3864/2010, according to which in a future share capital increase of a credit institution, which has been assessed viable by the BoG, the Fund will pay an advance of its subscription in the share capital increase or part of the subscription and up to the amount set by the BoG, without following the procedure as set forth by par. 3 and notwithstanding the procedure of par. 4, following a resolution by the BoG.

- A Cabinet Act on 03/05/2012 was issued setting the terms of the subscription agreements to be drafted, between the Fund, the credit institutions and the EFSF.