

Hellenic Financial Stability Fund



Annual Financial Report
for the year ended 31/12/2014

April 2015



Table of Contents

General Council and Executive Board Report	3
Corporate Governance	19
Statement of the General Council and the Executive Board	28
Independent Auditor's Report	29
Statement of Financial Position	31
Statement of Comprehensive Income	32
Statement of Changes in Equity	33
Statement of Cash Flows	34
Notes to the Financial Statements	35
Note 1. General Information	35
Note 2. Summary of Significant Accounting Policies	36
2.1 Basis of Preparation	36
2.2 Adoption of International Financial Reporting Standards (IFRS)	36
2.3 Financial Assets at Fair Value through Profit or Loss	41
2.4 Derivative Financial Liabilities	41
2.5 Investment Securities	41
2.6 Fair Value of Financial Instruments	42
2.7 Receivables from Banks under Liquidation	43
2.8 Recognition of Deferred Profit or Loss on the Transaction Date	43
2.9 Derecognition	44
2.10 Interest Income and Expense	44
2.11 Fees and Commissions	44
2.12 Property and Equipment	44
2.13 Software	45
2.14 Provisions	45
2.15 Segment Reporting	45
2.16 Related party transactions	45
2.17 Cash and cash equivalents	45
2.18 Operating Lease as a Lessee	45
2.19 Tax Regime	45
Note 3. Critical Accounting Estimates and Assumptions in the Application of Accounting Principles	45
Note 4. Segment Reporting	46
Note 5. Cash and Balances with Banks	48
Note 6. Investment Securities	48
Note 7. Financial Assets at Fair Value through Profit or Loss	49
Note 8. Property & Equipment	51
Note 9. Intangible Assets	51
Note 10. Receivables from Banks under Liquidation	52
Note 11. Other Assets	55
Note 12. Liabilities for Payment of Funding Gap	55
Note 13. Derivative Financial Liability	55
Note 14. Provisions and Other Liabilities	56
Note 15. Interest Income	57
Note 16. Commission Income	57
Note 17. Personnel Expenses	57
Note 18. General Administrative and Other Operating Expenses	57
Note 19. Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss	58
Note 20. Gain/(Loss) from Investments Securities	58
Note 21. Other Income/(Expenses)	59
Note 22. Commitments and Contingent Liabilities	59
Note 23. Risk Management	59
Note 24. Related Party Transactions	61
Note 25. Independent Auditors' Fees	63
Note 26. Post Balance Sheet Events	63



General Council and Executive Board Report

The Hellenic Financial Stability Fund

The Hellenic Financial Stability Fund (hereinafter the “Fund” or “HFSF”) was founded in July 2010 (under Law 3864/2010) as a private legal entity and does not belong to the public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as applicable. On a supplementary basis, the provisions of company codified Law 2190/1920 are applied as in force, provided that they are not contrary to the provisions and the objectives of the founding Law of the Fund. The purely private nature of the Fund is neither affected by its entire capital being subscribed by the Greek government, nor by the issuance of the relevant decisions by the Minister of Finance.

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

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) by the Ministry of Finance according to the decision 44560/B. 2018 (Government Gazette 319/30.9.2010). On 30/01/2013 the Board of Directors was substituted by the Executive Board and the General Council according to the decision of the Minister of Finance 3710/B.204 (Government Gazette YODD 35/30.1.2013), as amended by the decisions of the Minister of Finance 04960/B1112.B (Government Gazette YODD 193/30.4.2013), 19582/B1195 (Government Gazette YODD 210/7.5.2013), 20532/B.1252 (Government Gazette YODD 215/15.5.2013), 36922/B.2149 (Government Gazette YODD 421/29.8.2013), GDOP11361EX2013/B.2183 (Government Gazette YODD 430/6.9.2013), GDOP0000276EX/B.2896 (Government Gazette YODD 4/13.1.2014), GDOP0000038EX2014/B.53 (Government Gazette YODD 6/14.1.2014), GDOP0000046EX2014/B.54 (Government Gazette YODD 9/15.1.2014) GDOP0000 569EX2014/B.793 (Government Gazette YODD 254/8.5.2014) and GDOP0001381EX2014/B.1745 (Government Gazette YODD 688/5.11.2014).

From the date of the enactment of Law 4051/2012 (Government Gazette A 40/29.2.2012) as amended by Law 4224/2013, the Fund covered the amount that the Hellenic Deposit & Investment Guarantee Fund (hereinafter HDIGF) would have paid for the resolution of credit institutions in accordance to Law 4261/2014 until 31/12/2014. Specifically the Fund was obliged to pay the amount as per paragraph 13 of article 141 and paragraph 7 of article 142 of the aforementioned law. The provision was amended in late 2014 by art.96 of the Law 4316/2014.

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 prevents nor distorts the competition in the banking sector.

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

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



Significant Events during the Financial Year 2014

Systemic banks' share capital increases

In 2014, following the completion of Blackrock's exercise, the BoG announced to the four systemic banks (Alpha Bank, Eurobank, National Bank of Greece, Piraeus Bank) the final capital needs both under the baseline scenario and the adverse scenario. The BoG requested that the banks provide a capital actions plan by mid-April 2014, outlining actions towards covering the capital needs identified under the baseline scenario. All systemic banks opted for a share capital increase (hereinafter "SCI") during 2014.

Alpha Bank S.A.

In February 2014 the HFSF provided its consent to Alpha Bank S.A. (hereinafter "Alpha") to proceed with the invitation for an Extraordinary General Meeting, to decide on a SCI, of up to €1.2bn, with cancellation of preemption rights. The SCI aimed to cover the capital needs determined by the Bank of Greece and also allow for the repayment of the preference shares held by the state. The SCI was completed successfully in April with a subscription price of € 0.65 and the amount was covered in full by institutional investors, via a private placement. The SCI took place in accordance with corporate law 2190/1920. As a result of the SCI HFSF's shareholding in Alpha was reduced from 81.7% to 69.9%. Lazard acted as the financial advisor to the HFSF whereas Nomura provided a fairness opinion.

Following its share capital increase, Alpha proceeded with the redemption of the Hellenic Republic's preference shares of €940 million.

In June 2014 the HFSF approved the Restructuring Plan of Alpha which was subsequently approved by DG Competition.

In June 2014 Alpha with the consent of the HFSF proceeded with the issuance of a three-year senior unsecured bond of €500 million with a yield of 3.5% at issuance.

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

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

Alpha, with the consent of HFSF, launched in September a Voluntary Separation Scheme (hereinafter "VSS"). A total number of 2,200 employees participated in the VSS.

In December 2014 HFSF provided its consent for the legal merger of Alpha's subsidiaries in Cyprus, Alpha Bank Cyprus and Emporiki Bank Cyprus, following the merger of Alpha with Emporiki. The transaction was finalized in March 2015.

In December 2014 HFSF provided its consent for the sale of Alpha Insurance Ltd, the bank's insurance business in Cyprus, following an open sale process. The sale was completed in January 2015.

In December 2014 Alpha's third warrants exercise took place. There were 2,055,566 warrants exercised and 15,228,481 shares exchanged, with the Fund receiving €7,136,066. Following the exercise the HFSF's shareholding in Alpha declined from 66.4% to 66.2%.



Eurobank Ergasias S.A.

In March 2014 the HFSF provided its consent to Eurobank Ergasias S.A. (hereinafter “Eurobank”) to proceed with the invitation for an Extraordinary General Meeting, which decided on a SCI, of €2,864 million, with cancellation of preemption rights. The SCI aimed to cover the capital needs determined by the BoG under the baseline scenario. The SCI took place in accordance with the revised law 3864/2010, under which the HFSF’s backstop was requested. The SCI structure involved the prior commitment of a Cornerstone Investor for a specific size and a specific price. On 14/4/2014 the HFSF received only one valid binding offer at €0.30 per new share, for an amount of €1,334 million, by a consortium of investors led by Fairfax. The remaining of the amount was covered during the book building process. Due to the high demand the final offer price was set at €0.31, with the Cornerstone Investor raising to that price the originally committed amount. The SCI was completed successfully on 29/04/2014 and the amount was covered in full by institutional investors and private investors through a private placement and a public offering. Lazard acted as HFSF’s advisor and provided a valuation report, while a second valuation report in accordance with the law was provided by Morgan Stanley. As a result of the SCI HFSF’s shareholding in Eurobank was reduced from 95.2% to 35.4%.

On 10/04/2014 the HFSF approved the Restructuring Plan of Eurobank, which was subsequently approved by DG Competition.

In June 2014 Eurobank with HFSF’s consent proceeded with the issuance of a four-year senior unsecured bond of €500 million with a yield of 4.375% at issuance.

In June 2014, with HFSF’s consent Eurobank sold to institutional investors with pre-agreed trades (block trades) common shares of Eurobank Properties REIC, which corresponded to approximately 13.5% of Eurobank Properties share capital. Following these trades Eurobank holds marginally over 20% of Eurobank Properties REIC share capital and retains management control and fully consolidates it. In October 2014, the Company was renamed to Grivalia Properties REIC.

In the context of the Law 3864/2010 (as amended in April 2014), HFSF voting rights became restricted following the SCI which was fully covered by private investors and HFSF entered in August 2014 into a new Relationship Framework Agreement (RFA) with Eurobank.

National Bank of Greece S.A.

In April 2014 the HFSF provided its consent to National Bank of Greece S.A. (hereinafter “NBG”) to proceed with the issuance of a five-year senior unsecured bond of €750 million with a yield of 4.5% at issuance.

On 16/04/2014 the HFSF provided its consent to NBG to proceed with a SCI of €2.5bn, with cancellation of preemption rights. The SCI was completed successfully in May 2014 with a subscription price of €2.20 and the amount was covered in full by institutional investors through a private placement. The SCI took place in accordance with corporate law 2190/1920. Lazard acted as HFSF’s financial advisor, while JPMorgan and Nomura provided the valuation reports. Following the SCI, HFSF shareholding in NBG declined from 84.4% to 57.2%.

In June 2014 the HFSF approved the Restructuring Plan of NBG which was subsequently approved by DG Competition.

In June 2014 NBG’s second warrants exercise took place. Only 121 warrants were exercised and 993 shares were exchanged, with the Fund receiving €4,430.

In October 2014 NBG announced the results of the Mandatory Tender Offer, from Pangaea REIC, for the acquisition of the total common registered shares of MIG REIC, which had been approved by the HFSF. Following the completion of the share transfer Pangaea REIC owns 13,605,064 shares, representing 96.94% of the share capital and voting rights of MIG REIC. In January 2015 the HFSF provided its consent to NBG to proceed with the reverse merger of Pangaea REIC with MIG REIC.



In October 2014 NBG announced the acquisition of 5% of the common shares of Finansbank from International Finance Corporation (IFC), upon exercise of IFC's relevant right (put option) and in accordance with the agreement between them of 29 March 2007. NBG paid a total consideration of US \$343,060,832 to acquire such shares, bringing NBG's stake to 99.8%.

In December 2014 NBG's third warrants exercise took place. No warrants were exercised and therefore, HFSF's shareholding in NBG remained unchanged at 57.2%.

Piraeus Bank S.A.

In January 2014 Piraeus Bank's S.A. (hereinafter "Piraeus") first warrants exercise took place. There were 603,280 warrants exercised and 2,700,125 shares exchanged, with the Fund receiving €4,682,017.

In February 2014 the HFSF provided its consent to Piraeus to proceed with the invitation for an Extraordinary General Meeting, to decide on a SCI of up to €1.75bn, with cancellation of preemption rights. The SCI aimed to cover the capital needs determined by the BoG and also allow for the repayment of the preference shares held by the state. The SCI was completed successfully in April with a subscription price of € 1.70 and the amount was covered in full by institutional and private investors through a private placement and a public offering. The SCI took place in accordance with corporate law 2190/1920. As a result of the SCI HFSF's shareholding in Piraeus was reduced from 81.0% to 67.3%. Lazard acted as the financial advisor to the HFSF whereas Nomura provided a fairness opinion.

In May 2014 following its SCI, Piraeus proceeded with the redemption of the €750 million preference shares held by the Greek State. In November 2014 Piraeus decided the cancellation of the Greek State's preference shares of Law 3723/2008, approving also the corresponding reduction of the share capital.

On 18/03/2014 Piraeus with HFSF's consent proceeded with the issuance of a three-year senior unsecured bond of €500 million with a yield of 5% at issuance.

In June 2014 the HFSF approved the Restructuring Plan of Piraeus which was subsequently approved by DG Competition.

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

In November 2014 Piraeus approved the merger by acquisition with Geniki Bank. The merger was completed in December 2014.

Piraeus, with the consent of HFSF, launched in November 2014 a VSS. A total number of 978 employees participated in the VSS.

In August 2014, Piraeus announced the sale of 100% of ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re for a total consideration of € 90m subject to customary net asset value adjustments upon closing. In December 2014 HFSF provided its consent for the sale of ATE Insurance to Ergo Insurance, as part of the bank's commitments to the DGComp and of the bank's Restructuring Plan. The closing of the transaction is still pending.

EBA / SSM Comprehensive Assessment: AQR and Stress Test Results

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

The AQR was a point-in-time assessment of the accuracy of the carrying value of banks' assets as of 31 December 2013 and provided a starting point for the Stress Test. The Stress Test provided a forward-looking examination of the



resilience of banks' solvency according to two hypothetical scenarios, also reflecting the information arising from the AQR.

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

Deferred Tax Asset

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

In November 2014 Alpha, Eurobank and NBG and in December 2014 Piraeus, held an EGM, in which the HFSF participated and voted, in order to approve the banks' participation to the DTA conversion provisions. The EGMs decided for the banks to form in the future in accordance with the provisions of the Law, a special reserve and issue securities representing the right to acquire common shares (conversion rights) in favor of the Greek State and grant authorization to the Board of Directors to proceed with the necessary actions for the implementation.

The total DTA of the four systemic banks eligible to be converted in DTC as of 31/12/2014 amounted to € 12.8 billion.

Banks under liquidation

According to par. 15 of article 9 of Law 4051/2012 (A' 40) as amended by Law 4224/2013, the Fund had to contribute up to 31/12/2014 the amount that the HDIGF would have covered, in the context of the resolution of financial institutions, as foreseen by par. 13 of art.141 and par.7 of art.142 of Law 4261/2014. The liquidators of credit institutions under liquidation are nominated by the BoG and are subject to its monitor and control. Further to that, recent Law 4254/2014 explicitly states that the monitoring and supervision of the actions and decisions of the bodies of the special liquidation of the credit institutions do not fall within the functions of the Fund and therefore, the Fund has no involvement or control over the liquidation process and the recovery of any amounts, but nevertheless maintains its own independent valuation estimates over amounts to be recovered.

In June 2014 the BoG issued the Resolution Committee's decision 16/10.6.2014, according to which the Final Difference between the values of assets and liabilities transferred amounted to € 258,547,648 for the Cooperative Bank of Dodecanese and € 105,178,136 for the Cooperative Bank of Evia. In December 2013 the HFSF had paid two thirds of the Initial Difference thereof i.e., € 166,008,901 for the Cooperative Bank of Dodecanese and € 63,939,049 for the Cooperative Bank of Evia. In June 2014 the HFSF paid to Alpha the remaining amounts of € 92,538,747 (€ 258,547,648 minus € 166,008,901) for the Cooperative Bank of Dodecanese and € 41,239,087 (€ 105,178,136 minus € 63,939,049) for the Cooperative Bank of Evia.

In July 2014 the BoG issued the Resolution Committee's decision 17/14.7.2014, according to which the Final Difference between the values of assets and liabilities transferred amounted to € 95,244,475 for the Cooperative Bank of Western Macedonia. In December 2013 the HFSF had paid two thirds of the Initial Difference thereof i.e., € 54,681,344. In July 2014 the HFSF paid to Alpha the remaining amount of € 40,563,131 (€ 95,244,475 minus € 54,681,344).

During 2014, the Fund collected via the liquidation process a total amount of € 40m (€ 38m from Achaiki Cooperative Bank and € 2m from T-Bank).



HFSF internal matters

On 07/04/2014 the HFSF Law (L.3864/2010) was revised, under L.4254/2014, and published in the Government Gazette (FEK A 85/7.4.2014).

In January 2014 Mrs. E. Michailidou, representing the Ministry of Finance in the General Council, resigned from her position and was replaced by Mr. A. Gounaris (Government Gazette YODD 9/15.1.2014).

In January 2014 Mr. E. Gatzonas, the BoG appointee in the General Council, resigned from his position and was replaced by Mr. S. Zarkos who resigned from his position in May 2014 and was replaced by Mr. V. Spiliotopoulos (Government Gazette YODD 254/08.05.2014).

On 06/11/2014, Mr. Steven Franck and Mr. Christoforos Stratos were appointed by the Ministry of Finance (Government Gazette YODD 688/5.11.2014) as new additional non-executive members of the General Council in line with the amendment of the law.

A provision was included in L. 4316/2014 (art. 96), as published on 24/12/2014, which gives the possibility for the HFSF to provide a loan to TEKE, in order for the latter to cover resolution funding gap. Simultaneously, the previous regime according to which the HFSF may have to pay the amount that TEKE would pay for resolution funding gap continues to apply.

In December 2014 the HFSF proceeded with the signing of the second Amendment Agreement relating to the Master Financial Assistance Facility Agreement, between EFSF, the Hellenic Republic, HFSF and BoG, thus extending the Agreement until 28/02/2015. In addition the EFSF/ESM following a request from the Ministry of Finance and the HFSF confirmed the extension of the availability period of the EFSF bonds that HFSF holds to 28/02/2015.

The Fund's Financial Performance during the Financial Year 2014

Statement of Comprehensive Income

Interest income: During 2014 interest income amounted to € 76.7m versus € 167.6m for 2013. The decrease in interest income versus 2013 is due to a) the decrease of the amount of EFSF FRNs held by the Fund due to the transfer during 2013 of EFSF FRNs to cover the systemic banks' recapitalization and the funding gap of banks under liquidation, which together amounted to € 30,767.1m and b) the decrease in the EFSF FRN's base rate (6M Euribor).

Commission income: During 2014 commission income amounted to nil versus € 110.7m for 2013. The amount of commission income for 2013 pertained to the 1% underwriting fee on the nominal amount of the EFSF FRNs that the banks received for their recapitalization.

Personnel expenses: During 2014 personnel expenses amounted to € 2.8m versus € 2.3m for 2013. The increase is due to the increase of the number of personnel which reached 33 at the end of 2014.

General administrative and other operating expenses: During 2014 operating expenses amounted to € 17.4m versus €11m for 2013. The increase in 2014 is mainly due to a) the advisor's fees for the share capital increases and other transactions of the four banks paid by the Fund and the sale of the transitional credit institutions amounting to € 14.5m vs € 8.5m in 2013 and b) the custody fees for the shares of the banks acquired amounting to € 0.8m vs € 0.5m in 2013. Further information on the above is provided in Note 18 to the financial statements.

Impairments of investments and receivables and provision charges for funding gap: During 2014 the impairment charges amounted to € 283.8m (2013: € 4,325.8m) and pertained to the Fund's receivables from banks under liquidation.

Specifically, the impairment loss for 2014 is analyzed as follows: Achaiki Cooperative Bank: € 26.6m, ATEbank: € 50.6m, Dodecanese Cooperative Bank: € 48.5m, Evia Cooperative Bank: € 35.7m, Western Macedonia



Cooperative bank: € 35.4m, Cooperative Bank of Lamia: € 16.3m, Lesvos-Limnos Cooperative Bank: € 6.4m, Hellenic Postbank: € 13.2m, First Business Bank: € 19.3m and Probank: € 31.8m. The impairment loss for 2013 is analyzed as follows: Cooperative Bank of Lamia: € 1.6m, Lesvos-Limnos Cooperative Bank: € 2.1m, Hellenic Postbank: € 3,352.3m, First Business Bank: € 376.7m, Probank: € 434m, Dodecanese Cooperative Bank: € 92.5m, Evia Cooperative Bank: € 41.2m and Western Macedonia Cooperative Bank: € 27.3m. An amount of € 2m was recovered from the liquidation process of T-Bank which reduced the impairment charges for the year 2013 as the receivable was fully impaired in 2012. Further information on the above is provided in Note 10 to the financial statements.

Gain/(Loss) from Investment Securities: The € 5.4m gain for 2014 derives from the disposal of New Hellenic Postbank (hereinafter “New HPB”) that took place in 2013 and is analyzed to an amount of € 8.8m, which was an additional gain from the sale of New HPB to Eurobank, following the finalization of a contingency included in the SPA, realised in the third quarter of 2014 (the amount was received on 13/3/2015), and less an amount of € (3.4)m, which refers to a provision made, for a legal contingency included in the SPA.

The € 434m gain in 2013 pertained to a € 524.1m gain incurred following the completion of the 4 systemic banks’ recapitalization, which derived from the difference between the fair value and nominal value of the EFSF FRNs at the time of contribution, a € (395)m loss incurred from the sale of New Proton to Eurobank, and a € 304.9m profit from the sale of New HPB to Eurobank. Further information on the above is provided in Note 20 to the financial statements.

Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss: The € 9,694.9m loss in 2014 (2013: € 5,982.7m) is analyzed to the result of the revaluation of the Fund’s participations in the 4 systemic banks and the sales of shares due to the exercise of warrants (2014: € 10,705.2m loss, 2013: € 3,700.4 loss) and the revaluation of the warrants (2014: € 1,010.3m gain versus 2013: € 2,282.3 loss). Further information on the above is provided in Note 19 to the financial statements.

Statement of Financial Position

Cash and balances with banks: As of 31/12/2014 the cash and balances with banks amounted to € 670.1m versus € 488.8m as of 31/12/2013. The movement of the balance during 2014 pertains to outflows of € 194.9m and inflows of € 376.2m. Further information on the above is provided in the statement of cash flows and Note 5 to the financial statements.

Investment securities: As of 31/12/2014 the balance amounted to € 10,937.1m versus € 10,938m as of 31/12/2013 and includes the carrying amount of the EFSF FRNs held by the HFSF. The movement during 2014 pertains to the reduction of accrued interest by € 0.9m due to the decline in the FRNs’ base rate. Further information on the above is provided in Note 6 to the financial statements.

Financial assets at fair value through profit or loss: The balance includes the Fund’s investments in the 4 systemic banks following the completion of their recapitalization. As of 31/12/2014 the Fund’s portfolio fair value amounted to € 11,622.1m (31/12/2013: € 22,584.7m). Further information on the above is provided in Note 7 to the financial statements.

Receivables from banks under liquidation: The balance pertains to the estimated recoverable amount of the funding gap, which has been covered by the Fund instead of the HDIGF, and amounted to € 2,542.5m as of 31/12/2014 versus € 2,853.1m as of 31/12/2013. In July 2014 the funding gap covered by HFSF was increased by € 13.2m as a result of the BoG decision regarding the final funding gap of Western Macedonia Cooperative Bank. The Fund during 2014 collected a total amount of € 40m and based on the data received from the liquidators, recognized in the statement of comprehensive income an impairment charge on the receivables amounting to € 283.8m. It is noted that the liquidation proceeds may vary as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors beyond the liquidators control such as the macroeconomic outlook. Further information on the above is provided in Note 10 to the financial statements.

Derivative Financial Liability: The account includes the warrants at fair value, which were issued by the HFSF in connection to the shares held by the HFSF in the three systemic banks following their recapitalization. The account as of 31/12/2014 stood at € 1,272.0m versus € 2,282.3m as of 31/12/2013. Further information on the above is provided in Note 13 to the financial statements.



Equity: During 2014 the loss amounted to € 9,916.8m and the accumulated deficit increased to € 25,194.9m from € 15,278.1m in 2013. Given the accumulated deficit, the total equity decreased to € 24,505.1m in 2014 from € 34,421.9m in 2013.

Systemic Banks' Overview and performance

Alpha Bank S.A.

Bank overview

Alpha is incorporated and domiciled in Greece and its headquarters are located on 40 Stadiou Street in Athens (www.alpha.gr). The group offers the following services: corporate and retail banking, financial services, investment banking and brokerage services, insurance services, real estate management, hotel activities and its shares are listed in the Athens Exchange and in the form of global depositary receipts (hereinafter "GDRs") and ADRs in the London Stock Exchange and the New York Stock Exchange. The group operates in Greece, Cyprus, Romania, Bulgaria, Serbia, Albania, FYROM and the UK.

Board of Directors

Vasileios Rapanos (Non-Executive Chairman), Minas G. Tanes (Non-Executive Independent Vice Chairman), Executive Members: Demetrios P. Mantzounis (Chief Executive Officer), Spyros N. Filaretos (Chief Operating Officer), Artemis Ch. Theodoridis, George K. Aronis, Non-Executive Members: Efthimios O. Vidalis, Ioanna E. Papadopoulou, Marica S. Ioannou-Frangaki (Greek State Representative), Panagiota S. Iplixian (HFSF Representative), Independent Non-Executive Members: Pavlos A. Apostolides, Evangelos J. Kaloussis, Ioannis K. Lyras, Ibrahim S. Dabdoub, Shahzad Shahbaz.

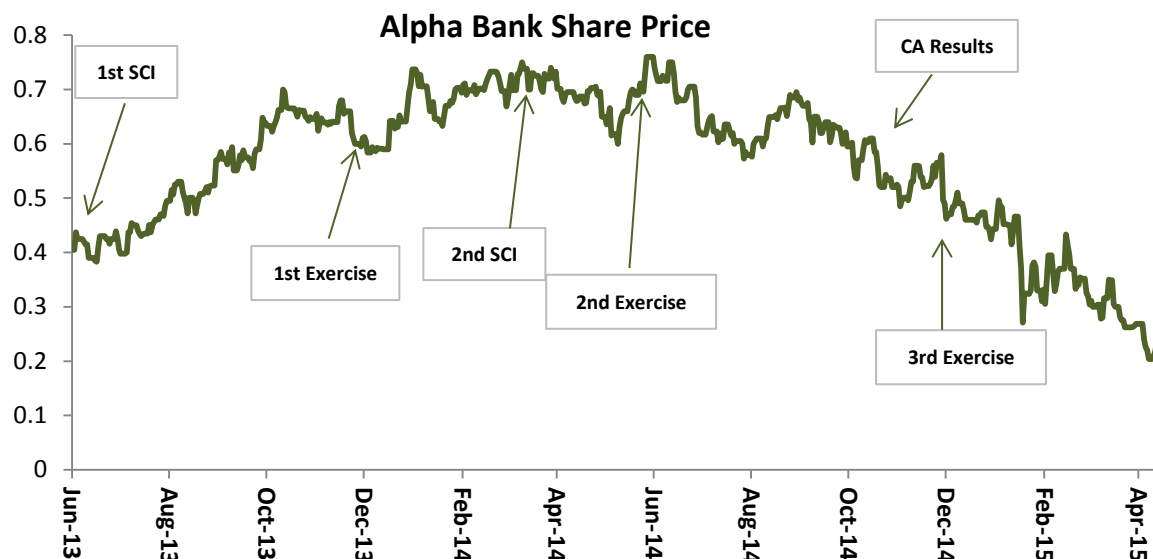
Selected financial information

Extracts from Statement of Financial Position	31/12/2014	31/12/2013	Δ
Loans and advances to customers (net)	49,557	51,678	-4.1%
Due to Customers	42,900	42,485	1.0%
Total Assets	72,935	73,697	-1.0%
Total Liabilities	65,229	65,330	-0.2%
Total Equity	7,707	8,368	-7.9%
Extracts from Income Statement	12 months period ended		
	31/12/2014	31/12/2013	Δ
Total Income	2,444	2,360	3.6%
Operating expenses	-1,645	-1,426	15.4%
Profit / (loss) before tax, provisions and negative goodwill	799	934	-14.5%
Credit Provisions and other impairment charges	-1,853	-1,923	-3.6%
Negative goodwill	40	3,283	-98.8%
Share of profit/(loss) of associates and joint ventures	-11	-16	-31.3%
Profit / (loss) before tax	-1,025	2,278	-145.0%
Tax benefit / (Expense)	696	701	-0.7%
Profit / (Loss) for the period from continuing operations	-329	2,979	-111.0%
Profit / (Loss) for the period from discontinuing operations		-57	
Profit / (Loss) after tax	-329	2,922	
Capital Adequacy	31/12/2014	31/12/2013	
Common Equity Tier 1	14.3%	16.1%	
Rating Agencies	Moody's	S&P	Fitch
Ratings	Caa2	CCC+	CCC

Information on Alpha's financials is available at <http://www.alpha.gr/page/default.asp?id=11435&la=2>.



Share price performance since the date of the recapitalization by the HFSF



Eurobank Ergasias S.A.

Bank overview

Eurobank is incorporated and domiciled in Greece and its headquarters are located on 20 Amalias Avenue in Athens. Eurobank and its subsidiaries are active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services (www.eurobank.gr). The bank is listed on the Athens Exchange. Eurobank holds a strategic position in retail and business banking in Bulgaria, Romania and Serbia, offers discerning wealth management services in Cyprus and Luxembourg and is also present in Ukraine and London.

Board of Directors

Nikolaos V. Karamouzis (Non-Executive Chairman), Spyros L. Lorentziadis (Independent Non-Executive Vice Chairman), Fokion C. Karavias (Chief Executive Officer), Stavros Ioannou (Deputy CEO), Theodoros Kalantonis (Deputy CEO), Non-Executive Members: Wade Sebastian R.E Burton, George K. Chryssikos, Christina G. Andreou (Greek State Representative), Kenneth Howard K. Prince-Wright (HFSF Representative), Independent Non-Executive Members: Bradley Paul L. Martin, Josh P. Seegopaul, Jon Steven B. G. Haick.

Selected financial information

Extracts from Statement of Financial Position			
	31/12/2014	31/12/2013	Δ
Loans and advances to customers (net)	42,133	45,610	-7.6%
Due to Customers	40,878	41,535	-1.6%
Total Assets	75,518	77,586	-2.7%
Total Liabilities	69,214	73,063	-5.3%
Total Equity	6,304	4,523	39.4%
Extracts from Income Statement			
	12 months period ended		
	31/12/2014	31/12/2013	Δ
Total Income	1,889	1,558	21.2%
Operating expenses	-1,055	-1,037	1.7%
Profit / (loss) before tax and provisions	834	521	60.1%
Credit Provisions and other impairment charges	-2,569	-2,156	19.2%
Other non-recurring income/(expenses)	57	-264	
Share of profit/(loss) of associates and joint ventures	0	-2	
Profit / (loss) before tax	-1,678	-1,901	-11.7%



TAMEIO ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ ΣΤΑΘΕΡΟΤΗΤΑΣ

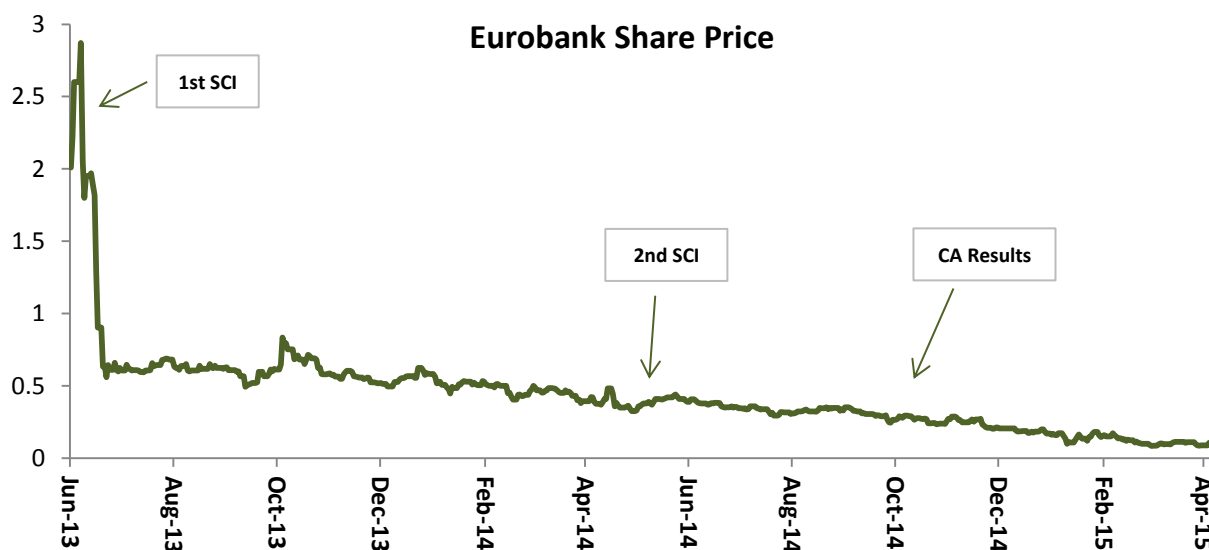
HELLENIC FINANCIAL STABILITY FUND

Extracts from Income Statement	31/12/2014	31/12/2013	Δ
Tax benefit / (Expense)	462	454	1.8%
Non recurring tax adjustments	252	329	-23.4%
Profit / (Loss) for the period from continuing operations	-964	-1,118	-13.8%
Net Profit/(Loss) from discontinued operations	-232	-39	494.9%
Net Profit/(Loss) after tax	-1,196	-1,157	3.4%
Capital Adequacy	31/12/2014	31/12/2013	
Common Equity Tier 1	15.2%	10.4%	
Rating Agencies	Moody's	S&P	Fitch
Ratings	Caa3	CCC+	CCC

Information on Eurobank's financials is available at:

<http://www.eurobank.gr/online/home/genericnew.aspx?code=ependites&mid=853&lang=en>

Share price performance since the date of the recapitalization by the HFSF



National Bank of Greece S.A.

Bank overview

NBG is incorporated and domiciled in Greece and its headquarters are located at 86 Eolou Street, Athens, Greece (www.nbg.gr). NBG's shares are listed on the Athens Exchange and on the New York Stock Exchange in the form of American Depositary Receipts (hereinafter "ADRs"). NBG and its subsidiaries provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance and real estate at a global level. The Group operates in Greece, Turkey, the UK, Bulgaria, Romania, Albania, Serbia, FYROM, Cyprus, Malta, Egypt and South Africa.

Board of Directors

Louka Katseli (Non-Executive Chairman), Executive Members: Leonidas Fragkiadakis (Chief Executive Officer), Dimitrios Dimopoulos (Deputy Chief Executive Officer), Paul Mylonas (Deputy Chief Executive Officer), Paula Hadjisotiriou (Deputy Chief Executive Officer), Non-Executive Members: Stavros A. Koukos, Efthymios C. Katsikas, Angeliki Skandaliari (Greek State representative), Charalampos A. Makkas (HFSF representative), Independent Non-Executive Members: Dimitris Afendoulis, Alexandra T. Papalexopoulou – Benopoulou, Petros K. Sabatacakis, Spyridon J. Theodoropoulos.

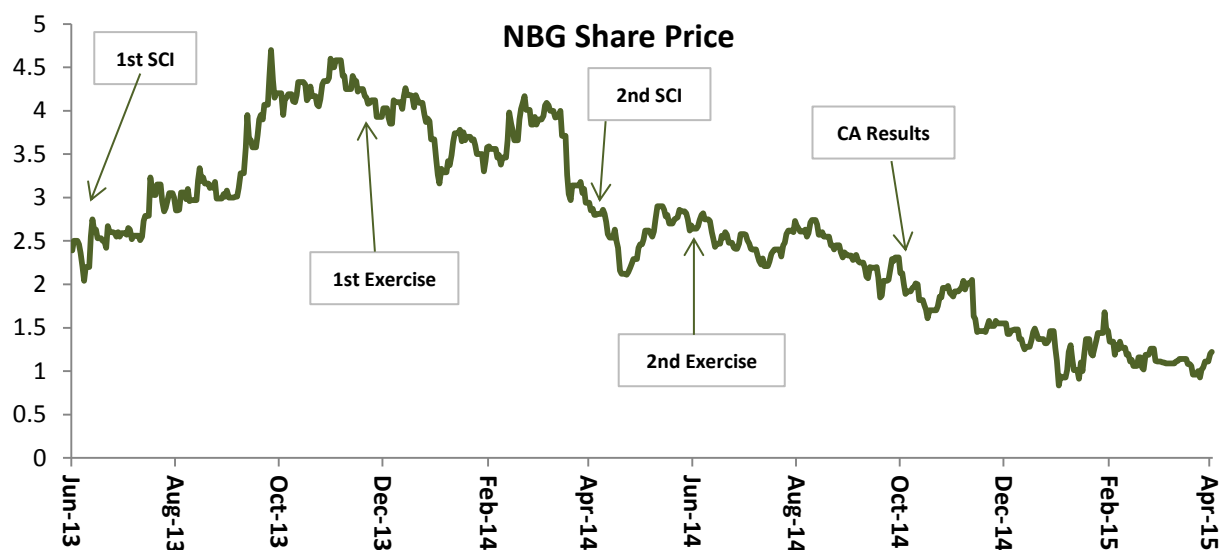


Selected financial information

Extracts from Statement of Financial Position	31/12/2014	31/12/2013	Δ
Loans and advances to customers (net)	68,109	67,250	1.3%
Due to Customers	64,929	62,826	3.3%
Total Assets	115,464	110,930	4.1%
Total Liabilities	104,998	103,056	1.9%
Total Equity	10,466	7,874	32.9%
Extracts from Income Statement	12 months period ended		
	31/12/2014	31/12/2013	Δ
Total Income	3,564	3,771	-5.5%
Operating expenses	-2,121	-2,577	-17.7%
Profit / (loss) before tax and provisions	1,443	1,194	20.9%
Credit Provisions and other impairment charges	-2,865	-1,373	108.7%
Profit / (loss) before tax	-1,422	-179	694.4%
Tax benefit / (Expense)	1,528	986	55.0%
Profit / (Loss) after tax	106	807	-86.9%
Capital Adequacy	31/12/2014	31/12/2013	
Common Equity Tier 1	13.6%	10.5%	
Rating Agencies	Moody's	S&P	Fitch
Ratings	Caa2	CCC+	CCC

Information on NBG's financials is available at <http://www.nbg.gr/wps/portal/en/The-Group/Investor-Relations>.

Share price performance since the date of the recapitalization by the HFSF





Piraeus Bank S.A.

Bank overview

Piraeus is incorporated and domiciled in Greece and its headquarters are located at 4 Amerikis st., Athens (www.piraeusbankgroup.com). The Bank's stock is listed on Athens Exchange. Piraeus and its subsidiaries operate in Greece, Romania, Bulgaria, Albania, Serbia, Egypt, Ukraine, Cyprus, the UK and Germany and its services include retail banking, corporate banking and investment banking as well as consulting services to large corporates.

Board of Directors

Michael Sallas (Non-Executive Chairman), Iakovos Georganas (Non-Executive Vice-Chairman), Apostolos Tamvakakis (Independent Non-Executive Vice-Chairman), Executive Members: Stavros Lekakos (Managing Director & CEO), Anthimos Thomopoulos (Managing Director & CEO), Charikleia Apalagaki (Executive Director), Non-Executive Members: Eftichios Vassilakis, Vasileios Fourlis, Nikolaos Christodoulakis, Gerasimos Tsiaparas (Greek State Representative), Ekaterini Beritsi (HFSF Representative), Independent Non-Executive Members: Argyro Athanasiou, Stylianos Golemis, Petros Pappas, Chariton Kyriazis.

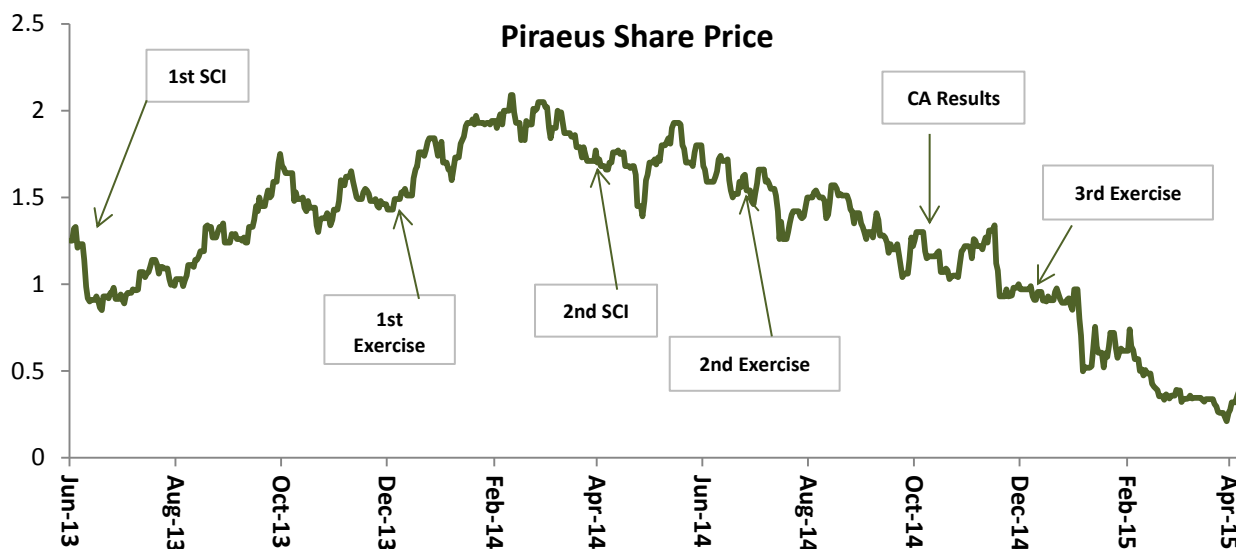
Selected financial information

Extracts from Statement of Financial Position	31/12/2014	31/12/2013	Δ
Loans and advances to customers (net)	57,143	62,366	-8.4%
Due to Customers	54,733	54,279	0.8%
Total Assets	89,290	92,010	-3.0%
Total Liabilities	81,967	83,467	-1.8%
Total Equity	7,322	8,543	-14.3%
Extracts from Income Statement			
	12 months period ended		
	31/12/2014	31/12/2013	Δ
Total Income	2,524	2,135	-57.5%
Operating expenses	-1,533	-1,637	-6.4%
Profit / (loss) before tax and provisions	991	498	-77.0%
Credit Provisions and other impairment charges	-4,038	-2,560	57.7%
Negative goodwill	-	3,810	-100%
Profit / (loss) before tax	-3,047	1,748	-274.3%
Tax benefit / (Expense)	1,068	769	38.9%
Profit / (Loss) for the period from continuing operations	-1,979	2,517	-178.6%
Profit/ (loss) after income tax from discontinued operations	7	29	-75.9%
Profit / (Loss) after tax	-1,972	2,546	-177.5%
Capital Adequacy			
	31/12/2014	31/12/2013	
Common Equity Tier 1	12.4%	13.9%	
Rating Agencies			
	Moody's	S&P	Fitch
Ratings	Caa2	CCC+	CCC

Information on Piraeus's financials is available at <http://www.piraeusbankgroup.com/en/investors/financials>.



Share price performance since the date of the recapitalization by the HFSF



Risk Management

The HFSF has organized its risk management function, in accordance with its statutory provisions and international best practices. Roles and responsibilities are clearly identified, whereas potential risks, to which the HFSF is exposed, in the course of fulfilling its mandate, are identified, assessed, monitored and effectively mitigated.

Financial Risk Management

During 2014, the HFSF held the following financial assets, as presented in each relevant Note of the financial statements:

- Financial Assets at Fair Value through Profit or Loss – Equity shares of the four systemic banks, as a result of the HFSF's participation in the share capital increases that took place in 2013.
- Investment securities - EFSF FRNs held by the HFSF,
- Receivables from banks under liquidation - Claims from the banks which have been placed under liquidation and the Fund has covered their funding gap, on behalf of the HDIGF,
- Cash in hand and deposits at the BoG.

All of the financial assets above are denominated in Euros.

The HFSF's non-derivative financial liabilities are those derived from the funding gap and those classified as "Provisions and other liabilities" (Creditors and suppliers, social security contributions payable, provisions and other expenses payable). The maturity analysis of the non-derivative financial liabilities is less than one year. The Fund's derivative financial liabilities include the issued warrants in connection to Alpha, NBG and Piraeus. Their maturity is presented in the table below.



Months after the date of issuance	Warrant exercise dates*		
	ALPHA	NBG	Piraeus
6	10/12/2013	26/12/2013	2/1/2014
12	10/6/2014	26/6/2014	2/7/2014
18	10/12/2014	26/12/2014	2/1/2015
24	10/6/2015	26/6/2015	2/7/2015
30	10/12/2015	26/12/2015	2/1/2016
36***	10/6/2016	26/6/2016	2/7/2016
42	10/12/2016	26/12/2016	2/1/2017
48	10/6/2017	26/6/2017	2/7/2017
54	10/12/2017**	26/12/2017**	2/1/2018**

**If the foreseen exercise date does not fall on a business day, it shall be carried over to the immediately following business date, adjusting accordingly the amount of interest*

***The last exercise date is the warrants' expiry date*

****After 36 months as of the issue of the HFSF Warrants, the HFSF is entitled, subject to certain requirements, to transfer the underlying common shares to third parties without any compensation to HFSF Warrants' holders who choose not to exercise the warrants.*

The carrying values of short-term financial assets and liabilities are not considered different from their fair value. The fair value of the EFSF FRNs is presented in Note 6 to the Financial Statements. The expected amounts to be recovered from the liquidation process are presented in Note 10.

During 2014, the HFSF was exposed to the following risks:

Interest Rate Risk

Interest Rate risk is related to potential losses arising from adverse movements in interest rates. The HFSF's exposure to interest rate risk is mainly due to:

- Interest income expected from the EFSF FRNs held by the HFSF with a base rate of 6M Euribor. The EFSF FRNs were provided in the framework of the adjusting program for the purpose of supporting the financial stability of the Greek banks and no hedging is allowed according to L. 3864/2010. These FRNs were held temporarily by the Fund for the banks' recap and any unused FRNS would be returned to the European Stability Mechanism (ESM), according to the Acceptance Notice signed on 17/04/2012. Following a ministerial decision of 26 February 2015 and in accordance with the Master Financial Assistance Facility Agreement signed on 15 March 2012 as amended, the HFSF proceeded with the re-delivery of the unused EFSF Notes amounted to € 10,932,903,000 to the EFSF on 27 February 2015.
- Interest income expected from its deposits at the BoG.

Price Risk

Price risk is related to potential losses, arising from adverse movements related to equity and derivative prices or investment values. HFSF's price risk is mainly attributable to:

- The value of the Fund's equity participations in the four systemic banks. These equity participations are recorded at fair value and the change in fair value is recorded in the Statement of Comprehensive Income. As of 31/12/2014, the fair values of the Fund's shareholdings in the 4 banks amounted to € 11,622m. A change at a range of +/- 10% in the share prices of these investments would lead to revaluation gains/(losses) of +/- € 1,162m in the Statement of Comprehensive Income.
- The value of the warrants that the HFSF has issued with the HFSF's shares in the three systemic banks as the underlying assets. The warrants are recorded at fair value and the change in their fair values is recorded in the Statement of Comprehensive Income. As of 31/12/2014 the derivative financial liability amounted to € 1,272m. A change at a range of +/- 10% in the warrant prices would lead to (losses)/gains of -/+ € 127m in the Statement of Comprehensive Income.

Therefore, the HFSF is exposed to downside equity risk, resulting from the possible decrease in the equity prices of the four systemic banks, in which the HFSF holds equity stakes. Since the revaluations from both the warrants and the shares are recorded in the Statement of Comprehensive Income, the losses from the appreciation in the warrants' value (financial liability) are offset by gains from the appreciation of the underlying share and vice versa. However, in case of imperfect correlation between the warrant price and the respective share price, the HFSF may incur net losses.



Also, in case the price of the warrant is close or equal to zero, the HFSF is exposed to equity risk, arising from its participation in the underlying equity.

Foreign Exchange risk

All financial assets and liabilities assumed by the HFSF are denominated in Euros. Hence, the Fund is not exposed to any foreign exchange risk.

Liquidity risk

Liquidity risk is related to the Fund's potential inability to meet its liabilities when they come due, or to meet its commitments to make payments. The HFSF is monitoring its liquidity position on a regular basis. The Fund is not exposed to material liquidity risk.

Recovery risk

Recovery risk is related to a reduction in the value of the Fund's claims against banks under liquidation. These claims arose due to the HFSF's payment, on behalf of the HDIGF, of funding gap created, as a result of specific credit institutions' resolution process. The HFSF's payment of funding gap is obligatory, according to Laws 4051/2012 and 4261/2014. The Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless monitors its recovery risk by maintaining its own independent valuation estimates over amounts to be recovered.

The liquidation proceeds may eventually change, as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors such as macroeconomic outlook that the Fund cannot reliably estimate.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, from external events and also includes legal and compliance risk. Operational risk may lead to monetary losses such as write-downs, legal liability, loss or damage to assets and forgone income in the sense of business interruption or reputational damage.

The HFSF is not exposed to any significant operational risk due to the nature of its activities and operations. Despite that, the Fund has developed control procedures to ensure that any operational risk inherent to its activities is well monitored and mitigated on a proactive basis. This is achieved through satisfactory segregation of duties, oversight functions and clearly defined processes and procedures, as well as the implementation of the "four eye principle".

The Fund's activities after the reporting date

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

a. Warrants exercise

In January 2015 Piraeus Bank's third warrants exercise took place. There were 3,568 warrants exercised and 15,969 actual shares exchanged, with the Fund receiving €28,912. Following the exercise the HFSF shareholding in Piraeus bank remained at 66.9%.

b. Signing of the third Amendment Agreement relating to the Master Financial Assistance Facility Agreement

In February 2015 the HFSF proceeded with the signing of the third Amendment Agreement relating to the Master Financial Assistance Facility Agreement, between EFSF, the Hellenic Republic, HFSF and BoG, thus extending the Agreement until 30/06/2015.

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

Following a ministerial decision of 26 February 2015 and in accordance with the Master Financial Assistance Facility Agreement signed on 15 March 2012 as amended and in alignment with the Eurogroup statement of 20 February 2015, the HFSF proceeded with the re-delivery of the unused EFSF Notes, with nominal value of €10,932,903,000 to



the EFSF on 27 February 2015. Additionally, the HFSF proceeded with the reduction of its paid in capital by the amount of €10,932,903,000.

d. Transfer of € 555.9m to Hellenic Republic

Pursuant to the provisions of par. 7 art. 16c of Law 3864/2010, all financial institutions that have received a capital support from HFSF were obliged to pay a one-off amount totaling € 555.6m, which was recognised in 2012 Financial Statements, as one-off income fee and actually received by the Fund in December 2012. On 19/03/2015, according to the article 35 L. 4320/2015, HFSF transferred this amount and the relevant accrued interest totaling to € 555.9m from the HFSF account held in BoG to the Hellenic Republic. This transaction will be recognised as a one-off expense in the 2015 Financial Statements.

e. Placement of HFSF's available cash into a cash management account with the BoG

Pursuant to the provisions of par. 4 art. 3 of L. 3864/2010, as amended by the art.35 L. 4320/2015, the Fund is obliged to place 90% of its available cash in a cash management account to BoG. The account is governed by Article 15 par 11(g) L.2469/1997 as these provisions were amended by the enactment of that bill on March 18, 2015. The transfer in the cash management account of 90% of the available cash amounted to €309.4m and took place on 19/03/2015. Further to that, according to the Law 4323/2015 (FEK A 43/27.4.2015) the Fund is obliged to deposit all its available cash in a cash management account to BoG, by way of derogation to any other general or special legal provision or procedure. Any funds that are necessary for covering the cash needs for the next fifteen days are excluded from this obligation.

f. Collections from liquidations

From the beginning of 2015 and up to March 5th 2015 the Fund received a total amount of €208.7 million from the banks under liquidation. Specifically, the Fund received € 95m from ATE on 12/01/2015, € 0.7m from Proton Bank on 20/01/2015, € 4m from the Cooperative Bank of Lamia on 20/01/2015, € 10m from Achaiki Cooperative Bank on 20/01/2015, € 49m from Dodecanese Cooperative Bank on 20/01/2015, € 15m from Western Macedonia Cooperative Bank on 21 and 22/01/2015, € 5m from the Cooperative Bank of Lesvos-Limnos on 23/01/2015, € 2m from Evia Cooperative Bank on 23/01/2015, € 5.5m from Probank on 27/1/2015, € 15m from the Hellenic Post Bank on 05/03/2015 and € 7.5m from First Business Bank on 05/03/2015.

g. General Council composition

On 06/03/2015, Mrs. Kerasina Raftopoulou was appointed by the Ministry of Finance (Government Gazette YODD 104/6.03.2015) as representative of the Ministry of Finance and non-executive member of the General Council, following the resignation of Mr. Avraam Gounaris.

On 23/03/2015 Mr. Christos Sclavounis, Chairman of HFSF General Council, on 24/03/2015 Mr. Stefan Wilcke and on 01/04/2015 Mr. John Zafiriou, non-executive members of the General Council submitted their resignations to the Minister of Finance, which were accepted.

On 02/04/2015 Mr. Pierre Mariani was elected as the Acting Chairman of the Fund up to the appointment of a new Chairman.

h. Resolution of Panellinia bank

On 17/04/2015 BoG decided the resolution of Panellinia bank. The "good" assets of Panellinia along with its liabilities were acquired by Piraeus with the HFSF consent. HDIGF covered the initial funding gap of € 273m.



Corporate Governance

Management

Up to January 2013 the HFSF was managed by a Board of Directors (hereinafter “BoD”), which decided for any issue arising concerning the implementation of the Fund’s objectives, its operations and the management of its assets. According to the provisions of Law 4051/2012 as of 01/02/2013 the General Council and the Executive Board replaced the BoD as the Fund’s decision-making bodies. With an aim of achieving its objective of contributing to the maintenance of stability in the Greek banking System, the Fund manages the capital and its assets and exercises 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.

As of the date of the publication of this Annual Report the Executive Board and the General Council of the HFSF are comprised of the following members:

Executive Board		Position
Anastasia Sakellariou		Chief Executive Officer
George Koutsos		Deputy Chief Executive Officer
Anastasios Gagales		Executive Member
General Council*		Position
Pierre Mariani		Acting Chairman / Non Executive Member
Wouter Devriendt		Non Executive Member
Steven Franck		Non Executive Member
Christoforos Stratos		Non Executive Member
Kerasina Raftopoulou		Non Executive Member, Representative of the Ministry of Finance
Vasilios Spiliotopoulos		Non Executive Member, appointed by the BoG

* Mr. Wouter Devriendt replaced on 13/01/2014 Mr. Andreas Beroutsos

* Mr. Vasilios Spiliotopoulos replaced Mr. Spyros Zarkos on 08/05/2014 who had previously replaced Mr. Efthimios Gatzonas on 15/01/2014,

* On 06/11/2014, Mr. Steven Franck and Mr. Christoforos Stratos were appointed by the Ministry of Finance (Government Gazette YODD 688/5.11.2014) as new additional non-executive members of the General Council in line with the recent founding law amendment.

* Mrs Kerasina Raftopoulou replaced on 06/03/2015 Mr. Abraam Gounaris who was appointed on 14/01/2014 and resigned on 27/02/2015.

* On 23/03/2015 Mr. Christos Sclavounis, Chairman of HFSF General Council, on 24/03/2015 Mr. Stefan Wilcke and on 01/04/2015 Mr. John Zafiriou, non-executive members of the General Council submitted their resignations to the Minister of Finance, which were accepted.

* On 02/04/2015 Mr Pierre Mariani was elected as acting Chairman of the Fund up to the appointment of a new Chairman.

In accordance with the law the following persons have been appointed as observers and alternate observers to the BoD in the past and currently serve as such to the Executive Board and the General Council:

Peter Basch from February 2011 (European Commission representative) and Panagiotis Strouzas from November 2010 (ECB representative). Their alternates are Karlis Bauze from the European Commission and Barbara Attinger and Miha Leber from the ECB.

Executive Board

The Executive Board consists of three members, two of which, including the Chief Executive Officer, must be persons with international experience in banking matters or in matters relating to the resolution of banks and one of which shall be a person nominated by the BoG. The members of the Executive Board are selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the BoG following a public call for expressions of interest. Representatives from the European Commission and the ECB may participate in the Executive Board as observers without voting rights. The Members of the Executive Board are appointed, by the Minister of Finance for terms of five years, which may be renewed; no appointment shall extend beyond the date HFSF expires. In case the



position of a member of the Executive Board becomes vacant the position is filled within 60 days through the appointment of a new member until the resigned member's term expires. The Euro Working Group agreement is required for appointment of members of the Executive Board, as well as for the extension of term, except for the member appointed by the BoG.

The Members of the Executive Board may be removed prior to the expiry of their term of office by decision of the Minister for Finance, on the occurrence of certain conditions articulated in Greek Law 3864/2010, as in force.

The Executive Board is charged with the preparation of the HFSF's tasks and the implementation of the decisions of its competent bodies and conduct of the operations necessary for the administration and operation, as well as, for the fulfillment of the Fund's objective. The Executive Board has, indicatively, the following specific powers and tasks under Greek Law 3864/2010, as in force:

- the Executive Board proposes and implements the decisions of the General Council, taken either upon or without proposal from the Executive Board;
- the Executive Board has the authority to take all actions required or deemed advisable for the administration or operations of the HFSF, including the HFSF's powers and responsibilities with respect to the procurement of goods and services, entering into contractual commitments on behalf of the HFSF, appointing the staff and advisors of the HFSF, and generally representing the HFSF;
- the Executive Board may delegate any of its powers or tasks to any of its members or to the HFSF's cadres, in accordance with the general terms and conditions adopted by the General Council, taking into account conflict of interest issues and provided that the Chief Executive Officer shall primarily exercise his powers pursuant to Greek Law 3864/2010;
- the Executive Board shall have such other powers and tasks as explicitly granted by this Law or any other law;
- to represent the HFSF judicially and extra judicially; and
- to exercise any other power not expressly granted to the General Council.

All powers under Greek Law 3864/2010 and any other law that are vested by the HFSF are deemed vested in the Executive Board, unless specifically reserved for the General Council.

The Executive Board meets as often as the business of the HFSF may require but not less than once a week.

Meetings of the Executive Board are convened and chaired by the Chief Executive Officer or in his/her absence by the person replacing him/her. Two members constitute a quorum for Executive Board meetings, provided that the one is the Chief Executive Officer or in his/her absence, the person substituting him/her. If a quorum is not achieved, the Chief Executive Officer, may convene an extraordinary meeting at which decisions may be taken without regard to the existence of a quorum. In order to produce legal results, decisions taken without existence of quorum must be ratified by the next regular meeting of the General Council. In the event of an emergency, or by the mutual consent of all members, a meeting may be convened at shorter notice as determined in the rules of procedure of the Executive Board.

General Council

Up to April 2014 the General Council consisted of seven members. Following the amendment to the law on 07/04/2014 two additional independent members were added to the composition of the General Council. Members of the General Council are seven persons with international experience in banking matters (the Chairman included), a representative of the Ministry of Finance and a person nominated by the BoG. The members of the General Council are selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the BoG following a public call for expressions of interest. The members of the General Council are appointed by the Minister of Finance for a term of five years, which may be renewed; no appointment may extend beyond the duration of the HFSF and Members may be removed prior to the expiry of their term of office by a decision of the Minister of Finance, on the occurrence of certain conditions articulated in Greek Law 3864/2010.

In the event a position of a member in the General Council becomes vacant, this vacancy shall be filled within sixty (60) days, by the appointment of a new member until the term of the vacated member expires. With the exception of the representative from the Ministry of Finance and the member appointed by the BoG, the appointment of members and renewal of their term in the General Council require the consent of the Euro Working Group.



The General Council shall decide on its own initiative or upon proposal of the Executive Board, on matters specified below and shall be charged with the oversight over the proper operation and fulfillment of the objective of the Fund. The specific powers and tasks of the General Council are the following:

- to oversee the Executive Board for its actions and to monitor the compliance of the Executive Board with the provisions of the present law and in particular with the principles enshrined in Article 2 of Greek Law 3864/2010;
- to decide on the related to the provision of capital support, the exercise of voting rights and the disposal of the Fund's participation under articles (6, 7, 7a and 8), of Greek Law 3864/2010;
- to approve the general policies, the by-laws and internal rules applicable to the administration and operations of the HFSF, including the HFSF's code of conduct for the members of its General Council;
- to approve the appointment of the senior management of the HFSF, including among others the Chief Internal Auditor, the Chief Risk Officer, the Chief Investment Officer, the Chief Financial Officer and the Chief Legal Counsel;
- to approve the HFSF's general terms and conditions of employment, including the remuneration policy;
- to approve the annual budget of the HFSF;
- to approve the annual report and other formal reports and the financial statements of the HFSF;
- to approve the appointment of the external auditors of the HFSF;
- to approve the establishment of one or more advisory bodies, determine their terms and conditions of appointment of their members, and determine the terms of reference of such bodies;
- to establish one or more committees consisting of members of the General Council and/or other persons, and define their responsibilities;
- to adopt the Internal Regulation of Operations for the General Council as well as the Public Procurement Regulation for goods and services for contracts not falling under Presidential Decree 60/2007; and
- to exercise such other powers and tasks as explicitly granted by Greek Law 3864/2010 or any other Law.

The Chief Executive Officer is liable to the General Council for the execution of General Council's decisions and for control of the administration and operations of the HFSF. The Chief Executive Officer, or in his/her absence the member substituting him, reports, as often as required by the General Council but not less than ten times each year, to the General Council.

The General Council meets as often as the business of the HFSF may require but not less frequently than ten times per calendar year. Meetings of the General Council called and chaired by its Chairman or in his absence by any other member of the General Council, other than the representative of the Ministry of Finance and the person appointed by the BoG. The representatives from the European Commission the ECB are entitled to request a meeting of the General Council from the Chairman. Additionally, meetings can be convened following a request from five Council members. A quorum at any meeting of the General Council consists of at least five members of the General Council. For the transitional period following the amendment of Greek Law 3864/2010 in April 2014 and for so long as the General Council consisted of seven members, quorum at the meetings of the General Council consists of at least four members. If a quorum is not present, the Chairman may convene an extraordinary meeting at which decisions may be taken without regard to the existence of a quorum; such decisions must be ratified at the next regular meeting of the General Council to remain in effect. Each member of the General Council has one vote and in the event of a tied vote, the person chairing the meeting casts a tie-breaking vote. Decisions are adopted by a majority of the members present at the meeting.



Curriculum Vitae of the Members of the General Council and Executive Board as of the Date of Approval of the Annual Report

Anastasia Sakellariou – Chief Executive Officer

Mrs. Anastasia Sakellariou is the CEO of the Hellenic Financial Stability Fund (HFSF) since February 2013. She is a seasoned international banker having started her career in London, in the field of Investment Banking. For several years, she held executive positions in major banks in London and New York, such as Deutsche Bank, Salomon Brothers and Credit Suisse.

From the beginning of her career, she specialized in the fields of credit and credit restructuring with specific focus on leverage finance, asset & liability management, underwriting and risk management. In her latest role at Credit Suisse she was a Managing Director in the Global Markets Solutions Group covering geographically Europe, Middle East and Africa so her experience on transactions is vast and diverse across geographies.

In 2009 she returned to Greece and held executive positions as a senior advisor to the Chairman of Piraeus, and as Chief Risk Officer in Hellenic Postbank.

She has graduated from the universities of Warwick and Reading in Great Britain and holds a postgraduate degree in International Banking & Financial Services.

George Koutsos – Deputy CEO

Mr. George Koutsos brings significant international experience in investment banking, strategy consulting and private equity with particular focus in financial services.

He was Chief Investment Officer at the Hellenic Financial Stability Fund (HFSF), from July 2011 since August 2013, actively involved in the reshaping of the Greek banking sector and its recapitalization. On September 2013 he was appointed Deputy Chief Executive Officer of the HFSF.

He joined HFSF from the National Bank of Greece where he spent eight years within the Investment Banking and Private Equity/Venture Capital business units, originally in London (NBG International) and since 2009 in Athens. Most recently he was Head of Mergers, Acquisitions and Equity Capital Markets, leading numerous cross-border deals and high profile transactions for Greek financial institutions and corporates. Prior to NBG, he was a strategy consultant at Boston Consulting Group advising international clients in Brussels and in Athens.

He is a graduate in Chemical Engineering from the National Technical University of Athens (NTUA), and he holds an MSc in Chemical Engineering and an MBA from Imperial College in London.

Anastassios Gagales – Member of the Executive Board

Mr. Anastassios Gagales is a Member of the Hellenic Financial Stability Fund's (HFSF's) Executive Board. Prior to joining HFSF, he was for nineteen years at the International Monetary Fund (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 Bank of Greece (BoG) and, in this capacity, represented the Bank in numerous European Union and Bank for International Settlements (BIS) committees. From 1988 to 1989 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 (summa cum laude) from the Athens School of Economics.



Pierre Mariani – Acting Chairman / Non Executive Member of the General Council

Mr. Pierre Mariani currently serves as the acting chairman of the HFSF's General Council and Chairman of the HFSF Audit Committee. He is also a Member of the Board of Directors (BoD) and Chairman of the Audit Committee of Electricité de France (since 2009) and Member of the Board of Etablissement Public de la Réunion des Musées Nationaux et du Grand Palais.

He was Deputy CEO of BNP Paribas, co-head of retail banking, and from 2008 to 2012 the Director and Chief Executive Officer (CEO) of Dexia Group with board memberships in Denizbank Turkey, Dexia Banque Belgique, and Banque Internationale in Luxembourg.

He was previously Chief of Staff of Nicolas Sarkozy, Minister of Budget, in charge of the ministry of Communication and Media, government spokesman, Deputy Head of the Budget department, in charge of employment, health and social security, Head of the budgetary and fiscal policy Office, and Head of the budget office for Transportation, General inspection of the Ministry of Finance.

He graduated from Ecole des Hautes Etudes Commerciales (1977), with a degree in Law (1978) and from Ecole Nationale d'Administration (National School of Public Service) in 1982.

Honors: Chevalier de la Légion d'honneur - Chevalier de l'Ordre National du Mérite.

Wouter Devriendt – Non Executive Member of the General Council

Mr. Wouter Devriendt acts as an independent advisor to the Belgian Government (Federal Participation and Investment Company) on Belgian state intervention and restructuring in the financial sector since 2011.

He is also a member of the Supervisory Board of Belfius, a Belgian bank and insurance group currently owned by the Belgian State. Moreover, Mr. Wouter Devriendt is the Chairman of Amsterdam Trade Bank, a Dutch bank with particular expertise in Central & Eastern Europe (CEE) & Commonwealth of Independent States (CIS) markets.

Prior to assuming these responsibilities, Mr. Devriendt gained over 15 years of international experience in a variety of roles across ABN AMRO's international Wholesale Banking network (Amsterdam, Czech Republic, Houston, Ecuador, Sydney and London) and Fortis (Brussels and Amsterdam), including global coverage responsibility for Financial Institutions and Public Sector clients.

Mr. Devriendt is a Belgian national and holds an MBA from the Rotterdam School of Management as well as a Master's degree in Applied Economic Sciences from the Catholic University of Leuven in Belgium.

**Vasilios Spiliotopoulos – Non Executive Member of the General Council,
Appointed by the BoG**

Mr. Spiliotopoulos is currently serving as the Head of the Monetary Policy Operations Section within the Financial Operations Department at the BoG, where he has been an employee since 2000.

His area of expertise is the implementation of monetary policy, while in recent years he has been heavily involved in the analysis and assessment of the liquidity profile and the funding needs of the Greek banks. He has also worked on risk management and crisis management issues. Since 2003 he has been representing the BoG in various Eurosystem task forces, working groups and committees. Prior to joining the BoG, he worked in different departments of commercial banks in Greece.

He is a graduate of the National and Kapodistrian University of Athens, Department of Mathematics and holds an MBA from the University of Newcastle upon Tyne.



**Kerasina Raftopoulou – Non Executive Member of the General Council,
Representative of the Ministry of Finance**

Mrs. Raftopoulou is a Special advisor to the Vice President of the Government in Financial issues.

During her multi annual working experience she has held management positions and has worked in the private sector as Chief Accountant in a pharmaceutical company, as well as in the public sector as professor at the Technical High Schools of Megara and Anavryta, in the Directorate of Agriculture Ministry in Corinth, and since 1984 at the Agricultural Bank of Greece (ATE) in the credit application review and the risk management sectors. She was also Head of Corporate Division of ATE until February 2012.

She has participated in projects such as the reorganization and modernization of ATE Bank and the consultation on the Acts of the Governor of the Bank of Greece (BoG) regarding the implementation of the new capital adequacy framework of Basel II, as a member of the Credit Risk Committee of the Greek Banks Association. She has also participated in the evaluation of the Operational Programme “Competitiveness and Entrepreneurship” in the sectors of energy and natural resources.

Mrs. Raftopoulou has graduated and has a Master of Science in Agricultural Economics from Agricultural University of Athens.

Steven Franck – Non Executive Member of the General Council

Mr. Steven Franck is currently a Managing Director at Tetrad Capital Partners, a stakeholder advisory and investment management firm. Mr. Franck’s sector expertise includes financial institutions, technology, media and telecommunications (TMT), aviation, oil & gas, and power generation.

Mr. Franck has over 17 years of investment banking and capital markets experience in valuing businesses, investing and raising capital across equity and fixed income products. Since 2009, when he joined Alvarez & Marsal, he has worked extensively in bank restructuring in Europe, including: leading the Lehman Brothers European derivatives restructuring trading team; commercial real estate restructuring in Central & Eastern Europe for Austria’s Hypo Alpe-Adria Bank; and working in Cyprus with the Special Administrator for Cyprus Popular Bank during the banking emergency.

In Greece, Mr Franck served as the Strategy & Restructuring Advisor to the Hellenic Republic Asset Development Fund (HRADF) and with HFSF during the purchase and assumption of Agricultural Bank and the creation of the New Hellenic Postbank. He also worked with the US Federal Deposit Insurance Corporation (FDIC), and with European Institutions to consider unique bank restructuring cases.

At BNP Paribas from 2006 to 2009, Mr. Franck worked on the Distressed Debt and Special Situations Trading Desk. He previously worked at Morgan Stanley for 10 years in Equity, Credit and Special Situations Research. Mr Franck also served in the US Navy, where he accumulated 2300+ flight hours and served at the White House.

Mr. Franck holds a MSc. in Management of Technology from the Massachusetts Institute of Technology (MIT) Sloan School of Management, a MSc. in Operations Research from the Naval Postgraduate School and a BSc. in Mechanical Engineering from Cornell University.

Christoforos Stratos – Non Executive Member of the General Council

Mr. Christoforos Stratos is a seasoned international finance and banking expert, having held senior executive positions in banking institutions in London, Paris and Madrid, focusing on credit, structured finance and asset management.



He currently advises various corporates on finance and fundraising issues. In 2011 he was a Senior Advisor to the Head of Wholesale Lending at the Spanish bank Banco Bilbao Vizcaya Argentaria, S.A.(BBVA), focusing on its business development strategy and on the restructuring of its corporate loan portfolio.

From 2007 to 2010 he was a Partner at Santander Infrastructure Capital Management Ltd, a private equity fund investing in infrastructure assets in Europe and Latin America.

He spent a good portion of his earlier career, from 1999 to 2007, as a corporate and investment banker with Credit Agricole and its predecessor organisations, starting with Banque Indosuez in Piraeus. From 2001 to 2007 he was Managing Director and Global Head of Infrastructure Finance, where he led the financing, privatisation or acquisition of various large scale transportation, energy & utilities projects on a global basis.

Mr. Stratos holds a Master of Business Administration (MBA) from INSEAD, Fontainebleau, France and a Bachelor of Science (Bsc) in Industrial Engineering from Lehigh University, Bethlehem, Pennsylvania, USA.

Audit Committee

The Audit Committee assists the General Council in fulfilling its oversight responsibilities for the financial reporting process, the internal audit performance, the external auditor's appointment, remuneration and independence and the process for monitoring compliance with laws and regulations and the code of conduct. The audit committee consists of at least two members of the General Council, one of which is the Chairman, and one external expert of recognized standing and experience in auditing.

As of 31/12/2014 the Audit Committee consisted of three members, Mr. Mariani (Chairman), Mr. Devriendt (member) and Mr. Kolokotronis (external expert). Mr. Devriendt was appointed by the General Council as member of the Audit Committee on July 9th, 2014. The Audit Committee meets regularly, at least 4 times per year, and occasionally whenever necessary. Following relevant invitation, at the meetings of the Audit Committee, the Executive Board or Chief Officers of the Fund may be present. Four (4) Audit Committee meetings were held in 2014.

In particular, the main responsibilities of the Audit Committee are the following:

- Supervise and evaluate the effectiveness and performance of the internal audit function,
- Recommend to the General Council regarding the appointment of external auditors and the scope of their services,
- Monitor and review the independence, the objectivity and the performance of the external auditor,
- Consult with the external auditors regarding the findings of their audits,
- Review the annual financial statements as well as the disclosures, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting policies,
- Report to the General Council about committee activities, issues, and related recommendations.

The Audit Committee operates in accordance with article 14 of Law 3864/2010 and the Fund's Internal Regulations. Over the year, the Committee has worked to fulfill its detailed responsibilities including: considering the scope and planning of the audit, the audit fee and the independence of the auditors; reviewing financial statements before submission to the General Council; agreeing the internal audit plan, and reviewing and considering the associated reports; reviewing and considering reports from the external auditors and the auditor's management letter; and reviewing the operation and effectiveness of the Fund's internal control systems.

Audit Committee	Role in the Audit Committee	No of participations in Audit Committee
Total Number of Meetings during 2014		4
Pierre Mariani	Chairman	3/4
Wouter Devriendt	Member since 09/07/2014	3/4
Kolokotronis Loizos	Member	4/4



Fund Personnel

Up to 31/01/2013 the Fund's personnel was appointed by a decision of the BoD following a call of interest invitation and an assessment of relevant qualifications. As of 01/02/2013, according to Law 3864/2010 as amended, the General Council approves the appointment of the Fund's senior management and the Fund's general terms and conditions of employment, including the remuneration policy. The staff of the Fund is hired by decision of the Executive Board following an invitation to express interest and an assessment of candidates' 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. There are also lawyers working on a "paid assignment" basis. Secondment of public servants is also allowed to the Fund, as well as of lawyers working on a "paid assignment" basis, 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 of the public sector, as well as employees from the BoG. The remuneration of the staff is determined by a decision of the Executive Board.

On 31/12/2014 Fund's personnel amounted to 34, of which 33 on payroll, whereas as of the date of approval of the financial statements the number of personnel amounted to 33, of which 32 on payroll (including Executive Board members).

Executive Board and General Council Remuneration

According to L. 3864/2010, the remuneration and compensation of the Members of the General Council and the Executive Board:

- a) shall be determined by decision of the Minister of Finance and shall be stated in the decision relating to their appointment and shall be disclosed in the Fund's annual report,
- b) shall be such that qualified and expert persons can be recruited and retained by the Fund,
- c) shall not be based on the Fund's profits or revenues,
- d) shall follow consultation with the Euro Working Group.

The remuneration of the General Council members was defined by the decision 3710/B.204 of 30/01/2013 and 20532/B.1252 of 15/05/2013. The members of the Executive Board received remuneration for the financial year of 2014, as listed in the table below. Furthermore, as far as executive members are concerned, the amount of € 65,231 has been paid by the Fund as employer's part of social security contribution (not included in the following table):

Name	Position on the General Council during the financial year ended 31/12/14	Period in the position	Remuneration
			01/01 – 31/12/14 (€)
Sklavounis Christos	Chairman	1/1/2014 - 31/12/2014	175,000
Mariani Pierre	Member	1/1/2014 - 31/12/2014	30,000
Wouter Devriendt	Member	13/1/2014 - 31/12/2014	30,000
Wilcke Stephan	Member	1/1/2014 - 31/12/2014	30,000
Steven Franck	Member	6/11/2014-31/12/2014	5,000
Stratos Christoforos	Member	6/11/2014-31/12/2014	5,000
Zafiriou John	Member	1/1/2014 - 31/12/2014	30,000
Zarkos Spyros	Member, appointed by the BoG	15/1/2014 - 7/5/2014	10,000
Spiliotopoulos Vasilios	Member, appointed by the BoG	8/5/2014-31/12/2014	20,000
Michailidou Eftychia	Member, Representative of the MoF	1/1/2014 - 9/1/2014	1,250
Gounaris Avraam	Member, Representative of the MoF	14/1/2014-31/12/2014	28,750
Name	Position on the Executive Board during the financial year ended 31/12/14	Period in the position	Remuneration
			01/01 – 31/12/14 (€)
Sakellariou Anastasia	Chief Executive Officer	1/1/2014 - 31/12/2014	216,439
Koutsos George	Deputy Chief Executive Officer	1/1/2014 - 31/12/2014	185,000
Gagales Anastasios	Member	1/1/2014 - 31/12/2014	164,755



System of Internal Controls

The General Council and Executive Board are 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. The SIC constitutes the totality of detailed key controls and processes which track continuously every activity, contributing to the effective operation of the Fund. In 2014, the efforts were continued to enhance the system of internal control. The Fund has in place adequate procedures for the recognition of financial events and the preparation of the financial statements. Transactions are carried out through authorization limits and procedures for double-checking. Accounting reconciliation procedures have been established in order to ensure the correctness and the legitimacy of the entries in the accounting books as well as the completeness and validity of the financial statements

The General Council, with the support of the Audit Committee, had the ultimate responsibility for the oversight of the implementation of the appropriate principles and policies to ensure the effective and consistent application of the SICs. The Executive Board was 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, the design of which is in a continuous development, aims at addressing risks to a reasonable level and not necessarily eliminating them.

The SICs of the Fund which is continuously improving intends to safeguard the following objectives:

- Consistent implementation of the Fund's objectives, 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 with the 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 best practices and principles of corporate governance by the Fund and the credit institutions which have received capital support by the HFSF;
- Prevention and avoidance of erroneous actions and irregularities that could endanger the Fund's interests and reputation.

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

By decision of the General Council a person with specific competences and auditing experience is appointed as Chief Internal Auditor of the Internal Audit Department of the Fund, with a fixed term contract, extending until the Fund's termination date. The Internal Auditor does not form part of the official hierarchy, enjoys full independence in the accomplishment of his/her duties and the internal audit plan and budget is approved by the Audit Committee. The Internal Auditor reports, through the Audit Committee, to the HFSF's General Council and directly to the Executive Board for administrative matters.

The Internal Audit (IA) Function of the HFSF is an independent and objective, assurance and consulting activity designed to ensure compliance with the policies and procedures so as to add value and improve the organization's operational effectiveness. It helps the organization accomplish its objectives by (a) bringing a systematic, disciplined approach in evaluating the effectiveness of risk management, control and governance processes, (b) recommending appropriate measures to improve their efficiency and effectiveness and (c) monitoring the implementation of corrective actions.



Statement of the General Council and the Executive Board

Declarations of the Members of the General Council and the Executive Board

We, in our capacity as Members of the General Council and the Executive Board of the Hellenic Financial Stability Fund, as far as we know, declare that:

1. The Financial Statements of the Hellenic Financial Stability Fund for the financial year ended 31/12/2014, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU present a true and fair view in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement of the Fund.
2. The General Council's and Executive Board's report presents in a true manner the evolution, the performance, the position of the Fund and the significant events that took place in the 12 month period ended 31/12/2014 that affected the Fund's annual financial statements.

Athens, April 30, 2015

The Chief Executive Officer

The Deputy Chief Executive Officer

The Executive Board Member

Anastasia Sakellariou

George Koutsos

Anastasios Gagales

The Acting Chairman of
the General Council

The Member of the General Council

Pierre Mariani

Wouter Devriendt

The Member of the General Council

The Member of the General Council

Christoforos Stratos

Steve Franck

Member of the General Council, Representative of
the Ministry of Finance

Member of the General Council, appointed by the
Bank of Greece

Kerasina Raftopoulou

Vasilios Spiliotopoulos

TRANSLATION
INDEPENDENT AUDITOR'S REPORT
To the General Council of the Private Legal Entity "Hellenic Financial Stability Fund"

Report on the Financial Statements

We have audited the accompanying financial statements of the Private Legal Entity "Hellenic Financial Stability Fund" (Hellenic Financial Stability Fund), which comprise the statement of financial position as at December 31, 2014, 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 the 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 at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Emphasis of matter

We draw your attention to note 26 “Post Balance Sheet Events” of the financial statements which discloses the fact that pursuant to the provisions of par. 7 art. 16c of law 3864/2010, all financial institutions that have received capital support from Hellenic Financial Stability Fund were obliged to pay to the Hellenic Financial Stability Fund an one – off amount collectively totaling 555.6 million euros, which was actually received by the Hellenic Financial Stability Fund in December 2012. The Hellenic Financial Stability Fund recognized the above amount in its 2012 statutory financial statements as an “one-off presubscription fee” income. On 19 March 2015, according to art. 35 of law 4320/2015, the Hellenic Financial Stability Fund made a compulsory payment to the Greek State consisting of the above amount received in 2012 plus accumulated interest thereon calculated at 0.3 million euros. This transaction will be recognized as an one-off expense in the 2015 financial statements.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

We have agreed and confirmed that the information required by articles 43a and 37 of Codified Law 2190/1920 has been incorporated in the General Council and Executive Board’s Report to the accompanying financial statements. Furthermore, we have determined that owing to the special nature and purpose of the Hellenic Financial Stability Fund, as described in the underlying founding law 3864/2010, although its total equity as of 31 December 2014 has fallen below one half ($\frac{1}{2}$) of the paid in capital, the provisions of article 47 of Codified Law 2190/1920 do not apply.

Athens, April 30, 2015

The Certified Public Accountant

Nikolaos 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

<i>Amounts in €</i>	<i>Note</i>	31/12/2014	31/12/2013
ASSETS			
Cash and balances with Banks	5	670,061,078	488,766,493
Investment securities	6	10,937,104,252	10,938,032,977
Financial assets at fair value through profit or loss	7	11,622,072,637	22,584,683,404
Property and equipment	8	136,134	187,766
Intangible assets	9	25,808	28,307
Receivables from banks under liquidation	10	2,542,518,543	2,853,078,162
Other assets	11	9,135,084	1,068,318
Total Assets		25,781,053,536	36,865,845,427
LIABILITIES			
Liabilities for payment of funding gap	12	-	161,118,506
Derivative financial liability	13	1,272,010,914	2,282,271,430
Provisions and other liabilities	14	3,959,435	604,713
Total Liabilities		1,275,970,349	2,443,994,649
EQUITY			
Capital		49,700,000,000	49,700,000,000
Accumulated losses		(25,194,916,813)	(15,278,149,222)
Total Equity		24,505,083,187	34,421,850,778
Total Liabilities & Equity		25,781,053,536	36,865,845,427

The Notes from pages 35 to 64 form an integral part of these annual financial statements

Athens, April 30, 2015

The Chief Executive Officer

Anastasia Sakellariou

The Deputy Chief
Executive Officer

George Koutsos

The Chief Financial & Operating Officer

Ioannis Kyriakopoulos



Statement of Comprehensive Income

<i>Amounts in €</i>	Note	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Interest income	15	76,749,920	167,617,905
Commission income	16	-	110,676,358
Personnel expenses	17	(2,751,402)	(2,324,124)
General administrative & other operating expenses	18	(17,397,600)	(11,025,972)
Impairment of investments and receivables and provision charges for funding gap	10	(283,770,278)	(4,325,802,863)
Gain/(loss) from financial instruments at fair value through profit or loss	19	(9,694,887,767)	(5,982,706,161)
Gain/(loss) from investment securities	20	5,401,986	433,973,954
Depreciation and amortization of property, equipment and intangible assets	8,9	(85,882)	(73,157)
Other income/(expenses)	21	(26,568)	2,160,314
Loss for the period		(9,916,767,591)	(9,607,503,746)
Other comprehensive income/(expenses)		-	-
Total comprehensive income/(expenses) for the period		(9,916,767,591)	(9,607,503,746)

The Notes from pages 35 to 64 form an integral part of these annual financial statements

Athens, April 30, 2015

The Chief Executive Officer

The Deputy Chief
Executive Officer

The Chief Financial & Operating Officer

Anastasia Sakellariou

George Koutsos

Ioannis Kyriakopoulos



Statement of Changes in Equity

<i>Amounts in €</i>	Capital	Reserves & accumulated profits/(losses)	Total
Balance as of 01/01/2013	42,500,000,000	(5,670,645,476)	36,829,354,524
Capital increase	7,200,000,000	-	7,200,000,000
Loss for the period	-	(9,607,503,746)	(9,607,503,746)
Balance as of 31/12/2013	49,700,000,000	(15,278,149,222)	34,421,850,778
Loss for the period	-	(9,916,767,591)	(9,916,767,591)
Balance as of 31/12/2014	49,700,000,000	(25,194,916,813)	24,505,083,187

The Notes from pages 35 to 64 form an integral part of these annual financial statements



Statement of Cash Flows

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Cash flows from operating activities		
Loss for the period	(9,916,767,591)	(9,607,503,746)
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	9,969,140,689	9,869,478,250
Interest income	(4,201,252)	(5,129,977)
Impairment of investments and receivables and provision charges for funding gap	283,770,278	4,325,802,863
(Gain)/loss from financial instruments at fair value through profit or loss	9,694,887,767	5,982,706,161
(Gain)/Loss from disposal of investments	(5,401,986)	(433,973,954)
Depreciation and amortization of property, equipment and intangible assets	85,882	73,157
Net (increase)/decrease in operating assets:	(128,451,784)	(247,691,921)
Change in receivables from funding gap and liquidations	(134,329,165)	(552,367,499)
Change in accrued interest receivable	5,129,977	195,433,222
Change in accrued income receivable	-	110,239,444
Other assets	747,404	(997,088)
Net increase/(decrease) in operating liabilities:	(57,462)	(195,866)
Other liabilities	(57,462)	(195,866)
Net cash from operating activities	(76,136,148)	14,086,717
Cash flows from investing activities		
Participation in share capital increase of investments	-	(394,998,542)
Proceeds received from warrants exercised	257,462,484	96,877,572
Proceeds/(payments) for disposal of investments	-	(54,905,210)
Purchase of property, equipment and intangibles assets	(31,751)	(121,873)
Net cash from investing activities	257,430,733	(353,148,053)
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	181,294,585	(339,061,336)
Cash and cash equivalents at beginning of period	488,766,494	827,827,829
Cash and cash equivalents at end of period	670,061,079	488,766,493

The Notes from pages 35 to 64 form an integral part of these annual 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, neither to the broader 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 codified 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. By decisions of the Minister of Finance, the duration of the Fund may be extended for up to two (2) years, if deemed necessary for the fulfilment of its scope.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) by the Ministry of Finance according to the decision 44560/B. 2018 on 30/09/2010 of the Minister of Finance. 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 formed in accordance with article 142 of Law 4261/2014. According to Law 4051/2012, as amended by Law 4224/2013, the Fund became liable to pay until 31/12/2014 the amount that the Hellenic Deposit and Investment Guarantee Fund (hereinafter HDIGF) would have paid for the process of the resolution of the credit institutions in accordance to Law 4261/2014. In this case the Fund acquired 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 states, international organisations or other recipients and take any action required for the implementation of decisions of euro area bodies concerning the support of the Greek economy.

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

On 01/02/2013 the Board of Directors was substituted by the Executive Board and the General Council according to the decision of the Minister of Finance 3710/B.204 (Government Gazette YODD 35/30.1.2013). As of the date of issuance of the Fund’s financial statements, the Executive Board and General Council comprised of the following:

Executive Board	
Anastasia Sakellariou	Chief Executive Officer
George Koutsos	Deputy Chief Executive Officer
Anastasios Gagales	Member
General Council*	
Pierre Mariani	Acting Chairman/Member
Wouter Devriendt	Member
Steven Franck	Member
Christoforos Stratos	Member
Kerasina Raftopoulou	Member, Representative of the MoF
Vasilios Spiliotopoulos	Member, appointed by the BoG

* Mr. Wouter Devriendt replaced on 13/01/2014 Mr. Andreas Beroutsos.

* Mr. Vasilios Spiliotopoulos replaced Mr. Spyros Zarkos on 08/05/2014 who had previously replaced Mr. Efthimios Gatzonas on 15/01/2014.

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

* Mrs Kerasina Raftopoulou replaced on 6/03/2015 Mr. Abraam Gounaris who was appointed on 14/01/2014 and resigned on 27/02/2015.



** On 23/03/2015 Mr. Christos Sclavounis, Chairman of HFSF General Council, on 24/3/2015 Mr. Stefan Wilcke and on 01/04/2015 Mr. John Zafiriou, non-executive members of the General Council submitted their resignations to the Minister of Finance, which were accepted.*

** On 02/04/2015 Mr Pierre Mariani was elected as acting Chairman of the Fund up to the appointment of a new Chairman.*

The statutory auditor of the financial statements is Mr. Nikolaos Sofianos, RN SOEL 12231.

The current financial statements have been approved for issue by the Fund's General Council on April 30, 2015.

Note 2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The Fund's financial statements for the year ended 31/12/2014 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the European Union ("E.U."). The amounts are presented in Euro rounded to the first decimal, unless otherwise stated. Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets held at fair value through profit or loss and derivative liabilities (warrants) which have been measured at fair value. 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, the disclosure of contingent assets and liabilities at the date of the financial statements 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 following areas: impairment of investment securities, assessment of the recoverability of receivables from entities under liquidation, fair value of financial instruments and contingencies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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.

The Financial Statements cover the financial year from 01/01/2014 up to 31/12/2014. The Fund's Management has reviewed the accounting policies and believes 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 aiming to contribute to the maintenance of

the stability of the Greek banking system, for the sake of public interest and do not meet the needs of their users.

Following the recapitalization of the banking sector in the end of July 2013, the Fund obtained the majority of the common shares of the four systemic Banks. The Fund has restricted voting rights in Alpha Bank S.A. (hereinafter "Alpha", National Bank of Greece S.A. (hereinafter "NBG") and Piraeus Bank S.A. (hereinafter "Piraeus") given that the private sector participation was above the minimum requirement as provided by the Law. Following that, private shareholders retain their right to appoint the management of the bank, which in turn has the power to manage the financial and operating policies of the bank. The Fund can exercise its voting rights in specific decisions under the legislation in force and has the rights provided in the Relationship Framework Agreements.

In contrast the Eurobank Ergasias S.A.'s (hereinafter "Eurobank") share capital increase was subscribed solely by the Fund as the Bank was not able to attract private sector participation. Although the Fund had appointed the Management and was able to fully exercise its voting rights, the Eurobank's consolidation was exempted and instead the Fund measured its investment at fair value through profit or loss. The Fund acted within the explicit framework of the law, and its objective was the re-privatization of the recapitalized bank in accordance with the provisions of the Memorandum of Economic and Financial Policies (MEFP). Moreover, Eurobank's management preserved its independence to determine its commercial and day-to-day decisions as provided in the Relationship Framework Agreement. In line with the aforementioned, Eurobank was re-privatized in May 2014 with the Fund retaining only restricted voting rights thereafter.

2.2 Adoption of International Financial Reporting Standards (IFRS)

New standards, amendments and interpretations to existing standards applied from 1 January 2014

- IFRS 10 "Consolidated Financial Statements" (as amended), IFRS 11 "Joint Arrangements" (as



amended), IFRS 12 “Disclosure of Interests in Other Entities” (as amended), 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 2014 as endorsed by the EU).

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. IFRS 10 changes definition of control such that an investor has control over the investee when a) it has power over the investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. 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 by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement and, when relevant, other facts and circumstances. Joint arrangements are either joint operations or joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. 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 amendments clarify the transition guidance in IFRS 10 and introduce a requirement for investment entities to measure their investments in particular subsidiaries at fair value through profit or loss, instead of consolidating them.

The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

The Fund had early adopted the above Standards and amendments which do not have financial 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 will apply this amendment, but is not expected to have impact on the financial statements.

New standards, amendments and interpretations to existing standards effective after 2014.

- **IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018 as issued by the IASB)**. IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended (a) in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and (b) in November 2013 to include the new general hedge accounting model and allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated at fair value through profit or loss to be presented in other comprehensive income. Key requirements of IFRS 9:

- All financial assets recognized that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the



principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- Put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The Fund has not applied this standard and is currently evaluating the impact of IFRS 9 on the financial statements and the timing of its adoption given that the Fund's duration is up to 2017.

- IFRS 15 (new standard) Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017 as issued by the IASB). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in

an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Fund has not applied this standard and is currently evaluating the impact of IFRS 15 on the financial statements and the timing of its adoption given that the Fund's duration is up to 2017.

- IFRS 11 (Amendments) Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016, as issued by the IASB). The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 "Business Combinations". Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 "Impairment of Assets" regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The Fund does not expect that this amendment will have an impact on its financial statements.



- **Annual Improvements to IFRSs 2010-2012 Cycle** (effective for annual periods beginning on or after 1 July 2014). The amendments impact the following standards:

IFRS 2 - Amend the definitions of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting conditions'.

IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value should be recognized in profit or loss.

IFRS 8 — Require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. Clarify that reconciliations of the total of the reportable segments' assets to the entity's assets are only required if the segments' assets are regularly reported to the chief operating decision maker.

IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis, if the effect of discounting is not material (amends basis for conclusions only).

IAS 16 and IAS 38 — Clarify that when an item of property, plant and equipment or an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after any impairment losses.

IAS 24 — Clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity and how payments to entities providing management services are to be disclosed.

The Fund has not applied these amendments, but they are not expected to have a material impact on the financial statements.

- **Annual Improvements to IFRSs 2011-2013 Cycle** (effective for annual periods beginning on or after 1 July 2014). The amendments impact the following standards:

IFRS 1 — Clarify that a first-time adopter is allowed, but not required, to apply a new IFRS that is not yet mandatory if that IFRS permits early application. If an entity chooses to early apply a new IFRS, it must apply that new IFRS retrospectively throughout all periods presented unless IFRS 1 provides an exemption or an exception that permits or requires otherwise (amends basis for conclusions only).

IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 — Clarify that the scope of the portfolio exception in paragraph 52 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities in IAS 32 "Financial Instruments: Presentation".

IAS 40 — Clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Consequently, an entity acquiring investment property must determine whether (a) the property meets the definition of investment property in IAS 40 and (b) the transactions meets the definition of a business combination under IFRS 3.

The Fund has not applied these amendments, but they are not expected to have a material impact on the financial statements.

- **Annual Improvements to IFRSs 2012-2014 Cycle** (effective for annual periods beginning on or after 1 July 2016). The amendments impact the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.



IFRS 7 Financial Instruments: Disclosures - There are two amendments to IFRS 7:

(1) Servicing contracts

If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment is prospective with an option to apply retrospectively.

(2) Interim financial statements

The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

IAS 19 Employee Benefits - The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

The Fund has not applied these amendments, but they are not expected to have a material impact on its financial statements.

- IAS 16 and IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016, as issued by the IASB). The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset and may be used only in very limited circumstances. Currently, Fund uses the

straight-line method for depreciation and amortisation for their property, plant and equipment, and intangible assets respectively. Management believes that the straight line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets.

- IFRS 10 and IAS 28 (Amendments) Sale or contribution of assets between an investor and its associate or joint venture (effective for annual periods beginning on or after 1.1.2016 as issued by IASB). The amendment clarifies the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognise to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognises the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary. In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognised. The Fund has not applied this amendment, but it is not expected to have a material impact on the financial statements.

- IAS 1 (Amendment) Disclosure Initiative (effective for annual periods beginning on or after 1.1.2016) On 18.12.2014 the IASB issued an amendment to IAS 1 in the context of the project it has undertaken to analyze the possibilities for improving the disclosures in IFRS financial reporting. The main amendments are summarized below:

- The restriction to disclose only a summary of significant accounting policies is removed;
- It is clarified that even when other standards require specific disclosures as minimum requirements, an



entity may not provide them if this is considered immaterial. In addition, in case the disclosures required by the IFRS are insufficient to enable users to understand the impact of particular transactions, the entity shall consider whether to provide additional disclosures;

- It is clarified that the line items that IFRS require to be presented in the balance sheet and the statements of profit or loss and other comprehensive income are not restrictive and that the entity may present additional line items, headings and subtotals;
- It is clarified that in the Statement of comprehensive Income the share of other comprehensive income of associates and joint ventures accounted for using the equity method shall be separated into:
 - amounts that will not be reclassified subsequently to profit or loss and
 - amounts that will be reclassified subsequently to profit or loss;
- It is clarified that the standard does not specify the presentation order of the notes and that each entity shall determine a systematic manner of presentation taking into account the understandability and comparability of its financial statements. The Fund is examining the impact from the adoption of the above amendment on its financial statements.

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

2.3 Financial assets at fair value through profit or loss

This category includes the shares of the Banks obtained as a result of the recapitalization process which the Fund has designated at initial recognition as financial assets at fair value through profit or loss. Doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise since the related derivatives (i.e. warrants) issued by the Fund are designated as fair value through profit or loss. The fair value designation, once made, is irrevocable.

Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently re-measured at fair value.

Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in the fair value are included in "Gains/(losses) from financial instruments at FVTPL".

2.4 Derivative financial liabilities

Derivative financial liabilities include the warrants issued by the Fund in the context of the systemic bank's recapitalization, which were given to private investors participating in the capital increase of the systemic Bank according to provisions of Law 3864/2010 and Cabinet Act 38/2012. The Fund designates at initial recognition respective derivative financial liabilities as at fair value through profit or loss and subsequently are re-measured at their fair value with gains/(losses) recognised in the Statement of Comprehensive Income.

Each warrant incorporates the right of its holder to purchase from HFSF shares, acquired by HFSF due to its participation in the aforementioned capital increase of the systemic bank. The warrants do not provide voting rights to holders or owners thereof.

The warrants may be exercised by the holders every six months, with the first exercise date being six months following their issuance and the last exercise date being fifty-four (54) months following their issuance.

Gains and losses realised on exercise or redemption and unrealised gains and losses from changes in the fair value are included in the financial line of "Gains/(losses) from financial instruments at FVTPL" in the statement of comprehensive income.

2.5 Investment Securities

Investment securities are initially recognised at fair value (including transaction costs) and are classified as available-for-sale or loans-and-receivables based on the securities' characteristics and management intention on purchase date. Investment securities are recognized 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 subsequently 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 (OCI), 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 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.

AFS equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment at the end of the reporting period.

Loans and receivables investment securities consist of non-derivative investment securities with fixed or determinable payments that are not quoted in an active market.

Loan and receivable investment securities are carried at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

Impairment: The Fund assesses at each reporting date whether there is objective evidence that an investment security or a group of such securities are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Fund about the loss events.

Impairment of Available-for-sale financial assets: In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence 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 removed from equity and recognized in the Statement of Comprehensive Income. Once an impairment loss has been recognized on an equity instrument, a reversal of that impairment is not permitted. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to

the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The cumulative loss (measured as the difference between the amortised cost and the recoverable amount, less any impairment loss on that receivable) is removed from other comprehensive income and recognized in the Income statement.

Impairment of loans and receivables investment securities is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. In circumstances in which there is a range of possible amounts, a loss equal to the best estimate within that range is recognized. If, in a subsequent period, the fair value of a loan or receivable 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.

Interest earned while holding investment securities is reported as "interest income".

2.6 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: Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include financial securities and derivative contracts that are traded in an active exchange market. An active market, is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis and are characterized with low bid/ask spreads.

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.

2.7 Receivables from Banks under liquidation

According to par. 15 of article 9 of Law 4051/2012 (A' 40) as amended by Law 4224/2013, the Fund is obliged to contribute up to 31/12/2014 the amount that the HDIGF would have covered, in the context of the resolution of the financial institutions, as foreseen by par. 13 of art. 141 and par. 7 of art. 142 of Law 4261/2014. In this case the Fund takes over the rights of the HDIGF as per par. 4 of art. 13A of Law 3746/2009. In this context, the HFSF's receivables include the funding gap the HFSF paid for the financial institutions which were resolved instead of HDIGF.

The decision for the resolution of a credit institution is made by the Bank of Greece (BoG). BoG decides the initial funding gap of the resolved financial institution and six months after determines the final funding gap. Upon the initial decision of the funding gap the Fund is obliged to pay the two thirds (2/3) of the amount and upon its finalisation the Fund pays the difference to the final amount. The amount paid is recorded under the financial statements line ("F/S line") "Receivables from the banks under liquidation" and for the remaining one third (1/3) which is considered as the best estimate a provision is recognized by the Fund.

In the case that BoG has announced the final funding gap up to the date of the Fund's issuance of financial statements, the event is considered adjusting and a liability is recognised.

Impairment of Receivables from Banks under liquidation

The Fund assesses at each reporting date whether there is an objective evidence that the receivables from banks under liquidation are impaired.

A receivable from banks under liquidation is impaired if and only if there is objective evidence of impairment as a result of one or more events that occurred and this event has impact on the estimated cash flows of the receivable that can be reliably estimated. Impairment is recognised if there is objective evidence that the Fund will not be able to receive the full amount.

Objective evidence that a receivable is impaired included observable data that come to the attention of the Fund about the following loss events:

- (a) adverse economic and financial performance,
- (b) existence of losses of the banks under liquidation,
- (c) the existence of qualification of the audit opinion of the banks' under liquidation financial statements that might adversely affect the receivables and
- (d) legal constraints arising from liquidation process, which proves that the receivables may not be recoverable.

The impairment loss is reported through financial line "Impairment of investments and receivables and provision charges for funding gap" in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the "Impairment of investments and receivables and provision charges for funding gap" account. The amount of the reversal is recognized in the Statement of Comprehensive Income.

Subsequent recoveries are credited to the "Impairment of investments and receivables and provision charges for funding gap" account in the Statement of Comprehensive Income.

2.8 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 amortised over the life of the instrument. Any unrecognized Day 1 profit or loss is immediately recognized in the statement of comprehensive income 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 statement of comprehensive income without reversal of deferred Day 1 profits and losses.

2.9 Derecognition

2.9.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

2.9.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are

substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income statement.

2.10 Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments using the effective interest rate method. Interest income includes interest coupons earned on floating income investment and interest-bearing cash balances with the BoG.

Fees and direct costs relating to acquiring a security are deferred and amortised to interest income over the life of the instrument using the effective interest rate method.

2.11 Fees and commissions

Fees and commissions are generally recognized on an accrual basis over the period the service is provided. Commissions and fees arising from regulatory framework are recognised upon completion of the underlying transaction.

2.12 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 until 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 recognized in profit / (loss) for the year.

2.13 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 F/S line “Intangible assets” and is amortized using the straight-line method over the useful life of the asset and up to 30/06/2017.

2.14 Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of past events and it is probable that Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and the uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Board of the Fund, which is the chief operating decision maker responsible for the allocation of resources between the Fund’s operating segments and the assessment of their performance. It is noted that the methods used to measure operating segments for the purpose of reporting to the Executive Board are not different from those required by the IFRS. Income and expenses directly associated with each segment are included in determining business segment performance.

2.16 Related Party Transactions

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

2.17 Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash in hand, sight deposits in banks and deposits in the Central Bank, but excludes EFSF FRNs which are medium to long-term notes and are not considered as cash equivalents.

2.18 Operating Lease as a Lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

2.19 Tax Regime

Law 3864/2010 establishes that the Fund shall enjoy all the administrative, financial and judicial immunities applicable to the government, being exempted from any direct or indirect taxes, contributions in favour of third parties and duties of any nature, excluding VAT.

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 31/12/2014.

The most significant areas, for which judgments, estimates and assumptions are required in applying the Fund’s accounting policies, are the following:



Recoverability of receivables

The Fund assesses at each reporting date whether there is objective evidence that a receivable may not be recoverable. The Fund makes judgments as to whether there is any observable data indicating there is measurable decrease in the estimated future cash flows from the receivables. This evidence may include observable data indicating that there has been an adverse economic and financial performance, existence of losses of the banks under liquidation, the existence of qualification of the audit opinion of the banks' under liquidation financial statements that might adversely affect the receivables and legal constraints arising from liquidation process, which proves that the receivables may not be recoverable. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimated and realized losses.

The liquidators of credit institutions under liquidation are nominated by the Bank of Greece ("BoG") and are subject to its monitor and control. The officers and the staff of the credit institutions under liquidation have to cooperate with the liquidator and follow the instructions of the BoG. Further to that, L. 4172/2013 provides for a Special Liquidation Committee responsible for deciding upon major issues on the liquidation process which is nominated by the BoG. Besides, the recent L. 4254/2014 explicitly states that the monitoring and supervision of the actions and decisions of the bodies of the special liquidation of the credit institutions do not fall within the responsibility of the Fund and the decision making bodies of the Fund shall have no authority with respect to acts or omissions of the bodies accountable for the special liquidation proceedings of credit institutions. Therefore, the Fund has no involvement or control over the liquidation process and the recovery of any amounts, but nevertheless maintains its own independent valuation estimates over amounts to be recovered.

Fair value of financial instruments

For financial assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. For financial instruments not traded in active markets, the determination of fair value is based on valuation techniques that include present value methods and other models based mainly on observable input parameters.

Valuation techniques were used for the determination of the fair value of the EFSF FRNs either disclosed in the financial statements of the Fund or contributed in kind in the context of banks recapitalization process.

Management believes that the fair value assessment is prudent and reflective of the underlying economics, based on the controls and procedural safeguards.

Note 4 Segment Reporting

The Fund's operating segments are consistent with the management reporting system. Income and expenses are associated with each segment and are included in determining business segment performance. The Fund has no geographical segments as, according to its founding law, its operations are solely in Greece. The Fund has no intersegment/intragroup transactions as it does not consolidate any of its investments and each of its business segments is independent.

The Fund operates through the following business segments:

Systemic Banks: This segment includes all the financial institutions which had received capital advances and were eventually recapitalized by the Fund as per the BoG's capital requirements, i.e. NBG, Piraeus, Alpha and Eurobank.

Transitional Credit Institutions (TCIs) & Banks under Liquidation: This segment includes a) the credit institutions, which have been derived as a result of a resolution and the incorporation of new transitional credit institutions, namely New HPB and New Proton, and b) the banks which have been placed under liquidation and the Fund has provided for their funding gap on behalf of the HDIGF, in accordance with the Law 4051/2012 as amended by Law 4224/2013.

Other: This segment includes the Fund's results relating to internal operations and procedures which ensure the appropriate design and implementation of the Fund's policies and principles. It also includes unutilized cash balances and EFSF FRNs.



Analysis by Operating Segment

Amounts in €	01/01/2014 - 31/12/2014			
	Systemic Banks	TClS & Banks under Liquidation	Other	Total
Interest income	-	-	76,749,920	76,749,920
Personnel expenses	(1,467,159)	(475,697)	(808,546)	(2,751,402)
General administrative & other operating expenses	(15,563,130)	(203,452)	(1,631,018)	(17,397,600)
Impairment of investments and receivables and provision charges for funding gap	-	(283,770,278)	-	(283,770,278)
Gain/(loss) from financial instruments at fair value through profit or loss	(9,694,887,767)	-	-	(9,694,887,767)
Gain/(loss) from investment securities	-	5,401,986	-	5,401,986
Depreciation and amortization of property, equipment and intangible assets	(60,117)	(17,176)	(8,589)	(85,882)
Other income/(expenses)			(26,568)	(26,568)
Profit/(Loss) for the period	(9,711,978,173)	(279,064,617)	74,275,199	(9,916,767,591)
Other comprehensive income/(expenses)				-
Total comprehensive income /(expenses) for the period	(9,711,978,173)	(279,064,617)	74,275,199	(9,916,767,591)

31/12/2014				
Total segment assets	11,622,072,637	2,551,332,713	11,607,648,186	25,781,053,536
Total segment liabilities	1,272,233,203	3,494,538	242,609	1,275,970,349

Amounts in €	01/01-31/12/2013			
	Systemic Banks	TClS & Banks under Liquidation	Other	Total
Interest income	104,297,185	-	63,320,720	167,617,905
Commission income	110,676,358	-	-	110,676,358
Personnel expenses	(1,201,358)	(413,316)	(709,450)	(2,324,124)
General administrative & other operating expenses	(5,996,797)	(3,450,545)	(1,578,630)	(11,025,972)
Impairment of investments and receivables and provision charges for funding gap	-	(4,325,802,863)	-	(4,325,802,863)
Gain/(loss) from investment securities	524,116,664	(90,142,710)	-	433,973,954
Gain/(loss) from financial instruments at fair value through profit or loss	(5,982,706,161)	-	-	(5,982,706,161)
Depreciation and amortization of property, equipment and intangible assets	(51,210)	(14,631)	(7,316)	(73,157)
Other income/(expenses)	2,160,314	-	-	2,160,314
Profit/(Loss) for the financial year	(5,248,705,005)	(4,419,824,065)	61,025,324	(9,607,503,746)
Other comprehensive income/(expenses)				
Total comprehensive income /(expenses) for the financial year	(5,248,705,005)	(4,419,824,065)	61,025,324	(9,607,503,746)
31/12/2013				
Total segment assets	22,585,706,289	2,853,078,162	11,427,060,976	36,865,845,427
Total segment liabilities	2,282,694,729	161,239,449	60,471	2,443,994,649



Note 5 Cash and Balances with banks

Amounts in €	31/12/2014	31/12/2013
Cash and balances with banks	10,958	10,099
Balances with Central Bank	670,050,120	488,756,394
Total	670,061,078	488,766,493

The cash and balances with banks include a non-interest bearing sight account with a retail bank for the Fund's day-to-day operations.

The Fund's balances with Central Bank pertain to balances, which are compulsory deposited and maintained in a special interest account at BoG.

Note 6 Investment Securities

The Funds EFSF FRNs as of 31/12/2014 and 31/12/2013 are presented in the table below:

Amounts in €				31/12/2014		31/12/2013	
ISIN	Issue Date	Interest Rate	Maturity Date	Nominal Value	Fair Value	Nominal Value	Fair Value
EU000A1G0A57	19/12/2012	6M Euribor + 34 b.p.	19/12/2022	1,524,900,000	1,558,920,519	1,524,900,000	1,541,399,418
EU000A1G0A65	19/12/2012	6M Euribor + 35 b.p.	19/12/2023	1,069,394,000	1,096,043,298	1,069,394,000	1,081,376,560
EU000A1G0A73	19/12/2012	6M Euribor + 36 b.p.	19/12/2024	1,138,609,000	1,169,636,095	1,138,609,000	1,151,691,617
EU000A1G0BE6	31/5/2013	6M Euribor + 33 b.p.	30/5/2024	3,600,000,000	3,724,344,000	3,600,000,000	3,632,580,000
EU000A1G0BD8	31/5/2013	6M Euribor + 34 b.p.	30/5/2025	3,600,000,000	3,735,468,000	3,600,000,000	3,632,796,000
Subtotal				10,932,903,000	11,284,411,912	10,932,903,000	11,039,843,595
Plus: Accrued Interest				4,201,252	4,201,252	5,129,977	5,129,977
Total				10,937,104,252	11,288,613,164	10,938,032,977	11,044,973,572

- The credit rating of the EFSF which is the issuer of the FRNs as of 31/12/2014 were as follows: Fitch: AA, S&P: AA and Moodys: Aa1.

On 23/05/2013, the HFSF signed with the EFSF, the Hellenic Republic and the BoG a third Acceptance Notice regarding the contribution of EFSF FRNs into the Fund's account amounting to an additional € 7,200m. These were deposited in the securities account the HFSF holds at the BoG, pursuant to L. 3864/2010 (par. 2 art. 3) on 31/05/2013.

The Fund has classified all EFSF FRNs received as loans and receivables investment securities. The movement of the Loans and Receivables investment securities during the financial years 2014 and 2013 is as follows:

Amounts in €	1/1/2014- 31/12/2014	1/1/2013- 31/12/2013
Opening balance	10,938,032,977	34,695,433,222
Additions		7,200,000,000
EFSF FRN movements relating to banks		(30,767,097,000)
Transfer of EFSF FRNs for banks' recapitalization		(24,998,118,000)
Transfer of EFSF FRNs for funding gap and TCIs' capital		(5,768,979,000)
Accrued interest receivable from EFSF FRNs	4,201,252	5,129,977
Accrued interest received from EFSF FRNs included in the opening balance	(5,129,977)	(195,433,222)
Closing balance	10,937,104,252	10,938,032,977



The table below presents the analytical movement of the EFSF FRN nominal amount during 2014 and 2013 per bank (recapitalizations, funding gap and TCI capital increases):

<i>Amounts in €</i>	
EFSF FRNs	Total
2013 opening balance	34,500,000,000
HFSF capital increase	7,200,000,000
NBG	(8,464,264,000)
Eurobank	(5,725,783,000)
Piraeus	(6,847,527,000)
Alpha	(3,960,544,000)
Transfer of EFSF FRNs for banks' recapitalization	(24,998,118,000)
New HPB	(500,000,000)
Transfer of EFSF FRNs for TCIs' capital	(500,000,000)
ATEbank	(794,827,000)
Hellenic Postbank (HPB)	(3,732,554,000)
FBB	(456,970,000)
Dodecanese Cooperative Bank	(166,008,000)
Evia Cooperative Bank	(63,939,000)
Western Macedonia Cooperative Bank	(54,681,000)
Transfer of EFSF FRNs to cover funding gap	(5,268,979,000)
2013 closing balance	10,932,903,000
Transfers / Additions	-
2014 closing balance	10,932,903,000

Fair Value Hierarchy of EFSF FRNs

The EFSF FRNs are classified as Level 2 as they were valued based on market observable data. The fair value is estimated using the discounted cash flow model based on market interest rates offered for instruments with similar credit quality.

Transfers between Level 1 and Level 2

No transfers of financial instruments between Level 1 and Level 2 occurred.

Note 7 Financial Assets at Fair Value through Profit or Loss

Under this F/S line the Fund classified the shares received from the participation in the share capital increases of the four systemic banks. The Fund has designated the shares at initial recognition at fair value through profit or loss with the gains or losses recognized in statement of comprehensive income. The fair value at the reporting date amounts to € 11,622.1m.

The following table presents the fair value of the shares per Bank together with the Levels of the fair value hierarchy.

<i>Amounts in €</i>	Fair value	Fair value hierarchy			Fair value
	31/12/2014	Level 1	Level 2	Level 3	31/12/2013
Alpha	3,958,746,283	3,958,746,283	-	-	5,631,843,970
Eurobank	973,908,596	973,908,596	-	-	2,880,061,249
NBG	2,972,814,566	2,972,814,566	-	-	7,785,946,734
Piraeus	3,716,603,192	3,716,603,192	-	-	6,286,831,451
Total	11,622,072,637	11,622,072,637	-	-	22,584,683,404



Fair value of shares

The fair value of the shares was determined based on the market prices in the Athens Exchange at the reporting date. The Level 1 classification is based on the fact that the market prices are unadjusted quotes in an active market.

Credit rating of the four banks

The long term credit ratings of the four banks in the Fund's portfolio as of the date of the approval of financial statements, provided by international credit rating agencies, are provided in the table below:

Banks	Fitch	S&P	Moodys
Alpha	CCC	CCC+	Caa2
Eurobank	CCC	CCC+	Caa3
NBG	CCC	CCC+	Caa2
Piraeus	CCC	CCC+	Caa2

Movement of shares

The table below shows the movement of the participations in Banks within 2014.

No of Shares	Alpha	Eurobank	NBG	Piraeus
Shares held as of 31/12/2013	8,925,267,781	5,208,067,358	2,022,323,827	4,109,040,164
Additions	-	-	-	-
Disposals	(466,408,202)	-	(993)	(24,860,832)
Shares held as of 31/12/2014	8,458,859,579	5,208,067,358	2,022,322,834	4,084,179,332

An analysis of the exercise of the warrants is presented below. It is noted that the gain, referred below, is estimated as the difference between the warrant's exercise price and the share's issue price and is not equal to the result recorded in 2014, which is based on the fair value changes.

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

In June 2014 the Fund sold 451,179,721 and 993 shares of Alpha and NBG respectively. The Fund realized gains of € 7,940,763 from the Alpha shares exercise and € 170 from the NBG shares exercise reflecting the difference between the warrant's exercise price (Alpha: € 0.4576, NBG: € 4.4616) and the share's issue price (Alpha: € 0.44, NBG: € 4.29).

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

In December of 2014 due to the warrants exercise the Fund sold 15,228,481 shares of Alpha and recognized gain of € 435,535 reflecting the difference of exercise price (€ 0.4686) and issue price (€ 0.44).

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

Banks	Percentage Participation	
	31/12/2014	31/12/2013
Alpha	66.2%	81.7%
Eurobank	35.4%	95.2%
NBG	57.2%	84.4%
Piraeus	66.9%	81.0%



Note 8 Property and Equipment

<i>Amounts in €</i>	Vehicles & equipment	Leasehold improvements	Total
Balance 1 January 2013	90,723	131,696	222,419
Additions	70,933	25,513	96,446
Disposals and write-offs	-	-	-
Balance 31 December 2013	161,656	157,209	318,865
Accumulated depreciation	(29,260)	(38,904)	(68,164)
Depreciation charge	(37,865)	(25,070)	(62,935)
Balance - 31 December 2013	(67,125)	(63,974)	(131,099)
Net book value 31 December 2013	94,531	93,235	187,766
Balance 1 January 2014	161,656	157,209	318,865
Additions	20,562	-	20,562
Disposals and write-offs	-	-	-
Balance 31 December 2014	182,218	157,209	339,427
Accumulated depreciation	(67,125)	(63,974)	(131,099)
Depreciation charge	(46,061)	(26,133)	(72,194)
Balance - 31 December 2014	(113,186)	(90,107)	(203,293)
Net book value 31 December 2014	69,032	67,102	136,134

Note 9 Intangible Assets

<i>Amounts in €</i>	Software
Balance 1 January 2013	24,311
Additions	25,428
Disposals and write-offs	-
Balance 31 December 2013	49,739
Accumulated depreciation	(11,209)
Depreciation charge	(10,223)
Balance - 31 December 2013	(21,432)
Net book value 31 December 2013	28,307
Balance 1 January 2014	49,739
Additions	11,189
Disposals and write-offs	-
Balance 31 December 2014	60,928
Accumulated depreciation	(21,432)
Depreciation charge	(13,688)
Balance - 31 December 2014	(35,120)
Net book value 31 December 2014	25,808



Note 10 Receivables from Banks under Liquidation

According to par. 15 of article 9 of the Law 4051/2012 (A' 40) as amended by the Law 4224/2013, the Fund became liable to pay until 31/12/2014 the amount that the HDIGF would have covered, in the context of the resolution of the financial institutions, as foreseen by par. 13 of art. 141 and par. 7 of art. 142 of Law 4261/2014. In this case the Fund takes over the rights of the HDIGF as per par. 4 of art. 13A of Law 3746/2009. In this context, the HFSF's receivables represent its contribution in EFSF FRNs and in cash, given instead of the HDIGF, to cover the funding gap of the financial institutions which were resolved.

The total amount provided for the funding gap by the Fund reached € 13,489.0m up to 31/12/2014, of which € 277.3m were recovered up to 31/12/2014 and € 10,669.2m were assessed as non-recoverable. In the first four months of 2015 the Fund also received a total amount of €208.7 million from the banks under liquidation. The funding gap, the cumulative impairment and collections per bank under liquidation are presented in the following table:

Amounts in €

Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,473,992	(88,213,450)	(38,000,000)	83,260,542
ATEbank	7,470,717,000	(5,550,686,960)	(220,000,000)	1,700,030,040
Dodecanese Cooperative Bank	258,547,648	(141,016,227)	-	117,531,421
Evia Cooperative Bank	105,178,136	(76,925,214)	-	28,252,922
First Business Bank	456,970,455	(395,994,829)	-	60,975,626
Hellenic Post Bank	3,732,554,000	(3,365,506,633)	-	367,047,367
Lamia Cooperative Bank	55,493,756	(25,800,824)	(6,000,000)	23,692,931
Lesvos-Limnos Cooperative Bank	55,516,733	(27,967,754)	(7,000,000)	20,548,979
Probank	562,733,502	(465,778,793)	-	96,954,709
Proton Bank	259,621,860	(243,612,666)	(4,324,266)	11,684,928
T-Bank	226,956,514	(224,944,714)	(2,011,800)	-
Western Macedonia Cooperative Bank	95,244,475	(62,705,397)	-	32,539,078
Total	13,489,008,071	(10,669,153,461)	(277,336,066)	2,542,518,543

The movement of the Fund's receivables, including impairments, from the banks under liquidation during 2014 is presented in the following table:

Amounts in €

01/01/2014 - 31/12/2014

Bank under Liquidation	Opening balance	Additions	Collections	Impairment (charges)/reversals	Closing balance
Achaiki Cooperative Bank	147,868,800	-	(38,000,000)	(26,608,258)	83,260,542
ATEbank	1,750,678,850	-	-	(50,648,810)	1,700,030,040
Dodecanese Cooperative Bank	166,008,901	-	-	(48,477,480)	117,531,421
Evia Cooperative Bank	63,939,049	-	-	(35,686,127)	28,252,922
First Business Bank	80,274,457	-	-	(19,298,831)	60,975,626
Hellenic Post Bank	380,271,150	-	-	(13,223,783)	367,047,367
Lamia Cooperative Bank	39,967,991	-	-	(16,275,060)	23,692,931
Lesvos-Limnos Cooperative Bank	26,908,340	-	-	(6,359,361)	20,548,979
Probank	128,782,552	-	-	(31,827,843)	96,954,709
Proton Bank	11,684,928	-	-	-	11,684,928
T-Bank	2,011,800	-	(2,011,800)	-	-
Western Macedonia Cooperative Bank	54,681,344	13,222,459	-	(35,364,725)	32,539,078
Total	2,853,078,162	13,222,459	(40,011,800)	(283,770,278)	2,542,518,543



The movement of the Fund's receivables, including impairment, from the banks under liquidation during the 2013 is presented in the following table:

<i>Amounts in €</i>		01/01/2013 - 31/12/2013			
Bank under Liquidation	Opening balance	Additions	Collections	Impairment (charges)/reversals	Closing balance
Achaiki Cooperative Bank	147,868,800	-	-	-	147,868,800
ATEbank	1,970,678,850	-	(220,000,000)	-	1,750,678,850
Dodecanese Cooperative Bank	-	258,547,648	-	(92,538,747)	166,008,901
Evia Cooperative Bank	-	105,178,136	-	(41,239,087)	63,939,049
First Business Bank	-	456,970,455	-	(376,695,998)	80,274,457
Hellenic Post Bank	-	3,732,554,000	-	(3,352,282,850)	380,271,150
Lamia Cooperative Bank	47,584,890	-	(6,000,000)	(1,616,899)	39,967,991
Lesvos-Limnos Cooperative Bank	36,057,800	-	(7,000,000)	(2,149,460)	26,908,340
Probank	-	562,733,502	-	(433,950,950)	128,782,552
Proton Bank	16,009,194	-	(4,324,266)	-	11,684,928
T-Bank	-	-	-	2,011,800	2,011,800
Western Macedonia Cooperative Bank	-	82,022,016	-	(27,340,672)	54,681,344
Total	2,218,199,534	5,198,005,757	(237,324,266)	(4,325,802,863)	2,853,078,162

Impairment of receivables from liquidation of Cooperative Banks

- The receivable before impairment from Achaiki Cooperative Bank amounted to € 171.5m as of 31/12/2014. The amount pertains to the cash paid to NBG after the resolution of Achaiki Cooperative Bank and the transfer of its deposits to NBG. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 83.3m. Therefore, a further impairment charge of € 26.6m was recognised in the Statement of Comprehensive Income for 2014. The Fund additionally recovered from the liquidation process € 10m in January 2015.
- The receivable before impairment from Lesvos-Limnos Cooperative Bank amounted to € 48.5m as of 31/12/2014. The amount pertains to the cash paid to NBG after the resolution of Lesvos-Limnos Cooperative Bank and the transfer of its deposits to NBG. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 20.5m. Therefore, a further impairment charge of € 6.4m was recognised in the Statement of Comprehensive Income for 2014. The Fund additionally recovered from the liquidation process € 5m in January 2015.
- The receivable before impairment from the Lamia Cooperative Bank amounted to € 49.5m as of 31/12/2014. The amount pertains to the cash paid to NBG after the resolution of the Lamia Cooperative Bank. As of 31/12/2014, the Fund estimates, that the recoverable amount from the liquidation process is € 23.7m. Therefore, a further impairment charge of € 16.3m was recognised in the Statement of Comprehensive Income for 2014. The Fund additionally recovered from the liquidation process € 4m in January 2015.
- The receivable before impairment from the Cooperative bank of Dodecanese amounted to € 258.5m as of 31/12/2014. The amount was paid to Alpha through contribution of cash and EFSF FRNs. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 117.5m. Therefore, a further provision charge of € 48.5m was recognised in the Statement of Comprehensive Income in 2014. The Fund recovered from the liquidation process € 49m in January 2015.
- The receivable before impairment from the Cooperative bank of Evia amounted to € 105.2m as of 31/12/2014. This amount was paid to Alpha through contribution of cash and EFSF FRNs. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 28.3m. Therefore, a further impairment charge of



€ 35.7m was recognised in the Statement of Comprehensive Income in 2014. The Fund recovered from the liquidation process € 2m in January 2015.

- f) The receivable before impairment from the Cooperative Bank of Western Macedonia amounted to € 95.2m as of 31/12/2014. The amount was paid to Alpha through contribution of cash and EFSF FRNs. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 32.5m. Therefore, a further impairment charge of € 35.4m was recognised in the Statement of Comprehensive Income in 2014. The Fund recovered from the liquidation process € 15m in January 2015.

Impairment of receivable from liquidation of Proton Bank

The HDIGF provided the initial funding gap, amounting to € 862m to New Proton Bank and pursuant to L. 4052/2012, as complemented with the Act of Cabinet (30/04/2012, par. 6c), the HFSF paid the amount of € 259.6m instead of the HDIGF on 14/05/2012. The receivable before impairment from the contribution of HFSF to Proton Bank's funding gap as of 31/12/2014 amounted to € 255.3m. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 11.7m, which represents the Fund's share (23.1%) of the funding gap paid. Hence, further to the impairment charge of € 243.6m recognised up to 2013, no impairment charge was recognised in the Statement of Comprehensive Income of 2014. The Fund additionally recovered from the liquidation process € 694k in January 2015.

Impairment of receivable from liquidation of ATE

The receivable before impairment from ATE as of 31/12/2014 amounted to € 7,250.7 m. The amount pertains to the funding gap of € 7,470.7m paid through contribution of EFSF FRNs and cash to Piraeus. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 1,700m. Therefore, a further impairment charge of € 50.6m was recognised in the Statement of Comprehensive Income in 2014. The Fund additionally recovered from the liquidation process € 95m in January 2015.

Impairment of receivable from liquidation of HPB

The receivable before impairment from the liquidation of HPB as of 31/12/2014 amounted to € 3,732.6m and it was paid through contribution of EFSF FRNs to New HPB. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 367m. Hence, a further impairment of € 13.2m was recognized in the Statement of Comprehensive Income in 2014. The Fund recovered from the liquidation process € 15m in March 2015.

Impairment of receivable from liquidation of T-Bank

On 14/02/2013 the Fund disbursed the amount of € 227m in cash, instead of HDIGF, to the New HPB. This amount represented part of the funding gap, after the liquidation of T-Bank and the transfer of its assets and liabilities to New HPB. A provision for the total amount of the funding gap was charged in the statement of comprehensive income in 2012, as the Fund did not expect to recover the respective amount. However, the Fund recovered from the liquidation process € 2m in accordance with the liquidator's report dated 22/11/2013, which reduced the impairment charges of the year equivalently. The said amount was received on 14/02/2014.

Impairment of receivable from liquidation of Probank

The receivable before impairment from the liquidation of Probank as of 31/12/2014 amounted to € 562.7m. This amount was paid to NBG in cash and pertains to the funding gap determined by the BoG. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 97m. Hence, a further impairment of € 31.8m was recognized in the Statement of Comprehensive Income in 2014. The Fund recovered from the liquidation process € 5.5m in January 2015.

Impairment of receivable from liquidation of FBB

The receivable before impairment from the liquidation of FBB as of 31/12/2014 amounted to € 457m. This amount was paid to NBG through contribution of EFSF FRNs and pertains to the funding gap determined by BoG. As of 31/12/2014, the Fund estimates that the recoverable amount from the liquidation process is € 61m. Hence, a further impairment of € 19.3m was recognized in the Statement of Comprehensive Income in 2014. The Fund recovered from the liquidation process € 7.5m in March 2015.



Note 11 Other Assets

<i>Amounts in €</i>	31/12/2014	31/12/2013
Receivables	8,814,171	1,022,885
Prepaid expenses	275,788	875
Guarantees	45,125	44,558
Total	9,135,084	1,068,318

The receivable as of 31/12/2014 of € 8.8m refers to an additional gain from the sale of New HPB that took place in 2013, due to the finalization of a contingency included in the SPA, in the third quarter of 2014. The amount was paid by Eurobank on 13/03/2015. As of 31/12/2013, the receivable of € 1m pertained to fees for advisory services due from Eurobank and Piraeus, which had initially been paid by the Fund.

Prepaid expenses as of 31/12/2014 of € 273k pertain to prepaid fees of an insurance contract.

Note 12 Liabilities for Payment of Funding Gap

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

As of 31/12/2013 the total amount of € 161.1m pertained to a) the € 133.8m remaining amount to be paid for the final funding gap of Dodecanese and Evia Cooperative banks since the final funding gap was determined by the BoG on 10/06/2014 and was considered as an adjusting event to the financial statements of the 31/12/2013 and b) 1/3 of the preliminary funding gap of Western Macedonia Cooperative bank amounting to € 27.3m (the preliminary funding gap of Western Macedonia amounted to € 82m, originating from its liquidation decided by the BoG on 08/12/2013). The amount of € 133.8 m was paid to Alpha on 27/06/2014, while an amount of € 40.6m was paid on 29/07/2014 following the determination of the final funding gap for Western Macedonia.

Note 13 Derivative Financial Liability

The derivative financial liability includes solely the titles representing shares ownership rights (Warrants) issued by the Fund and granted to the private investors participating in the capital increase of the 3 systemic Banks according to Law 3864/2010 and Cabinet Act 38/2012. The warrant has similar characteristics with a Bermudan style covered call option and gives to its holder the right but not the obligation to purchase a specific number of a bank's shares owned by the Fund at a specific strike price on a specific future date. The fair value of the outstanding warrants amounted to € 1,272.0m as of 31/12/2014.

The outstanding amount, the fair values and the fair value hierarchy per warrant are presented below:

<i>Amounts in €</i>	Fair value	
	31/12/2014	31/12/2013
Derivative Financial Liability		
Alpha's warrant	1,073,243,089	1,349,267,193
NBG's warrant	39,319,753	285,068,353
Piraeus' warrant	159,448,072	647,935,884
Total	1,272,010,914	2,282,271,430



Fair value of warrants

Warrants are freely transferrable securities which are listed for trading in the securities market of Athens Exchange (ATHEX). The fair values are determined by reference to the prices in the ATHEX unadjusted and therefore they are classified into Level 1.

Exercise of warrants

The warrants may be exercised semiannually with the first exercise date being six (6) months following the issuance and the expiry date being after fifty-four (54) months following the issuance. The first exercise took place for Alpha and NBG on 10 and 27 December of 2013 respectively, whereas the Piraeus's warrants were first exercised on 02/01/2014. The second exercise took place for Alpha and NBG on 10 and 26 June of 2014 respectively, whereas the Piraeus's warrants were exercised on 02 July of 2014. The third exercise took place for Alpha and NBG on 10 and 26 December of 2014 respectively, whereas the Piraeus's warrants were exercised on 02 January of 2015. No warrants were exercised in December for NBG.

The exercise price is multiplied by the shares that the holder of the warrant is entitled to acquire upon the exercise of the warrant. The exercise price corresponding to each warrant that the Fund will receive in exchange for shares equals the issue price of the share plus accrued interest at an annual rate of 3% plus the following spread:

- 1% for the first year from the issue Date
- 2% for the second year from the issue Date
- 3% for the third year from the issue Date
- 4% for the fourth year from the issue Date
- 5% for the remaining period

The movement of the warrants outstanding during 2014 and the number of shares corresponding to 1 warrant (multiplier), if exercised, are presented below:

	Alpha	NBG	Piraeus
Warrants outstanding as of 1/1/2014	1,204,702,851	245,748,580	849,195,130
Warrants exercised	(62,954,884)	(121)	(5,554,540)
Warrants outstanding as of 31/12/2014	1,141,747,967	245,748,459	843,640,590
Multiplier	7.4087	8.2292	4.4758

In January 2014 the Fund received an amount of € 4.7m following the 1st exercise of Piraeus's warrants. In June 2014 the Fund received the amounts of € 206.5m and € 4.4k from the 2nd exercise of Alpha's and NBG's warrants respectively. In July 2014 the Fund received an amount of € 39.2m from the 2nd exercise of Piraeus warrants. In December 2014 the Fund received the amount of € 7.1 m from the 3rd exercise of Alpha's warrants.

Note 14 Provisions and Other Liabilities

Amounts in €	31/12/2014	31/12/2013
Provisions	3,412,185	-
Creditors and suppliers	145,488	277,997
Taxes payable – other than income taxes	237,822	164,982
Payroll related accruals	114,498	137,823
Other expenses payable	49,442	23,911
Total	3,959,435	604,713

The amount of € 3.4m refers to a provision regarding a legal contingency arising from the sale of New HPB to Eurobank that took place in 2013.



Note 15 Interest Income

A breakdown of the Fund's interest income for 2014 and 2013 is provided in the table below:

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Interest income from EFSF FRNs	76,464,995	167,616,082
Interest income from deposits	284,925	1,823
Total	76,749,920	167,617,905

Note 16 Commission Income

Following the signing of the Presubscription Agreements with the banks in 2012 and L. 3864/2010, the Banks which received capital advances had to pay to the HFSF a 1% annual underwriting fee on the nominal amount of the EFSF FRNs that they received for the period from the date of the advance until the date of the total advances' conversion into share capital (2013: € 110.7m, 2012: € 110.2m). The total 1% underwriting fee amounting to € 220.9m was paid to the Fund by the recapitalized banks in June and July of 2013.

Note 17 Personnel Expenses

The number of directors and employees under payroll by the Fund was 33 as of 31/12/2014 and 22 as of 31/12/2013. The total personnel expenses for the financial year of 2014 and 2013 are analysed as follows:

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Salaries	(2,365,873)	(2,005,248)
Employer's contribution	(385,529)	(318,876)
Total	(2,751,402)	(2,324,124)

The average number of employees including directors during 2014 was 29, while during 2013 the average number was 23.

Note 18 General Administrative and Other Operating Expenses

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Utilities and rentals	(354,625)	(342,047)
General Council remuneration	(365,000)	(244,833)
Lawyers' fees	(400,706)	(376,016)
Audit firms' fees	(150,386)	(298,501)
Advisors' fees	(14,441,881)	(8,446,354)
Professionals' fees	(139,725)	(195,320)
Custody fees	(796,389)	(498,605)
Insurance fees	(238,649)	(232,558)
Fees to bank representatives	(76,545)	(87,269)
Other fees	(103,433)	(65,741)
Other expenses	(330,261)	(238,728)
Total	(17,397,600)	(11,025,972)



The increase in 2014 is mainly due to a) the advisor's fees for the share capital increases and other transactions of the four banks paid by the Fund and the sale of the transitional credit institutions amounting to € 14.5m in 2014 versus € 8.5m in 2013 and b) the custody fees for the shares of the banks acquired amounting to € 0.8m in 2014 versus € 0.5m in 2013.

Note 19 Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The account includes the gains or losses resulting from the revaluation of the shares held in the systemic banks and the warrants issued, as well as the results from the disposals of the shares upon the exercise of the warrants.

The breakdown of the gain or loss by financial instrument is presented in the table below:

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Gain/(loss) from equity instruments		
Alpha	(1,459,501,780)	1,706,603,790
Eurobank	(1,906,152,653)	(3,818,701,251)
NBG	(4,813,127,738)	(889,800,442)
Piraeus	(2,526,366,112)	(698,536,828)
Subtotal	(10,705,148,283)	(3,700,434,731)
Gain/(loss) from warrants		
Alpha	276,024,104	(1,349,267,193)
NBG	245,748,599	(285,068,353)
Piraeus	488,487,813	(647,935,884)
Subtotal	1,010,260,516	(2,282,271,430)
Total	(9,694,887,767)	(5,982,706,161)

Note 20 Gain/(Loss) from Investment Securities

The € 5.4m gain for the financial year of 2014 derived from the disposal of NHPB to Eurobank that took place in 2013 and comprises of:

- An amount of € 8.8m that refers to an additional gain from the sale of New HPB, due to the finalization of a contingency included in the SPA, in the third quarter of 2014. The amount was received on 13/3/2015.
- A provision of € 3.4m that refers to a legal contingency included in the SPA.

The € 434m gain for the financial year of 2013 derives from the following transactions:

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

The nominal amount of the EFSF FRNs actually disbursed for the SCIs in terms of their recapitalization process amounted to € 24,998.1m, whereas the fair value of the EFSF FRNs amounted to € 25,522.2m.

The Fund recognized a € 524.1m gain which derived from the difference between the fair value and the nominal value of the EFSF FRNs, classified as Loans and Receivables, at the time of their contribution towards the completion of the 4 systemic banks' recapitalization. The fair value of the EFSF FRNs was determined by external valuers according to par. 4 of article 9 of codified Law 2190/1920.

b) Gain from the disposal of New HPB

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



**TAMEIO
ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ
ΣΤΑΘΕΡΟΤΗΤΑΣ**

HELLENIC FINANCIAL STABILITY FUND

amount of € 54.9m in cash as settlement for the transaction following the finalization of the New HPB's Net Asset Value.

c) Loss from the disposal of New Proton

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

Note 21 Other Income/(Expenses)

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Expenses recovered from reimbursement of invoices by banks	-	2,050,000
Other income/(expenses)	(26,568)	110,314
Total	(26,568)	2,160,314

During 2013 the Fund paid an amount of € 2,050,000 for financial advisory services relating to the recapitalised banks. The amount was reimbursed by the recapitalised banks.

Note 22 Commitments and Contingent Liabilities

- a) Commitments:** Operating lease commitments: The Fund's commitments relate to the operational leasing for its offices. The minimum future payments are presented in the table below (it is noted that the Fund may terminate the operating leasing for its office following a three month notice):

<i>Amounts in €</i>	31/12/2014	31/12/2013
No later than 1 year	253,688	253,688
Later than 1 year and no later than 5 years	380,532	634,220
Total	634,220	887,908

- b)** No legal cases of third parties against the Fund exist that is probable to affect negatively the Fund's financial position.

Note 23 Risk Management

The HFSF has organized its risk management function, in accordance with its statutory provisions and international best practices. Roles and responsibilities are clearly identified, whereas potential risks, to which the HFSF is exposed in the course of fulfilling its mandate, are identified, assessed, monitored and effectively mitigated.

Financial Risk Management

During 2014, HFSF held the following financial assets, as presented in each relevant Note:

- Financial Assets at Fair Value through Profit or Loss – Equity shares of the four systemic banks, as a result of the HFSF's participation in the share capital increases that took place in May and June of 2013.
- Investment securities - EFSF FRNs held by the HFSF,
- Receivables from banks under liquidation - Claims from the banks which have been placed under liquidation and the Fund has covered their funding gap, on behalf of the HDIGF,
- Cash in hand and deposits at the BoG.



All of the financial assets above are denominated in Euros.

The HFSF's non-derivative financial liabilities are those relating to the funding gap to be paid and those classified as "Provisions and other Liabilities" (Creditors and suppliers, social security contributions payable, provisions and other expenses payable). The maturity analysis of the non-derivative financial liabilities is less than one year. The Fund's derivative financial liabilities include the issued warrants in connection to Alpha, NBG and Piraeus. Their maturity is presented in the table below.

Months after the date of issuance	Warrant exercise dates*		
	ALPHA	NBG	Piraeus
6	10/12/2013	26/12/2013	2/1/2014
12	10/6/2014	26/6/2014	2/7/2014
18	10/12/2014	26/12/2014	2/1/2015
24	10/6/2015	26/6/2015	2/7/2015
30	10/12/2015	26/12/2015	2/1/2016
36***	10/6/2016	26/6/2016	2/7/2016
42	10/12/2016	26/12/2016	2/1/2017
48	10/6/2017	26/6/2017	2/7/2017
54	10/12/2017**	26/12/2017**	2/1/2018**

**If the foreseen exercise date does not fall on a business day, it shall be carried over to the immediately following business date, adjusting accordingly the amount of interest*

***The last exercise date is the warrants' expiry date*

****After 36 months as of the issue of the HFSF Warrants, the HFSF is entitled, subject to certain requirements, to transfer the underlying common shares to third parties without any compensation to HFSF Warrants' holders who choose not to exercise the warrants.*

The carrying values of short-term financial assets and liabilities are not considered different from their fair value. The fair value of the EFSF FRNs is presented in Note 6 to the Financial Statements. The expected amounts to be recovered from the liquidation process are presented in Note 10.

During 2014, the HFSF, was exposed to the following risks:

Interest Rate Risk

Interest Rate risk is related to potential losses arising from adverse movements in interest rates.

The HFSF's exposure to interest rate risk, is mainly due to:

- Interest income expected from the EFSF FRNs held by the HFSF with a base rate of 6M Euribor. The EFSF FRNs were provided in the framework of the adjusting program for the purpose of supporting the financial stability of the Greek banks and no hedging is allowed according to L. 3864/2010 – these FRNs were held temporarily by the Fund for the banks' recap. Any unused FRNs would be returned to the European Stability Mechanism (ESM), according to the Acceptance Notice signed on 17/04/2012. Following a ministerial decision of 26 February 2015 and in accordance with the Master Financial Assistance Facility Agreement signed on 15 March 2012 as amended, the HFSF proceeded with the re-delivery of the unused EFSF Notes amounted to € 10,932,903,000 to EFSF on 27 February 2015.
- Interest income expected from its deposits at the BoG.

Price Risk

Price risk is related to potential losses, arising from adverse movements related to equity and derivative prices or investment values. HFSF's price risk, is mainly attributable to:

- The value of the Fund's equity participations in the four systemic banks. These equity participations are recorded at fair value and the change in fair value is recorded in the Statement of Comprehensive Income. As of 31/12/2014, the fair values of the Fund's shareholdings in the 4 banks amounted to € 11,622m. A change



at a range of +/- 10% in the share prices of these investments would lead to revaluation gains/(losses) of +/- € 1,162m in the Statement of Comprehensive Income.

- The value of the warrants that the HFSF has issued with the HFSF's shares in the three systemic banks as the underlying assets. The warrants are recorded at fair value and the change in their fair values is recorded in the Statement of Comprehensive Income. As of 31/12/2014 the derivative financial liability amounted to € 1,272m. A change at a range of +/- 10% in the warrant prices would lead to (losses)/gains of -/+ € 127m in the Statement of Comprehensive Income.

Therefore, the HFSF is exposed to downside equity risk, resulting from the possible decrease in the equity prices of the four systemic banks, in which the HFSF holds equity stakes. Since the revaluations from both the warrants and the shares are recorded in the Statement of Comprehensive Income, the losses from the appreciation in the warrants' value (liability) are offset by gains from the appreciation of the underlying share and vice versa. However, in case of imperfect correlation between the warrant price and the respective share price, the HFSF may incur net losses. Also, in case the price of the warrant is close or equal to zero, the HFSF is exposed to equity risk, arising from its participation in the underlying equity.

Foreign Exchange risk

All financial assets and liabilities assumed by HFSF, are denominated in Euros. Hence, the Fund is not exposed to any foreign exchange risk.

Liquidity risk

Liquidity risk is related to the Fund's potential inability to meet its liabilities when they come due, or to meet its commitments to make payments. HFSF is monitoring its liquidity position on a regular basis. The Fund is not exposed to material liquidity risk.

Recovery risk

Recovery risk is related to a reduction in the value of the Fund's claims against banks under liquidation. These claims arose due to HFSF's payment, on behalf of the HDIGF, of funding gap created, as a result of specific banks' resolution process. The HFSF's payment of funding gap is obligatory, according to Laws 4051/2012 and 4261/2014. The Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless monitors its recovery risk by maintaining its own independent valuation estimates over amounts to be recovered.

The liquidation proceeds may eventually change, as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors that the Fund cannot reliably estimate.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, from external events and also includes legal and compliance risk. Operational risk may lead to monetary losses such as write-downs of assets, legal liability, loss or damage to assets and forgone income in the sense of business interruption or reputational damage.

HFSF is not exposed to any significant operational risk due to the nature of its activities and operations. Despite that, the Fund has developed control procedures to ensure that any operational risk inherent to its activities is well monitored and mitigated on a proactive basis. This is achieved through satisfactory segregation of duties, oversight functions and clearly defined processes and procedures, as well as the implementation of the "four eye principle".

Note 24 Related Party Transactions

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

The significant transactions entered into by the HFSF with related parties during 2014 and 2013 and the balances outstanding as of 31/12/2014 and 31/12/2013 are presented below.



Transactions with key management personnel

The BoD Members (effective for the period from 01/01/2013 up to 31/01/2013) and the Members of Executive Board and General Council (effective from 01/02/2013), as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The gross remuneration in 2014 amounted to € 931k (2013: € 934k). Furthermore, for the Executive Members an amount of € 65k (2013: € 60k) was paid for employer's social security contributions.

Transactions and balances with systemic banks

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

The nominal amount of EFSF FRNs contributed to the systemic banks in the context of the recapitalization process amounted in 2013 amounted to € 24,998m. The fair value of the shares held of the Fund as of 31/12/2014 amounted to € 11,622m (31/12/2013: € 22,585m).

In 2014 the total funding gap paid to systemic banks for the transfer of assets and liabilities of the banks under liquidation amounted to € 174m in cash. In 2013 the relevant amount was € 790m in cash and € 5,269m in the form of EFSF FRNs. On 31/12/2013 the liability for payment of funding gap amounted to € 161m. On 27/06/2014, the Fund contributed € 133.8m in cash to Alpha which pertained to the final funding gap of Dodecanese and Evia Cooperative Banks. On 14/07/2014 the Resolution Committee of the BoG decided the final funding gap of Western Macedonia Cooperative Bank which amounted to € 95.3m and the remaining amount of € 40.6m was paid in cash to Alpha on 29/07/2014 (Note 12).

In accordance with the presubscription agreement, the Banks which received capital advances had to pay to the HFSF a 1% annual underwriting fee on the nominal amount of the EFSF FRNs that they received for the period from the date of the capital advance until the date of the total advances' conversion into share capital. The accrued commission income for 2013 amounted to € 110.7m (Note 16).

In 2013 the Fund recognized in the other income account an amount of € 2,050,000, which was reimbursed by the systemic banks and relates to expenses paid for financial advisory services in the context of recapitalization (Note 21). As of 31/12/2013, other receivables of € 1m pertained to such fees payable by Eurobank (€ 419k) and Piraeus (€ 604k), which were collected in 2014 (Note 11).

The custody fees, relating to shares held by HFSF, paid to the systemic banks for the financial year of 2014 and 2013 amounted to € 467.5k and € 255.8k respectively. The amount in 2014 was substantially higher than that of 2013 as the HFSF began holding shares of the systemic banks in June 2013.

Transactions with transitional credit institutions

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

Following the issuance of the BoG's decision for the determination of the final funding gap amounting to € 3,732.6m (BoG's Resolution Committee decision 11/21.05.2013), on 14/06/2013 the HFSF contributed the remaining EFSF FRNs with nominal amount € 1,001.8m to the New HPB.

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



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

On 30/08/2013 the Fund sold to Eurobank New HPB and New Proton for a consideration of € 681m and € 1 respectively. The market value of Eurobank's shares acquired amounted to € 859.8m, while an amount of € 54.9m was paid to Eurobank as settlement of the transaction due to the change of New HPB net asset value. New Proton and New HPB were absorbed by Eurobank on 22/11/2013 and 27/12/2013 respectively.

In the third quarter of 2014 and following the finalization of a contingency from the sale of New HPB held in 2013, HFSF recognized an additional € 8.8m gain and a receivable of an equal amount from Eurobank (Note 20). A provision of € 3.4m recognized in 2014 regarding a contingency arising from the sale of New HPB to Eurobank that took place in 2013.

Note 25 Independent Auditor's Fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. has served as the independent auditor for the year ended 31/12/2014. The following table presents the aggregate fees (excluding VAT) for professional audit and other services rendered to the Fund by the auditing firm Deloitte Hadjipavlou Sofianos & Cambanis S.A.

<i>Amounts in €</i>	01/01/2014 - 31/12/2014	01/01/2013 - 31/12/2013
Audit fees for statutory audit of financial statements	45,500	33,000
Other audit related fees	43,200	38,440
Total	88,700	71,440

In 2014, following the amendment of Law 3864/2010 according to which HFSF prepares quarterly accounts, the 6 months financial statements were reviewed by Deloitte Hadjipavlou Sofianos & Cambanis S.A.

Note 26 Post Balance Sheet Events

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

a. Warrants exercise

In January 2015 Piraeus Bank's third warrants exercise took place. There were 3,568 warrants exercised and 15,969 actual shares exchanged, and the Fund received €28,912. Following the exercise the HFSF shareholding in Piraeus bank remained at 66.9%.

b. Signing of the third Amendment Agreement relating to the Master Financial Assistance Facility Agreement

In February 2015 the HFSF proceeded with the signing of the third Amendment Agreement relating to the Master Financial Assistance Facility Agreement, between EFSF, the Hellenic Republic, HFSF and BoG, thus extending the Agreement until 30/06/2015.

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

Following a ministerial decision of 26 February 2015 and in accordance with the Master Financial Assistance Facility Agreement signed on 15 March 2012 as amended and in alignment with the Eurogroup statement of 20 February 2015 the HFSF proceeded with the re-delivery of the unused EFSF Notes, with nominal value of €10,932,903,000 to the EFSF on 27 February 2015. Additionally, the HFSF proceeded with the reduction of its paid in capital by the amount of €10,932,903,000.

d. Transfer of € 555.9m to Hellenic Republic

Pursuant to the provisions of par. 7 art. 16c of Law 3864/2010, all financial institutions that have received a capital support from HFSF were obliged to pay a one-off amount totaling € 555.6m, which was recognised in 2012 Financial



Statements, as one-off income fee and was actually received by the Fund in December 2012. On 19/03/2015, according to the article 35 L. 4320/2015, HFSF transferred this amount and the relevant accruals amounted to € 555.9m from the HFSF account to the Hellenic Republic. This transaction will be recognised as a one-off expense in the 2015 financial statements.

e. Placement of HFSF's available cash into a cash management account with the BoG

Pursuant to the provisions of par. 4 art. 3 of L. 3864/2010, as amended by the art. 35 L. 4320/2015, the Fund is obliged to place 90% of its available cash in a cash management account with the Bank of Greece. The account is governed by Article 15 par 11(g) L.2469/1997 as these provisions were amended by the enactment of that bill on March 18, 2015. The transfer of 90% of the available cash i.e. the amount of €309.4m in the cash management account with the Bank of Greece took place on 19/3/2015. Further to that, according to the Law 4323/2015 (FEK A 43/27.4.2015) the Fund is obliged to deposit all its available cash in a cash management account to BoG, by way of derogation to any other general or special legal provision or procedure. Any funds that are necessary for covering the cash needs for the next fifteen days are excluded from this obligation.

f. Collections from liquidations

In the first four months of 2015 the Fund received a total amount of €208.7 million from the banks under liquidation. Specifically, the Fund received € 95m from ATE on 12/1/2015, € 0.7m from Proton Bank on 20/1/2015, € 4m from the Cooperative Bank of Lamia on 20/01/2015, € 10m from Achaiki Cooperative Bank on 20/1/2015, € 49m from Dodecanese Cooperative Bank on 20/01/2015, € 15m from Western Macedonia Cooperative Bank on 21 and 22/01/2015, € 5m from the Cooperative Bank of Lesbos-Limnos on 23/1/2015, € 2m from Evia Cooperative Bank on 23/01/2015, € 5.5m from Probank on 27/01/2015, € 15m from the Hellenic Post Bank on 05/03/2015 and € 7.5m from First Business Bank on 05/03/2015.

g. General Council composition

On 06/03/2015, Mrs. Kerasina Raftopoulou was appointed by the Ministry of Finance (Government Gazette YODD 104/6.03.2015) as representative of the Ministry of Finance and non-executive member of the General Council following the resignation of Mr. Avraam Gounaris.

On 23/03/2015 Mr. Christos Sclavounis, Chairman of HFSF General Council, on 24/3/2015 Mr. Stefan Wilcke and on 01/04/2015 Mr. John Zafiriou, non-executive members of the General Council submitted their resignation to the Minister of Finance, which was accepted.

On 02/04/2015 Mr. Pierre Mariani was elected as the Acting Chairman of the Fund, until the appointment of a new Chairman.