

# Hellenic Financial Stability Fund



## Interim Financial Report

For the 6 month period ended 30/06/2015

(In accordance with International Accounting Standard 34)

February 2016



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## 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 in force. 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. -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 (hereinafter MoF).

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 and in line with the relevant commitments under the Memorandum of Understanding (hereinafter MoU) and in compliance with the obligations arising from the Master Financial Facility Agreement (hereinafter MFafa) signed on 15/03/2012 and the new Financial Assistance Facility Agreement (hereinafter new FAFA) signed on 19/08/2015. In pursuing this objective, the Fund provides capital support to credit institutions according to the provisions of the Law 3864/2010 as in force and in compliance with EU state aid rules and the rules of prudent 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 is enhanced on the basis of transparent procedures and of the European Union (hereinafter 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. The Fund enters into relationship framework agreements (hereinafter RFAs) with all credit institutions that are or have been beneficiaries of financial assistance by the European Financial Stability Fund (hereinafter EFSF) and the European Stability Mechanism (hereinafter ESM) in order to provide for the implementation of its objectives and rights. It facilitates the management of the non-performing loans (hereinafter NPLs) of the credit institutions and operates under a comprehensive strategy for the banking sector and the NPLs management, which is agreed between the MoF, the Bank of Greece (hereinafter "BoG") and the Fund.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) by the MoF according to the decision A.P. 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 MoF 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 421/23.8.2013), GDOP1136179EX2013/B.2183 (Government Gazette YODD 430/6.9.2013), GDOP0000276EX2013/B.2896 (Government Gazette YODD 4/31.12.2013), GDOP0000038EX2014/B.53 (Government Gazette YODD 6/14.1.2014), GDOP0000046EX2014/B.54 (Government Gazette YODD 9/15.1.2014) and GDOP0000569EX2014/B.793 (Government Gazette YODD 254/8.5.2014), GDOP0001381EX2014/B.1745 (Government Gazette YODD 688/5.11.2014), GDOP0000236EX2015/XP.270 (Government Gazette YODD 104/5.03.2015), GDOP0000726EX2015/XP.1530 (Government Gazette YODD 370&373/25.05.2015), GDOP0000743EX2015/XP.1552 (Government Gazette YODD 373/25.05.2015), GDOP0000837EX2015/XP.2038 (Government Gazette YODD 435/16.06.2015), GDOP0000838EX2015/XP.2037 (Government Gazette YODD 435/16.06.2015) and GDOP0000970EX2015/XP.2302 (Government Gazette YODD 518/15.07.2015). According to the provisions of Law 3864/2010 as amended by Law 4340/2015 and Law 4346/2015 a Selection Panel of six independent experts is established, whose composition is endorsed by a decision of Minister of Finance. The selection panel pre-selects the members of the General Council and the Executive Board of the Fund, proposes their remuneration and performs their annual evaluation. The term of the Selection Panel is set for two years and can be renewed.



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 process of the resolution of the 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. In this case the Fund was obliged to acquire the right and the privilege of the HDIGF in accordance with the paragraph 4 of Article 13A of Law 3746/2009. The provision was amended in December 2014 by art.96 of the Law 4316/2014. According to Law 4340/2015 (Government Gazette A 134/1.11.2015) and Law 4346/2015 (Government Gazette A 152/20.11.2015) the Fund may grant a resolution loan as defined in the new FAFA of 19/08/2015 to the HDIGF for the purposes of funding bank resolution costs, subject to the provisions of the aforementioned facility agreement and in line with the EU state aid rules. 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.

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. 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.

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

### **Significant Events during the six month period ended 30/06/2015**

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

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

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

Following a ministerial decision as of 26/02/2015 and in accordance with the MFafa as amended and in alignment with the Eurogroup statement as of 20/02/2015 the HFSF proceeded with the re-delivery of the unused EFSF Notes, with nominal value of €10,932,903,000, to the EFSF on 27/02/2015. Additionally, the HFSF proceeded with the reduction of its paid in capital by the amount of €10,932,903,000.

#### **Transfer of € 555.9m to the Hellenic Republic**

Pursuant to the provisions of par. 7 art. 16c of Law 3864/2010, all financial institutions that have received a capital support from HFSF were obliged to pay a one-off amount totaling € 555.6m, which was 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 in BoG to the Hellenic Republic. This transaction is recognised as an one-off expense in the Statement of Comprehensive Income.

#### **Collections from banks under liquidation**

In 2015 the Fund received a total amount of €208.7m from the banks under liquidation. Specifically, the Fund received € 95m from ATEbank 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 21/01/2015 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 27/01/2015, € 15m from the Hellenic Post Bank on 05/03/2015 and € 7.5m from First Business Bank on 05/03/2015.



#### **Warrants exercise**

In January 2015 Piraeus' third warrants exercise took place. There were 3,568 warrants exercised and 15,969 shares exchanged, resulting to the Fund receiving €28,912. Following the exercise, HFSF's shareholding in Piraeus bank amounted to 66.93%. In July 2015 no warrant has been exercised. In June 2015 Alpha's and NBG's fourth warrants exercise took place. An amount of 13,800 and 1,844 warrants were exercised and 102,239 and 15,174 shares were exchanged, resulting to the Fund receiving €49,034 and €70,955 from Alpha and NBG respectively. Following the exercise, HFSF's shareholding in Alpha and NBG amounted to 66.24% and 57.24% respectively.

#### **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 BoG. The account is governed by Article 15 par 11(g) L.2469/1997 as these provisions were amended by the enactment of that law on 18/03/2015. The transfer of 90% of the available cash i.e. the amount of €309.4m in the cash management account with the BoG took place on 19/03/2015. Further to that, according to the Law 4323/2015 (Government Gazette A 43/27.4.2015) the Fund is obliged to deposit all its available cash in a cash management account with the 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.

#### **Management Changes**

On 06/03/2015 Mrs. Kerasina Raftopoulou replaced Mr. Abraam Gounaris who resigned on 27/02/2015.

On 08/05/2015 Mrs. Anastasia Sakellariou, CEO of HFSF, submitted her resignation to the MoF, which was accepted.

On 25/05/2015 Mr. George Michelis was appointed Chairman of General Council, replacing Mr. Christos Sclavounis who resigned on 23/03/2015. Mr. Pierre Mariani was the Acting Chairman of the Fund up to 25/05/2015.

On 18/06/2015 Mr. Elias Karakitsos and Mr. Jon Sigurgeisson were appointed by the MoF -as non-executive members of the General Council, following the resignation of Mr. Stephan Wilcke on 24/03/2015 and Mr. John Zafiriou on 01/04/2015.

## **The Fund's Financial Performance during the six month period ended 30/06/2015**

### **Statement of Comprehensive Income**

**Interest income:** During H1 2015 interest income amounted to € 11.8m versus € 38.9m in H1 2014. The decrease in interest income is due to the re-delivery of all the unused European Financial Stability Facility Floating Rate Notes (hereinafter "EFSF FRNs") held by the Fund to the EFSF on 27/02/2015. Further information on the above is provided in Note 12 to the interim financial statements.

**Personnel expenses:** During H1 2015 the account amounted to € 1.55m versus € 1.4m during H1 2014. Further information on the above is provided in Note 13 to the interim condensed financial statements.

**General administrative and other operating expenses:** During H1 2015 operating expenses amounted to € 1m versus € 16m in H1 2014. The main reason for the decrease in operating expenses is attributed to the fees for services rendered by investment banks for the systemic banks' share capital increases (SCI) which amounted to € 14.2m during H1 2014, in compliance with the legal requirement to obtain two fairness opinions per SCI. It should be noted that those fees correspond to a total amount of € 8.3bn raised by the SCIs of the systemic banks (i.e. 0.17% of capital raised). Further reasons for the decrease of the operating expenses were the decrease by € 0.3m in custody fees due to the re-delivery of HFSF notes on 27/02/2015 and the decrease of the Fund's participations value in the four systemic banks. Further information on the above is provided in Note 14 to the interim financial statements.

**Impairment of receivables from banks under liquidation:** The account pertains to the impairment loss for the Fund's investments, receivables from banks under liquidation, and provision charges for funding gap. During H1 2015 the account amounted to € 70.2m versus € 34.3m during H1 2014. Further information on the above is provided in Note 7 to the interim condensed financial statements.





**Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss:** The € 3,532m loss in H1 2015 (H1 2014: € 3,497m) is analysed to the result of the revaluation of the Fund's participations in the four systemic banks and the gain of the sales of shares due to the exercise of warrants (€ 4,087.8m loss in H1 2015 versus € 2,637.5 loss in H1 2014) and the revaluation gain from the warrants (€ 555.4m gain in H1 2015 versus € 859.5 loss in H1 2014). Further information on the above is provided in Note 15 to the interim condensed financial statements.

**Gain from disposal of investments:** The € 1.4m gain in H1 2015 (nil in H1 2014) derived from the finalization, at an amount lower than previously estimated, of a provision recognized, regarding an obligation arising from the sale of New Hellenic Postbank (New HPB) to Eurobank that took place in 2013. Further information on the above is provided in Note 10 to the interim condensed financial statements.

### Statement of Financial Position

**Cash and balances with banks:** As of 30/06/2015 the cash and balances with banks amounted to € 345.3m versus € 670.1m as of 31/12/2014. The movement of the cash balances during H1 2015 pertains to outflows of € 558.4m and inflows of € 233.6m. Outflows include a) the transfer of € 555.9m to the Hellenic Republic according to the article 35 L. 4320/2015 and b) an amount of € 2.5m for operating expenses. The inflows derive from a) coupons amounting to € 13.2m received from the EFSF FRNs b) collections from banks under liquidation amounting to € 208.7m, c) proceeds from warrants exercise amounting to € 0.1m, d) proceeds from the cash management account amounting to € 2.8m and e) the amount of € 8.8m received from Eurobank due to the finalization of a contingency from the sale of New HPB. Further information on the above is provided in the statement of cash flows and Note 4 to the interim condensed financial statements.

**Investment securities:** The balance included the carrying amount of the EFSF FRNs which was nil as of 30/06/2015 after the re-delivery of all unused EFSF FRNs on 27/02/2015 versus € 10,937m, including accrued interest amounting to € 4m, as of 31/12/2014. Further information on the above is provided in Note 5 to the interim condensed financial statements.

**Financial assets at fair value through profit or loss:** The balance includes the Fund's investments in the four systemic banks. As of 30/06/2015 the Fund's portfolio market value based on the closing prices as of 26/06/2015 amounted to € 7,534.1m versus € 11,622.1m as of 31/12/2014. Further information on the above is provided in Note 6 to the interim condensed 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 € 2,263.7m as of 30/06/2015 versus € 2,542.5m as of 31/12/2014. During H1 2015 the Fund recognized in the statement of comprehensive income an impairment loss of € 70.2m and collected a total amount of € 208.7m. 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 7 to the interim condensed financial statements.

**Derivative Financial Liability:** The account includes the warrants' market value, which were issued by HFSF in connection to the shares held by the Fund in the three out of four systemic banks following their recapitalization. The balance as of 30/06/2015 amounted to € 716.6m versus € 1,272.0m as of 31/12/2014. Further information on the above is provided in Note 9 to the interim condensed financial statements.



## Systemic banks' overview and performance

### Alpha Bank S.A.

#### Bank overview

Alpha Bank (Alpha) is incorporated and domiciled in Greece and its headquarters are located on 40 Stadiou Street in Athens ([www.alpha.gr](http://www.alpha.gr)). Its shares are listed in the Athens Exchange and in the form of American depositary receipts (ADRs) in the New York Stock Exchange. Alpha and its subsidiaries offer a wide range of services including corporate and retail banking, financial services, investment banking and brokerage services, insurance services, real estate management and other services. The Group operates in Greece, Cyprus, Romania, Bulgaria, Serbia, Albania, FYROM and United Kingdom.

#### Board of Directors

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

#### Significant events during 2015 and up to the issuance date of the Fund's interim financial report for the period ended 30/06/2015

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

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

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

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

In October 2015 ECB announced the results of its Comprehensive Assessment (CA) on the Greek systemic banks based on which Alpha's capital shortfall amounted to € 263m and € 2,743m under the baseline and the adverse scenario respectively. Taking into account the positive impact stemming from the capital actions approved by Single Supervisory Mechanism (hereinafter SSM), the capital needs under both the baseline and the adverse scenarios decreased by €180m. Consequently, the amount that Alpha needed to raise has been reduced to €2,563m for the adverse scenario.

In November 2015 Alpha announced exchange offers for senior debt, subordinated debt and hybrid capital, within the framework of a Liability Management Exercise (LME), as approved by HFSF. In November 2015 the bank announced that the aggregate amount from the exchange offers relating to these securities validly tendered was equal to approximately € 1,011m.

In November 2015 the General Meeting of its shareholders decided the increase of the nominal value of each common share through a reverse split with a respective decrease of the total number thereof (at a ratio of 50 old shares to 1 new share), so that the nominal value of each common share amounted to € 15. In turn, the bank decreased the share capital, by a decrease of the nominal value of each common share from € 15 to € 0.30 and credit of the amount deriving from the decrease to the special reserve of article 4 par. 4a of codified law 2190/1920.

In November 2015 Alpha raised € 1,552m through a book building process by offering new common shares. Combined with the results of the LME and the capital enhancement plan, Alpha covered solely from private investors its total capital needs amounting to € 2,563m, as determined under the adverse scenario of the overall rating of the SSM.



Following the above, a share capital increase has been decided by the General Meeting of its shareholders of a total amount of € 2,563m, by a abolition of the preemption rights of the existing shareholders, through a payment in cash of an amount of € 1,552m via a private placement to investors and the capitalisation of the monetary claims of an amount of € 1,011m in the context of the voluntary exchange of existing securities by their holders that participated in the LME. Following the share capital increase, HFSF's participation in Alpha decreased from 66.24% to 11.01%.

#### Alpha's Key Financial Information (amounts in € million)

Extracts from Statement of Financial Position	30/6/2015	31/12/2014	Δ
Loans and advances to customers	47,723	49,557	-3.7%
Due to Customers	31,091	42,901	-27.5%
Total Assets	70,555	72,935	-3.3%
Total Liabilities	64,302	65,229	-1.4%
Total Equity	6,253	7,707	-18.9%
Extracts from Income Statement for the 6 month period ended	30/6/2015	30/6/2014	Δ
Total Income	1,188	1,208	-1.7%
Operating expenses	-560	-624	-10.3%
Profit / (loss) before tax, provisions and negative goodwill	628	584	-7.5%
Credit Provisions and other impairment charges	-2,097	-741	183.0%
Share of profit/(loss) of associates and joint ventures	-4	-5	-20.0%
Profit / (loss) before tax	-1,473	-162	809.3%
Tax benefit / (Expense)	309	433	-28.6%
Profit / (loss) for the period from continuing operations	-1,163	271	-529.2%
Profit / (loss) for the period from discontinuing operations	-89	-4	2125.0%
<b>Profit / (Loss) for the period</b>	<b>-1,252</b>	<b>267</b>	<b>-568.9%</b>
Capital Adequacy	30/6/2015	31/12/2014	
Common Equity Tier 1	11.2%	14.3%	
Tier 1	11.2%	14.3%	
<b>Total</b>	<b>11.4%</b>	<b>14.6%</b>	
Rating Agencies	Moody's	S&P	Fitch
Ratings	Caa3	D	RD

Information on Alpha's financials is available at <http://www.alpha.gr/page/default.asp?la=2&id=12994>

### Eurobank Ergasias S.A.

#### Bank overview

Eurobank Ergasias S.A. (Eurobank) is incorporated and domiciled in Greece and its headquarters are located on 20 Amalias Avenue in Athens ([www.eurobank.gr](http://www.eurobank.gr)). Its shares are listed on the Athens Exchange. Eurobank and its subsidiaries offer a wide range of services including: retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. The Group operates in Greece, Luxemburg, United Kingdom, Romania, Bulgaria, Serbia, Ukraine and Cyprus.

#### Board of Directors

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

#### Significant events during 2015 and up to the issuance date of the Fund's interim financial report

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

In October 2015 ECB announced the results of its CA on the Greek systemic banks based on which the Eurobank's capital shortfall amounted to € 339m and € 2,122m under the baseline and adverse scenario respectively. Taking into





account the positive impact stemming from the third quarter results, the capital needs under both the baseline and the adverse scenarios decreased by €83m. Consequently, the amount that Eurobank needed to raise has been reduced to €2,039m for the adverse scenario.

In October 2015 Eurobank announced exchange offers for senior debt, subordinated debt and hybrid capital, within the framework of LME as approved by the HFSF. In November 2015 the bank announced that the aggregate amount from the exchange offers relating to these securities validly tendered was equal to approximately € 418m.

In November 2015 the General Meeting of its shareholders decided the increase of the nominal value of each common share through a reverse split with a respective decrease of the total number thereof (at a ratio of 100 old shares to 1 new share), so that the nominal value of each common share amounted to € 30. In turn, the bank decreased the share capital, by a decrease of the nominal value of each common share from € 30 to € 0.30 aiming at offsetting equal losses carried forward by forming a special reserve of an equal amount, in accordance with article 4 par. 4a of codified law 2190/1920.

In November 2015 Eurobank raised € 1,621m through a book building process by offering new common shares. Combined with the results of the LME and the capital enhancement plan, the Bank covered, solely from private investors, its total capital needs amounting to € 2,039m, as determined under the adverse scenario of the overall rating of the SSM.

Following the above, a share capital increase has been decided by the General Meeting of its shareholders of a total amount of €2,039m through a payment in cash via a private placement to investors and by an abolition of the preemption rights of the existing shareholders. Following the share capital increase, HFSF's participation in Eurobank decreased from 35.41% to 2.38%.

In December 2015 Eurobank announced it has reached an agreement with Fairfax Financial Holdings Limited to sell 80% of Eurolife ERB Insurance Group Holdings S.A. following a competitive bidding process, in which a number of international parties participated. Under the terms of the transaction, Fairfax will acquire 80% of Eurolife from Eurobank for a cash consideration of €316m, while Eurobank will retain a 20% stake.

#### **Eurobank's Key Financial Information (amounts in € million)**

<b>Extracts from Statement of Financial Position</b>	<b>30/6/2015</b>	<b>31/12/2014</b>	<b>Δ</b>
Loans and advances to customers	41,070	42,133	-2.5%
Due to Customers	31,009	40,878	-24.1%
Total Assets	74,544	75,518	-1.3%
Total Liabilities	69,872	69,214	1.0%
Total Equity	4,672	6,304	-25.9%
<b>Extracts from Income Statement for the 6 month period ended</b>	<b>30/6/2015</b>	<b>30/6/2014</b>	<b>Δ</b>
Total Income	922	951	-3.0%
Operating expenses	-494	-535	-7.7%
Profit / (loss) before tax and provisions	428	416	2.9%
Credit Provisions and other impairment charges	-2,213	-998	121.7%
Other non recurring income/(expenses)	-3	92	-103.3%
Profit / (loss) before tax	-1,788	-490	264.9%
Income tax and non recurring tax adjustments	440	219	100.9%
Profit / (loss) for the period from continuing operations	-1,348	-271	397.4%
Net profit/(loss) from discontinued operations	-53	-227	-76.7%
<b>Net profit/(loss)</b>	<b>-1,401</b>	<b>-498</b>	<b>181.3%</b>
<b>Capital Adequacy</b>	<b>30/6/2015</b>	<b>31/12/2014</b>	
Common Equity Tier 1	10.4%	16.2%	
<b>Tier 1</b>	<b>10.4%</b>	<b>16.2%</b>	
<b>Total</b>	<b>11.1%</b>	<b>16.6%</b>	
<b>Rating Agencies</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
<b>Ratings</b>	Caa3	D	RD

Information on Eurobank's financials is available at:

<http://www.eurobank.gr/online/home/generic.aspx?id=30&mid=360&lang=gr>



**National Bank of Greece S.A.**

**Bank overview**

National Bank of Greece (NBG) is incorporated and domiciles in Greece and its headquarters are located on 86 Eolou Street in Athens ([www.nbg.gr](http://www.nbg.gr)). Its shares are listed on the Athens Exchange and on the New York Stock Exchange in the form of ADRs. NBG and its subsidiaries provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance, real estate and other services. The Group operates in Greece, Turkey, United Kingdom, Bulgaria, Romania, Albania, Serbia, FYROM, Cyprus, Malta, Egypt, Australia and South Africa.

**Board of Directors**

Louka katseli (Non-Executive Chairman), Executive Members: Leonidas Fragkiadakis (Chief Executive Officer), Dimitrios G. Dimopoulos (Deputy Chief Executive Officer), Paul K. Mylonas (Deputy Chief Executive Officer), Independent Non-Executive Members: Petros K. Sabatacakis, Dimitrios N. Afentoulis, Spyridon J. Theodoropoulos, Non-Executive Members: Stavros A. Koukos, Efthymios C. Katsikas, Angeliki Skandaliari (Greek State representative), Charalampos A. Makkas (HFSF representative).

**Significant events during 2015 and up to the issuance date of the Fund's interim financial report**

In January 2015 the HFSF provided its consent to NBG's BoD to proceed with the reverse merger of Pangaea REIC with MIG REIC. In August 2015 NBG announced that the BoD of its affiliates under the name Pangaea REIC and MIG REIC approved the draft merger agreement.

In October 2015 ECB announced the results of its CA on the Greek systemic banks based on which the NBG's capital shortfall amounted to € 1,576m and € 4,602m under the baseline and the adverse scenario respectively. Taking into account the positive impact stemming from the third quarter results, the capital needs under both the baseline and the adverse scenarios decreased by € 120m. Consequently, the amount that NBG needed to raise was reduced to € 1,456m and € 4,482m for the baseline and the adverse scenario respectively.

In November 2015 NBG announced exchange offers for senior debt, subordinated debt and hybrid capital, within the framework of the LME as approved by the HFSF. In November 2015 the bank announced that the aggregate amount from the exchange offers relating to these securities validly tendered was equal to approximately € 695m.

In November 2015 the General Meeting of its shareholders decided the increase of the nominal value of each common share through a reverse split with a respective decrease of the total number thereof (at a ratio of 15 old shares to 1 new share), so that the nominal value of each common share amounted to € 4.50. In turn, the bank decreased the share capital, by a decrease of the nominal value of each common share from € 4.50 to € 0.30.

In November 2015 NBG raised € 458m through a book building process by offering new common shares to institutional investors and in December raised a further € 300m through a public offering in Greece. Combined with the results of the LME and of additional capital of an amount of € 544m following the implementation of burden sharing measures and the mandatory conversion of liabilities to common shares, NBG covered more than its capital needs of € 1,456m, as determined under the baseline scenario of the overall rating of the SSM.

HFSF, in order for NBG to fully cover the capital needs under the adverse scenario contributed the amount of € 2,706m in ESM Notes, and in return received an amount of € 677m in bank's shares and € 2,029m in the form of Contingent Convertible securities (CoCos), issuance of the bank. HFSF also received the amount of € 391.5m in common shares after the mandatory conversion of the bank's preference shares. Following the share capital increase, HFSF's participation in NBG decreased from 57.24% to 40.39%.

In December 2015 the HFSF provided its consent to NBG for the sale of NBG's 99.81% stake in Finansbank A.Ş. together with other minor direct and indirect interests to Qatar National Bank (QNB). The agreed consideration for the transaction amounts to €2,750m. In addition, QNB will repay upon closing the \$910m of subordinated debt that NBG has extended to Finansbank, increasing the liquidity position of the NBG Group by approximately €3.5bn.

In February 2016 NBG entered into a definitive agreement to sell 100% of its interests in eleven Limited Partnerships held directly or indirectly by NBG and managed by NBGI PE Limited.



**NBG's Key Financial Information (amounts in € million)**

<b>Extracts from Statement of Financial Position</b>	<b>30/6/2015</b>	<b>31/12/2014</b>	<b>Δ</b>
Loans and advances to customers	66,403	68,109	-2.5%
Due to Customers	55,681	64,929	-14.2%
Total Assets	113,526	115,464	-1.7%
Total Liabilities	105,228	104,998	0.2%
Total Equity	8,298	10,466	-20.7%
<b>Extracts from Income Statement for the 6 month period ended</b>	<b>30/6/2015</b>	<b>30/6/2014</b>	<b>Δ</b>
Total Income	1,883	1,738	8.3%
Operating expenses	-1,076	-1,013	6.2%
Profit / (loss) before tax and provisions	809	722	12.0%
Credit Provisions and other impairment charges	-3,078	-718	328.7%
Profit / (loss) before tax	-2,269	4	>-100%
Tax benefit / (Expense)	511	1,163	-56.1%
<b>Profit / (Loss) for the period</b>	<b>-1,758</b>	<b>1,167</b>	<b>-250.6%</b>
<b>Capital Adequacy</b>	<b>30/6/2015</b>	<b>31/12/2014</b>	
Common Equity Tier 1	9.5%	13.5%	
Tier 1	9.5%	13.5%	
<b>Total</b>	<b>9.6%</b>	<b>13.6%</b>	
<b>Rating Agencies</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
<b>Ratings</b>	Caa3	D	RD

Information on NBG's financials is available at <https://www.nbg.gr/en/the-group/investor-relations>

**Piraeus Bank S.A.**

**Bank overview**

Piraeus Bank (Piraeus) is incorporated and domiciled in Greece and its headquarters are located on 4 Amerikis street in Athens ([www.piraeusbankgroup.com](http://www.piraeusbankgroup.com)). Its shares are listed on Athens Exchange. Piraeus and its subsidiaries provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance, real estate and other services. The Group operates in Greece, Romania, Bulgaria, Albania, Serbia, Ukraine, Cyprus, United Kingdom and Germany.

**Board of Directors**

Michael Sallas (Non-Executive Chairman), Apostolos Tamvakakis (Independent Non-Executive Vice-Chairman)  
Executive Members: Stavros Lekkas (Chief Executive Officer), Charikleia Apalagaki (Authorized Executive Director),  
Independent Non-Executive Members: Argyro Athanassiou, Chariton Kyriazis, Petros Pappas, David Hexter, Non-Executive Members: Eftichios Vassilakis, Vasileios Furlis, Iakovos Georganas, Alexander Blades, Andreas Schultheis, Ekaterini Beritsi (HFSF Representative), Gerasimos Tsiaparas (Greek State Representative).

**Significant events during 2015 and up to the issuance date of the Fund's interim financial report**

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

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

In October 2015 ECB announced the results of its CA on the Greek systemic banks based on which Piraeus' capital shortfall amounted to € 2,213m and € 4,933m under baseline and adverse scenario respectively. Taking into account the positive impact stemming from the capital actions approved by SSM, the capital needs under both the baseline and the adverse scenarios decreased by € 271m. Consequently, the amount that Piraeus needed to raise has been reduced to € 4,662m for the adverse scenario.

In October 2015 Piraeus announced exchange offers for senior debt, subordinated debt and hybrid capital, within the framework of the LME as approved by HFSF. In November 2015 the bank announced that the aggregate amount from the exchange offers relating to these securities validly tendered was equal to approximately € 602m.



In November 2015 the General Meeting of its shareholders decided the increase of the nominal value of each common share through a reverse split with a respective decrease of the total number thereof (at a ratio of 100 old shares to 1 new share), so that the nominal value of each common share amounted to € 30. In turn, the bank decreased the share capital, by decreasing the nominal value of each common share from € 30 to € 0.30 and the creation of the special reserve in accordance with article 4 par. 4a of codified law 2190/1920.

In November 2015 Piraeus raised € 1,340m through a book building process by offering new common shares. Combined with the results of the LME and the capital enhancement plan, the bank covered from private investors its capital needs amounting to € 1,942m, as determined under the baseline scenario of the overall rating of the SSM. The HFSF, in order for Piraeus to fully cover the capital needs under the adverse scenario, contributed the amount of € 2,720m, in ESM Notes, and in return received an amount of € 680m in Bank's shares and € 2,040m in the form of CoCos, issuance of the bank. Following the share capital increase, HFSF's participation in Piraeus decreased from 66.93% to 26.42%.

In November 2015 Piraeus announced the completion of the sale of its stake (98.5%) in the Egyptian subsidiary Piraeus Bank Egypt S.A.E. to Al Ahli Bank of Kuwait K.S.C.P., after receiving all required approvals including HFSF's.

**Piraeus' Key Financial Information (amounts in € million)**

<b>Extracts from Statement of Financial Position</b>	<b>30/6/2015</b>	<b>31/12/2014</b>	<b>Δ</b>
Loans and advances to customers	53,113	57,143	-7.1%
Due to Customers	38,812	54,733	-29.1%
Total Assets	87,230	89,290	-2.3%
Total Liabilities	81,100	81,967	-1.1%
Total Equity	6,130	7,322	-16.3%
<b>Extracts from Income Statement for the 6 month period ended</b>	<b>30/6/2015</b>	<b>30/6/2014</b>	<b>Δ</b>
Total Income	1,167	1,359	-14.1%
Operating expenses	-678	-711	-4.6%
Profit / (loss) before tax and provisions	488	648	-24.7%
Credit Provisions and other impairment charges	-1,938	-1,086	78.4%
Profit / (loss) before tax	-1,469	-434	238.5%
Tax benefit / (Expense)	338	356	-5.1%
<b>Profit/ (loss) for the period from continuing operations</b>	<b>-1,131</b>	<b>-78</b>	<b>-1350.0%</b>
<b>Profit/ (loss) after income tax from discontinued operations</b>	<b>6</b>	<b>-4</b>	<b>-250.0%</b>
<b>Profit / (loss) for the period</b>	<b>-1,125</b>	<b>-83</b>	<b>1255.4%</b>
<b>Capital Adequacy</b>	<b>30/6/2015</b>	<b>31/12/2014</b>	
Common Equity Tier 1	9.9%	12.4%	
Tier 1	9.9%	12.4%	
<b>Total</b>	<b>9.9%</b>	<b>12.5%</b>	
<b>Rating Agencies</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
<b>Ratings</b>	Caa3	D	RD

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



### **The Fund's activities after the reporting date**

Following the reference date of the interim financial statements, the following events related to HFSF took place:

#### **Appointment of the Chief Executive Officer**

On 15/07/2015 Mr. Aristides Xenofos was appointed Chief Executive Officer (Government Gazette 518/15.7.2015), replacing Mrs. Anastasia Sakellariou, who resigned on 08/05/2015. Mr. Xenofos has perennial experience in the banking sector and in capital markets, having served as senior executive in a number of asset management companies in Greece and Central & South East Europe, as well as an executive member in committees in private Banks in Greece and abroad.

#### **Signing of the new Financial Assistance Facility Agreement**

Upon the ratification of the draft new FAFA together with the draft MoU by the Greek Parliament in Law 4336/2015 (Government Gazette A 94/14.8.2015), HFSF proceeded on 19/08/2015 with the signing of the new FAFA, between ESM, the Hellenic Republic as the beneficiary member state, BoG as the central Bank and HFSF as the recapitalization fund. The loan agreement provided that the total amount of financial assistance to be used for the financing of Greek bank's recapitalization or to cover the resolution costs may not exceed € 25bn.

#### **HFSF's Law amendments**

The HFSF's Law was revised by Law 4340/2015 (Government Gazette A 134/1.11.2015) and Law 4346/2015 (Government Gazette A 152/20.11.2015) in order to reflect the Fund's new roles and extended operations stemming from the new FAFA and MoU commitments. According to the amendments, HFSF shall act in line with the obligations arising from the new FAFA and with the commitments under the new MoU and its new operations include the facilitation of NPLs management and the provision of a resolution loan to HDIGF for the purposes of funding bank resolution costs. The Fund's capital derives from the funds raised from EU and the IMF financial support mechanism and the funds raised under the new FAFA and it can be reduced upon the request of the MoF, provided a request from the EFSF or the ESM has been received. A new appointment procedure of the General Council and Executive Board members is placed according to which a selection panel is established that pre-selects the General Council and Executive Board members, proposes their remuneration and performs their annual evaluation. The term of the Selection Panel is set for two years and can be renewed. The Fund, with the assistance of an independent consultant, shall evaluate the corporate governance arrangements of credit institutions with which the Fund has signed RFAs. In this context HFSF shall evaluate the BoD of the banks and its committees based on the process and specific criteria provided in the HFSF's law, RFAs and in line with the best practices in corporate governance. HFSF covers the capital shortfall determined by a competent authority in case of a precautionary recapitalization and in order to cover the residual amount of the shortfall after any private sector participation or any amount coming from the implementation of the burden sharing measures. In case of a credit institution's resolution, the Fund may act as an entity providing capital in compliance with BRRD (Banking Recovery and Resolution Directive) rules. A new RFA or an amended RFA need to be signed between HFSF and the credit institution before any capital injection. Finally, the Fund's duration extended until June 2020.

#### **Approval of the Restructuring Plans**

In November 2015 the HFSF approved the four systemic banks' Final Restructuring Plan for their submission to the Ministry of Finance and DG Competition. The Fund may request additional restructuring measures through the budgeting and business planning exercises of the banks.

#### **HFSF's acceptance of SCI prices for the four systemic banks**

According to the amendments of the HFSF Law and based on the results of the book building process for the private placement in the SCI performed by the four systemic banks, HFSF accepted the subscription price of the new shares issued as proposed by each Bank's BoD. The Alpha's offer price was set at € 0.04 per share or € 2 following the 50-to-1 reverse stock split. The Eurobank's offer price was set at € 0.01 per share or € 1 following the 100-to-1 reverse stock split. The NBG's offer price was set at € 0.02 per share or € 0.3 following the 15-to-1 reverse stock split. The Piraeus' offer price was set at € 0.003 per share or € 0.3 following the 100-to-1 reverse stock split.

#### **HFSF's Capital Increase through ESM Notes**

Due to the HFSF's participation in the recapitalization of NBG and Piraeus, Hellenic Republic contributed the necessary capitals in the form of ESM notes disbursed following the approval of ESM, increasing equally HFSF's capital. Since the





capital increase of HFSF was in kind, the ESM notes were valued in accordance with article 9 of Company Law 2190/1920 for their registration in HFSF's books based on two independent valuation reports. The nominal amount of the difference between the fair value of the received ESM notes and the actual amount contributed by HFSF to the two banks was redelivered to ESM. The HFSF's capital currently amounts to € 44,193m, following the capital increases of the amount of € 2,720m on 1/12/2015 and the amount of € 2,706m on 8/12/2015.

The ESM notes were contributed to HFSF have the following characteristics:

ISIN	Issue Date	Maturity Date	Interest Rate	Nominal Value
EU000A1U9852	27/08/2015	27/02/2017	6M Euribor - 18 b.p.	1.6 billion
EU000A1U9860	27/08/2015	27/08/2017	6M Euribor - 20 b.p.	1.6 billion
EU000A1U9878	27/08/2015	27/02/2018	6M Euribor - 21 b.p.	2.2 billion

#### **Recapitalization of NBG and Piraeus by HFSF**

HFSF contributed ESM notes in order to fully cover the capital needs under the adverse scenario of NBG and Piraeus. The fair value of the ESM notes, as determined based on two independent valuation reports amounted to € 2,706m and € 2,720m for NBG and Piraeus respectively. In return, the Fund received the amount of € 677m and € 680m in NBG's and Piraeus' common shares respectively and the amount of € 2,029m and € 2,040m in the form of CoCos, issuance of NBG and Piraeus respectively. HFSF also received the amount of € 391.5m in common shares of NBG, after the mandatory conversion of the bank's preference shares.

#### **Amended Relationship Frameworks Agreements**

Following the share capital increases of the systemic banks in November and December of 2015, HFSF and the four systemic banks proceeded with the signing of the amended RFAs to reflect its new objectives and rights deriving from its participation in their share capital.

#### **Warrants exercise**

In December 2015 NBG's fifth warrants exercise took place. There were 890 warrants exercised and 488 shares exchanged, resulting to the Fund receiving €35,182. Following the exercise, HFSF's shareholding in NBG amounted to 40.39%. In the context of the fifth warrant exercise of Alpha and Piraeus no warrant has been exercised.

#### **Formation of Selection Panel**

Following the Minister of Finance's decision (Government Gazette 10/15.01.2016), the Selection Panel of the Fund's members of the General Council and the Executive Board has been formed. The Selection Committee is composed of the President Francesco Papadia and the members Júlia Király, Eric Rajendra, Panagiotis Doumanoglou, Emilios Avgouleas and Peter Yngwe.

### **Prospects**

#### **The extended role of HFSF**

The amendments of the Law 3864/2010 reflect the strengthened role and extended responsibilities of HFSF beyond the contribution of the stability of the Greek banking sector. The HFSF's law, along with the HFSF's enhanced role in the monitoring and supervision of banks to which capital support is provided by the Fund, mandates the Fund to facilitate the Banks' NPLs management and provide a resolution loan to HDIGF for the purposes of funding bank's resolution costs. The Fund has undertaken, with the assistance of an independent consultant of international reputation and established experience and expertise, to evaluate the corporate governance arrangements of credit institutions with which the Fund has signed Relationship Framework Agreement. The evaluation will involve the size, organization, structure, and allocation of tasks and responsibilities within the board and its committees in view of the business needs of the credit institutions. The evaluation will extend also to the individual members of the boards and the committees concerned.



## Corporate Governance

### Management

The decision-making bodies of the Fund are the General Council and the Executive Board, which replaced the Board of Directors (BoD) on 01/02/2013 according to the provisions of Law 4051/2012. The General Council consists of nine non-executive members, seven of which, including the chairman, shall be persons with international experience in banking matters and the other two are representatives of the MoF and BoG. The Executive Board consists of three members, two of which, including the Chief Executive Officer, shall be persons with international experience in banking matters or in matters relating to the resolution of credit institutions and one member is nominated by the BoG. The members of the General Council, apart from the representative of the Ministry of Finance and the nominee from the Bank of Greece, and the members of the Executive Board, are appointed by a decision of the Minister of Finance, with the prior agreement of the Euro Working Group. The members of the General Council and the Executive Board, except for the representative of the MoF in the General Council, enjoy full autonomy and do not seek or receive instructions from the Greek State or any other state body or institution, or financial institution supervised by the BoG. With an aim of achieving its objective of contributing to the maintenance of stability in the Greek banking System, the Fund acts in line with the relevant commitments under the MoU and in compliance with the obligations arising from the new Financial Assistance Facility Agreement (new FAFA) signed on 19/08/2015 and manages the capital and its assets and exercise its rights in its capacity as shareholder, in a way to protect the value of such assets, to minimize the risks for the Greek public and to neither prevent nor distort competition in the banking sector.

As of the date of the publication of this interim financial report the Executive Board and the General Council of the HFSF are comprised of the following members:

<b>Executive Board*</b>	<b>Position</b>
Aristides Xenofos	Chief Executive Officer
George Koutsos	Deputy Chief Executive Officer
Anastasios Gagales	Executive Member
<b>General Council**</b>	<b>Position</b>
George Michelis	Chairman
Pierre Mariani	Non Executive Member
Wouter Devriendt	Non Executive Member
Steven Franck	Non Executive Member
Christoforos Stratos	Non Executive Member
Elias Karakitsos	Non Executive Member
Jon Sigurgeisson	Non Executive Member
Kerasina Raftopoulou	Non Executive Member, Representative of the MoF
Vasilios Spiliotopoulos	Non Executive Member, appointed by the BoG

\* On 15/07/2015 Mr. Aristides Xenofos was appointed CEO of HFSF, replacing Mrs. Anastasia Sakellariou, whose resignation to the Minister of Finance was accepted on 08/05/2015

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

\*\* On 25/05/2015 Mr. George Michelis was appointed Chairman of General Council, replacing Mr. Christos Sclavounis, who resigned on 23/03/2015.

\*\* On 18/06/2015 Mr. Elias Karakitsos and Mr. Jon Sigurgeisson were appointed as non-executive members of the General Council following the resignations of Mr. Stephan Wilcke on 24/03/2015 and Mr. John Zafiriou on 01/04/2015.

In accordance with HFSF's 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 (EC representative), Panagiotis Strouzas from November 2010 (ECB representative) and Mike Hesketh from November 2015 (ESM representative). The alternates from the EC, ECB and ESM are Andreas Trokkos, Miha Leber and Efstathios Sofos respectively.



### Executive Board and General Council Remuneration

According to the Fund's Law 3864/2010 as amended by Laws 4340/2015 and 4346/2015, the remuneration and compensation of the members of the General Council and the Executive Board:

- a) shall be determined by the a selection panel decision, 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 and
- c) shall not be determined based on the Fund's profits or revenues.

The members of the General Council and the Executive Board, due to their relationship with the Fund, received remuneration for the 6 month period ended 30/06/2015, as listed in the table below. Furthermore, as far as executive members are concerned, the amount of € 28,183 has been paid by the Fund as social security contribution (not included in the following table):

Name	Position on the General Council during the 1st semester of 2015	Period in the position	Remuneration
			01/01 – 30/06/2015 (€)
Michelis George	Chairman	25/05/2015 - 30/06/2015	10,726
Mariani Pierre	Member	01/01/2015 - 30/06/2015	15,000
Devriendt Wouter	Member	01/01/2015 - 30/06/2015	15,000
Franck Steven	Member	01/01/2015 - 30/06/2015	15,000
Stratos Christoforos	Member	01/01/2015 - 30/06/2015	15,000
Karakitso Elias	Member	18/06/2015 - 30/06/2015	1,250
Sigurgeisson Jon	Member	18/06/2015 - 30/06/2015	1,250
Spiliotopoulos Vasilios	Member, appointed by the BoG	01/01/2015 - 30/06/2015	15,000
Raftopoulou Kerasina	Member, Representative of the MoF	06/03/2015 - 30/06/2015	10,000
Sklavounis Christos	Resigned Chairman	01/01/2015 - 23/03/2015	43,750
Gounaris Avraam	Resigned Member, Representative of the MoF	01/01/2015 - 27/02/2015	5,000
Wilcke Stephan	Resigned Member	01/01/2015 - 24/03/2015	7,500
Zafiriou John	Resigned Member	01/01/2015 - 01/04/2015	7,500
Name	Position on the Executive Board during the 1st semester of 2015	Period in the position	Remuneration
			01/01 – 30/06/2015 (€)
Sakellariou Anastasia	Resigned Chief Executive Officer	1/1/2015 - 08/05/2015	97,883
Koutsos George	Deputy Chief Executive Officer	01/01/2015 - 30/06/2015	79,158
Gagales Anastasios	Member	01/01/2015 - 30/06/2015	72,565



## 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 interim Financial Report of the Hellenic Financial Stability Fund for the six month period ended 30/06/2015, which has been prepared in accordance with IAS 34 and the International Financial Reporting Standards as adopted by the EU, presents a true and fair view of the items 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 and the position of the Fund and the significant events that took place in the six month period ended 30/06/2015 that affected the Fund's interim condensed financial statements.

Athens, 11 February 2016

The Chief Executive Officer

Aristides Xenofos

The Deputy Chief Executive Officer

George Koutsos

The Executive Board  
Member

Anastasios Gagales

The Chairman of  
the General Council

George Michelis

The Member of  
the General Council

Pierre Mariani

The Member of the  
General Council

Wouter Devriendt

The Member of the General  
Council

Steven Franck

The Member of the  
General Council

Christoforos Stratos

The Member of the General Council

Elias Karakitsos

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

Kerasina Raftopoulou

The Member of the General Council

Jon Sigurgeisson

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

Vassilios Spiliotopoulos

**TRANSLATION**  
**REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**  
**To the General Council of the Private Legal Entity “Hellenic Financial Stability Fund”**

## **Introduction**

We have been engaged to review the accompanying condensed statement of financial position of the Private Legal Entity “Hellenic Financial Stability Fund” (HFSF), as of 30 June 2015, the related condensed statements of comprehensive income, changes in equity and cash flow for the six month period then ended, as well as the selective explanatory notes, which together comprise the condensed interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards, as adopted by the European Union and applicable to Interim Financial Reporting (International Accounting Standard “IAS” 34). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Nevertheless, because of the significance of the matters described in the “Basis for Disclaimer of Conclusion” paragraph we have not been able to obtain sufficient appropriate audit evidence to provide a basis for our conclusion in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity”.

## **Basis for Disclaimer of Conclusion**

As it is further explained in note 6 to the accompanying interim financial information, following Legislative Act number 65, a bank holiday was imposed effective 28 June 2015, with parallel restrictions applying on bank deposits access and capital controls on external financial transactions. In this context the Hellenic Capital Market Commission, at its 715th/ 29.6.2015 Board of Directors’ meeting resolved, among others, that ATHEX regulated market shall remain closed initially throughout the period of bank holiday as imposed by the above Legislative Act. Consequently, the last trading date of ATHEX was on Friday the 26<sup>th</sup> of June 2015. The aforementioned bank holiday was terminated on the 20<sup>th</sup> of July 2015 and ATHEX reopened on the 3rd of August 2015. As a result it was not practicably feasible for the management of the HFSF to reliably measure the fair value of its securities which are listed on ATHEX, as at 30 of June 2015 and for the purpose of the compilation of the accompanying interim financial information the fair value was determined based on the market prices of these securities as at 26 of June 2015. Accordingly, in terms of our review it was not practicably feasible to apply the necessary review procedures on the fair value of the HFSF’s participations in the four (4) systemic banks as at 30 of June 2015, included in the financial caption of the statement of financial position “Financial assets at fair value through profit or loss” amounting to EUR 7,534,116,100 (31.12.2014: EUR 11,622,072,637), and the fair value of the securities comprising shares ownership rights (Warrants) issued by HFSF and granted to private investors participating in the capital increase of three (3) of the systemic Banks according to Law 3864/2010 and Cabinet Act 38/2012, included in the financial caption of the statement of financial position “Derivative financial liability” amounting to EUR 716,634,502 (31.12.2014: EUR 1,272,010,914), as well as the relevant possible adjustments to their corresponding carrying amounts as presented in the accompanying interim condensed financial information. Consequently the review of the relevant financial captions was not feasible.

## **Disclaimer of Conclusion**

Because of the significance of the matter described in the ‘Basis for Disclaimer of Conclusion’ paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for conclusion. Accordingly, we are not in a position to express and we do not express a conclusion on the accompanying interim condensed financial information.



## Report on Other Legal and Regulatory Requirements

Although total reported equity as of 30 June 2015 has fallen below one half (½) of the paid in capital, we have concluded that owing to the special nature and purpose of HFSF, as described in the underlying law 3864/2010, the provisions of article 47 of Codified Law 2190/1920 do not apply in the case of HFSF.

Athens, February 11, 2016

The Certified Public Accountant

Nikolaos K. Sofianos  
Reg. No. 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>	Note	30/06/2015	31/12/2014
<b>ASSETS</b>			
Cash and balances with banks	4	345,291,106	670,061,078
Investment securities	5	-	10,937,104,252
Financial assets at fair value through profit or loss	6	7,534,116,100	11,622,072,637
Property and equipment		107,355	136,134
Intangible assets		20,959	25,808
Receivables from banks under liquidation	7	2,263,674,962	2,542,518,543
Other assets	8	220,452	9,135,084
<b>Total Assets</b>		<b>10,143,430,934</b>	<b>25,781,053,536</b>
<b>LIABILITIES</b>			
Derivative financial liability	9	716,634,502	1,272,010,914
Provisions and other liabilities	10	2,453,987	3,959,435
<b>Total Liabilities</b>		<b>719,088,489</b>	<b>1,275,970,349</b>
<b>EQUITY</b>			
Capital	11	38,767,097,000	49,700,000,000
Accumulated losses		(29,342,754,555)	(25,194,916,813)
<b>Total Equity</b>		<b>9,424,342,445</b>	<b>24,505,083,187</b>
<b>Total Liabilities &amp; Equity</b>		<b>10,143,430,934</b>	<b>25,781,053,536</b>

*The Notes from pages 25 to 40 form an integral part of these condensed interim financial statements*

Athens, 11 February 2016

The Chief Executive Officer

The Deputy Chief  
Executive Officer

The Chief Financial & Operating Officer

Aristides Xenofos

George Koutsos

Evangelia D. Chatzitsakou



**Statement of Comprehensive Income  
for the 6 month period ended 30/06/2015**

<i>Amounts in €</i>	Note	01/01/2015 - 30/06/2015	01/01/2014 - 30/06/2014
Interest income	12	11,837,422	38,936,587
Personnel expenses	13	(1,552,294)	(1,397,498)
General administrative & other operating expenses	14	(1,035,857)	(16,045,857)
Impairment of receivables from banks under liquidation	7	(70,149,171)	(34,275,213)
Loss from financial instruments at fair value through profit or loss	15	(3,532,431,224)	(3,497,033,952)
Gain from disposal of investments	10	1,421,415	-
Depreciation and amortization of property, equipment and intangible assets		(41,583)	(43,090)
One-off expense	16	(555,886,748)	-
Other income/(expenses)		300	(1,066)
<b>Loss for the period</b>		<b>(4,147,837,740)</b>	<b>(3,509,860,088)</b>
<b>Other comprehensive income/(expense)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>(4,147,837,740)</b>	<b>(3,509,860,088)</b>

*The Notes from pages 25 to 40 form an integral part of these condensed interim financial statements*

Athens, 11 February 2016

The Chief Executive Officer

The Deputy Chief  
Executive Officer

The Chief Financial & Operating Officer

Aristides Xenofos

George Koutsos

Evangelia D. Chatzitsakou



**Statement of Comprehensive Income  
for the 3 month period ended 30/06/2015**

<i>Amounts in €</i>	01/04/2015 - 30/06/2015	01/04/2014 - 30/06/2014
Interest income	2,546,497	As restated 19,996,414
Personnel expenses	(714,618)	(743,780)
General administrative & other operating expenses	(507,527)	(15,249,104)
Impairment of receivables from banks under liquidation	(70,149,171)	(34,275,213)
Gain/(loss) from financial instruments at fair value through profit or loss	893,507,279	(4,924,868,185)
Gain from disposal of investments	1,727,747	-
Depreciation and amortization of property, equipment and intangible assets	(20,448)	(14,410)
Other income	300	150
<b>Profit/(Loss) for the period</b>	<b>826,390,059</b>	<b>(4,955,154,128)</b>
<b>Other comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expense) for the period</b>	<b>826,390,059</b>	<b>(4,955,154,128)</b>

*The Notes from pages 25 to 40 form an integral part of these condensed interim financial statements*

Athens, 11 February 2016

The Chief Executive Officer

The Deputy Chief  
Executive Officer

The Chief Financial & Operating Officer

Aristides Xenofos

George Koutsos

Evangelia D. Chatzitsakou



## Statement of Changes in Equity

<i>Amounts in €</i>	Capital	Reserves & accumulated losses	Total
<b>Balance as of 01/01/2014</b>	<b>49,700,000,000</b>	<b>(15,278,149,222)</b>	<b>34,421,850,778</b>
Loss for the period from 01/01/2014 to 30/06/2014	-	(3,509,860,088)	(3,509,860,088)
<b>Balance as of 30/06/2014</b>	<b>49,700,000,000</b>	<b>(18,788,009,310)</b>	<b>30,911,990,690</b>
Loss for the period from 01/07/2014 to 31/12/2014	-	(6,406,907,503)	(6,406,907,503)
<b>Balance as of 01/01/2015</b>	<b>49,700,000,000</b>	<b>(25,194,916,813)</b>	<b>24,505,083,187</b>
Capital decrease on 27/02/2015	(10,932,903,000)	-	(10,932,903,000)
Loss for the period from 01/01/2015 to 30/06/2015	-	(4,147,837,740)	(4,147,837,740)
<b>Balance as of 30/06/2015</b>	<b>38,767,097,000</b>	<b>(29,342,754,555)</b>	<b>9,424,342,445</b>

*The Notes from pages 25 to 40 form an integral part of these condensed interim financial statements*





## Statement of Cash Flows

<i>Amounts in €</i>	01/01/2015 - 30/06/2015	01/01/2014 - 30/06/2014
<b>Cash flows from operating activities</b>		
<b>Loss for the period</b>	<b>(4,147,837,740)</b>	<b>(3,509,860,088)</b>
<b>Adjustments for non-cash items included in statement of comprehensive income and other adjustments:</b>	<b>3,601,200,563</b>	<b>3,525,671,016</b>
Accrued interest income	-	(5,681,239)
Impairment of receivables from banks under liquidations	70,149,171	34,275,213
(Gain)/loss from financial instruments at fair value through profit or loss	3,532,431,224	3,497,033,952
(Gain)/loss from disposal of investments	(1,421,415)	-
Depreciation and amortization of property, equipment and intangible assets	41,583	43,090
<b>Net (increase)/decrease in operating assets:</b>	<b>212,996,124</b>	<b>(87,614,305)</b>
Change in receivables from banks under liquidation	208,694,410	(93,766,033)
Change in accrued interest receivable	4,201,252	5,129,977
Change in other assets	100,462	1,021,751
<b>Net increase/(decrease) in operating liabilities:</b>	<b>(84,033)</b>	<b>2,721,926</b>
Change in other liabilities	(84,033)	2,721,926
<b>Net cash from operating activities</b>	<b>(333,725,086)</b>	<b>(69,081,451)</b>
<b>Cash flows from investing activities</b>		
Proceeds received from warrants exercised	148,901	211,146,288
Proceeds from disposal of investments	8,814,170	-
Purchase of property, equipment and intangibles assets	(7,957)	(9,221)
<b>Net cash from investing activities</b>	<b>8,955,114</b>	<b>211,137,067</b>
<b>Cash flows from financing activities</b>		
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(324,769,972)</b>	<b>142,055,615</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>670,061,078</b>	<b>488,766,493</b>
<b>Cash and cash equivalents at the end of period</b>	<b>345,291,106</b>	<b>630,822,109</b>

*The Notes from pages 25 to 40 form an integral part of these condensed interim financial statements*



## Notes to the Condensed Interim Financial Statements

### Note 1 General Information

The Hellenic Financial Stability Fund (hereinafter the Fund or HFSF) 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. On a supplementary basis, 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 (hereinafter MoF). The Fund shall comply with the obligations arising from the Master Financial Facility Agreement (hereinafter MFafa) signed on 15/03/2012 and the new Fafa signed on 19/8/2015. According to Law 4340/2015, the Fund's tenor has been extended from 30/06/2017 to 30/06/2020. By decisions of the MoF, the duration of the Fund may be extended further, 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 MoF. On 30/01/2013 the BoD was substituted by the Executive Board and the General Council. 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). The Fund according to Law 4224/2013 was liable to pay until 31/12/2014 the amount that the HDIGF would have paid for the process of the resolution of the credit institutions in accordance to Law 4261/2014, acquiring the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the Law 3746/2009. According to Law 4340/2015 and Law 4346/2015 the Fund may grant a resolution loan as defined in the new Fafa of 19/08/2015 to the Hellenic Deposits and Investments Guarantee Fund (hereinafter HDIGF) for the purposes of funding bank resolution costs, subject to the provisions of the aforementioned facility agreement and in line with the European Union's (hereinafter "EU") state aid rules. 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. It facilitates the management of the non-performing loans (hereinafter NPLs) of the credit institutions and operates under a comprehensive strategy for the banking sector and the NPLs management, which is agreed between the MoF, the BoG and the Fund.

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

As of the date of issuance of the Fund's interim financial statements, the Executive Board and General Council comprised of the following:

<b>Executive Board*</b>	<b>Position</b>
Xenofos Aristides	Chief Executive Officer
Koutsos George	Deputy Chief Executive Officer
Gagales Anastasios	Executive Member
<b>General Council**</b>	<b>Position</b>
Michelis George	Chairman
Mariani Pierre	Member
Devriendt Wouter	Member
Franck Steven	Member
Stratos Christoforos	Member
Karakitsos Elias	Member
Sigurgeisson Jon	Member
Kerasina Raftopoulou	Member, Representative of the MoF
Vasilios Spiliotopoulos	Member, appointed by the BoG



\* On 15/07/2015 Mr. Aristides Xenofos was appointed CEO of HFSF, replacing Mrs. Anastasia Sakellariou, whose resignation to the MoF was accepted on 08/05/2015.

\*\* On 06/03/2015 Mrs. Kerasina Raftopoulou replaced Mr. Abraam Gounaris who resigned on 27/02/2015.

\*\* On 25/05/2015 Mr. George Michelis was appointed Chairman of General Council, replacing Mr. Christos Sclavounis who resigned on 23/03/2015.

\*\* On 18/06/2015 Mr. Elias Karakitsos and Mr. Jon Sigurgeisson were appointed as non-executive members of the General Council following the resignations of Mr. Stephan Wilcke on 24/03/2015 and Mr. John Zafiriou on 01/04/2015.

The interim condensed financial statements were approved by the Fund's General Council on 11/02/2016.

## Note 2 Summary of Significant Accounting Policies

### 2.1 Basis of preparation

The condensed interim financial statements of the Fund for the six month period ended 30/06/2015 (the "interim financial statements") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These interim financial statements include selected explanatory notes and do not include all the information required for full annual financial statements. Therefore, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31/12/2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the EU.

The amounts are presented in Euro rounded to the whole, unless otherwise stated (i.e. "bn" stands for billion, "m" stands for million and "k" stands for thousand).

The interim financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and derivative financial liabilities (share ownership rights - hereinafter "warrants") which have been measured at fair value.

The Fund does not prepare consolidated financial statements as these do not represent the substance of the investments of the Fund, which according to its founding 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.

### 2.2 Adoption of International Financial Reporting Standards

The HFSF applied the same accounting standards as stated in the published annual financial statements for the year ended 31/12/2014, after adopting the following amendments which are effective from 01/01/2015.

- **Annual Improvements to IFRS 2010-2012 Cycle** (effective for annual periods beginning on or after 1 July 2014)
- **Annual Improvements to IFRS 2011-2013 Cycle** (effective for annual periods beginning on or after 1 July 2014)

The adoption of the above amendments had no impact on the HFSF's interim financial statements.

The adoption by the EU of new standards, interpretations or amendments by 31/12/2015, which have been issued or may be issued during the year by the International Accounting Standards Board (IASB), and their mandatory or optional adoption for periods beginning on or after 01/01/2015, may affect retrospectively the periods presented in these interim financial statements.

### 2.3 Critical judgments and estimates

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty regarding the recoverability of receivables and fair value of financial instruments were similar to those applied in the annual financial statements for the year ended 31/12/2014.



For financial assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. Following the bank holiday and capital controls imposed, ATHEX remained closed at the measurement date. Consequently, the Greek exchange market is considered inactive and the valuation of the HFSF's financial instruments at FVTPL cannot be based on quoted prices as of 30/06/2015. As it is further explained in Note 6 the HFSF's participations in systemic banks and the respective warrants (see Note 9) were valued based on the latest available market prices on 26/06/2015, which are considered the most reliable prices.

### Note 3 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. Alpha Bank (Alpha), Eurobank Ergasias (Eurobank), National Bank of Greece (NBG) and Piraeus Bank (Piraeus).

**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 the cash and balances with banks and the interest income derived from both cash balances as well as European Financial Stability Facility floating rate notes (EFSF FRNs).

### Analysis by Operating Segment

Amounts in €	01/01/2015 - 30/06/2015			
	Systemic Banks	TCIs & Banks under Liquidation	Other	Total
Interest income	-	-	11,837,422	11,837,422
Personnel expenses	(834,369)	(271,370)	(446,555)	(1,552,294)
General administrative & other operating expenses	(219,822)	(130,622)	(685,413)	(1,035,857)
Impairment of receivables from banks under liquidations	-	(70,149,171)	-	(70,149,171)
Loss from financial instruments at fair value through profit or loss	(3,532,431,224)	-	-	(3,532,431,224)
Gain from disposal of investments	-	1,421,415	-	1,421,415
Depreciation and amortization of property, equipment and intangible assets	(29,108)	(8,317)	(4,158)	(41,583)
One-off expense	(555,600,000)	-	(286,748)	(555,886,748)
Other income	-	-	300	300
<b>Profit/(Loss) for the period</b>	<b>(4,089,114,523)</b>	<b>(69,138,065)</b>	<b>10,414,848</b>	<b>(4,147,837,740)</b>
	<b>30/06/2015</b>			
<b>Total segment assets</b>	<b>7,534,187,055</b>	<b>2,263,674,962</b>	<b>345,568,917</b>	<b>10,143,430,934</b>
<b>Total segment liabilities</b>	<b>716,822,047</b>	<b>2,057,844</b>	<b>208,598</b>	<b>719,088,489</b>



Amounts in €	01/01/2014 - 30/06/2014			
	Systemic Banks	TCIs & Banks under Liquidation	Other	Total
Interest income	-	-	38,936,587	<b>38,936,587</b>
Personnel expenses	(736,902)	(237,511)	(423,084)	<b>(1,397,498)</b>
General administrative & other operating expenses	(15,065,045)	(52,291)	(928,521)	<b>(16,045,857)</b>
Impairment of receivables from banks under liquidations	-	(34,275,213)	-	<b>(34,275,213)</b>
Loss from financial instruments at fair value through profit or loss	(3,497,033,952)	-	-	<b>(3,497,033,952)</b>
Depreciation and amortization of property, equipment and intangible assets	(30,163)	(8,618)	(4,309)	<b>(43,090)</b>
Other expenses	(1,066)	-	-	<b>(1,066)</b>
<b>Profit/(Loss) for the period</b>	<b>(3,512,867,128)</b>	<b>(34,573,633)</b>	<b>37,580,673</b>	<b>(3,509,860,088)</b>

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

#### Note 4 Cash and Balances with Banks

Amounts in €	30/06/2015	31/12/2014
Cash and balances with banks	18,119	10,958
Balances with Central Bank	4,458,871	670,050,120
Cash management account in Central Bank	340,814,116	-
<b>Total</b>	<b>345,291,106</b>	<b>670,061,078</b>

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

The Fund's balances with Central Bank pertain to balances, which are compulsory deposited and maintained in a special interest account at 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 until 31/12/2015 to place 90% of its available cash amounting to €340,8m. in a cash management account with BoG. Cash management account in Central Bank includes cash which was transferred from balances with Central Bank.

By way of derogation to the above and according to the Law 4323/2015 (Government Gazette A 43/27.4.2015), the Fund is obliged to deposit in the cash management account in BoG any funds that are not necessary for covering the current cash needs. The cash balance in the cash management is at all times available to be utilized by the Fund in order to fulfil its purposes.

The cash in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with paragraph 11 (g) of the article 15 of the law 2469/1997.

#### Note 5 Investment Securities

Following a ministerial decision (Government Gazette B' 292/26.02.2015) issued on 26/02/2015, in accordance with the MFAFA as amended and in alignment with the Eurogroup statement of 20/02/2015, the HFSF proceeded with the re-delivery of all the unused EFSF Notes, with nominal value of € 10,932,903,000 to the EFSF on 27/02/2015 and collected all accrued interest amounted to € 13,234,336.





The Fund's EFSF FRNs as of 30/06/2015 and 31/12/2014 are presented in the table below:

<i>Amounts in €</i>				30/06/2015		31/12/2014	
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
EU000A1G0A65	19/12/2012	6M Euribor + 35 b.p.	19/12/2023	-	-	1,069,394,000	1,096,043,298
EU000A1G0A73	19/12/2012	6M Euribor + 36 b.p.	19/12/2024	-	-	1,138,609,000	1,169,636,095
EU000A1G0BE6	31/5/2013	6M Euribor + 33 b.p.	30/5/2024	-	-	3,600,000,000	3,724,344,000
EU000A1G0BD8	31/5/2013	6M Euribor + 34 b.p.	30/5/2025	-	-	3,600,000,000	3,735,468,000
<b>Subtotal</b>				-	-	10,932,903,000	11,284,411,912
Plus: Accrued Interest				-	-	4,201,252	4,201,252
<b>Total</b>				-	-	<b>10,937,104,252</b>	<b>11,288,613,164</b>

The Fund had classified all EFSF FRNs received as Loans and Receivables investment securities.

The movement of the EFSF FRNs during the 6 month period ended 30/06/2015 and 31/12/2014 is as follows:

<i>Amounts in €</i>	01/01/2015 - 30/06/2015	01/01/2014 - 31/12/2014
<b>Opening balance</b>	<b>10,937,104,252</b>	<b>10,938,032,977</b>
Additions	-	-
Return to EFSF	(10,932,903,000)	-
Accrued interest receivable from EFSF FRNs	9,033,084	4,201,252
Accrued interest received from EFSF FRNs	(13,234,336)	(5,129,977)
<b>Closing balance</b>	<b>-</b>	<b>10,937,104,252</b>

## Note 6 Financial Assets at Fair Value through Profit or Loss

The Fund has classified under this F/S line the shares received from its participation in the share capital increases (SCI) of the four systemic banks that took place within 2013. The Fund has designated these shares at initial recognition at fair value through profit or loss and subsequently the gains or losses are recognized in the statement of comprehensive income.

### Fair value of shares

According to HFSF's accounting policies, the fair value of financial assets and liabilities traded in active markets is determined based on unadjusted market prices. Following Legislative Act number 65, a bank holiday was imposed on 28/06/2015, with parallel restrictions applying on bank deposits access and capital controls on external financial transactions. In this context the Hellenic Capital Market Commission, at its 715<sup>th</sup>/29.06.2015 BoD meeting resolved, among others, that ATHEX regulated market shall remain closed initially throughout the period of bank holiday as imposed by the above Legislative Act. Consequently, the last trading date of ATHEX was on 26/06/2015. The aforementioned bank holiday was terminated on 20/07/2015 and ATHEX reopened on 03/08/2015.

As a result ATHEX is considered an inactive market as of 30/06/2015 and it was not practicably feasible to reliably measure the valuation of the HFSF's financial instruments at FVTPL based on quoted prices as of 30/06/2015. Consequently, the fair value was determined based on the market prices as of 26/06/2015.

The closure of ATHEX for two business days including the measurement date is not such an extensive period to assume that bank's conditions have been changed significantly. The cash withdrawals and the bank's dependency on the Emergency Liquidity Assistance (ELA) mechanism have been already incorporated, whereas the expected deterioration of non-performing loans is not significant in the very short period up to 30/06/2015.



In these interim financial statements the shares in systemic banks and the respective warrants (see Note 9) were valued based on the latest available market prices on 26/06/2015, which is considered the most reliable price. Based on market prices as of 26/06/2015 the fair value of shares in the four systemic banks amounts to €7,534.1m.

#### Fair value Hierarchy

Quoted prices as of 26/06/2015 represent a Level 2 input in the fair value hierarchy, as this category according to IFRS 13 includes quoted prices that are not traded in an active market, as it was further explained above. In this context, HFSF transferred the fair value of its shares in the four systemic banks from Level 1 to Level 2 at the measurement date.

The following table presents the fair value of the shares per bank as well as the Levels of the fair value hierarchy.

<i>Amounts in €</i>	Fair value	Fair value hierarchy			Fair value
	30/06/2015	Level 1	Level 2	Level 3	31/12/2014
Alpha	2,723,719,863	-	2,723,719,863	-	3,958,746,283
Eurobank	749,961,700	-	749,961,700	-	973,908,596
NBG	2,426,769,192	-	2,426,769,192	-	2,972,814,566
Piraeus	1,633,665,345	-	1,633,665,345	-	3,716,603,192
<b>Total</b>	<b>7,534,116,100</b>	-	<b>7,534,116,100</b>	-	<b>11,622,072,637</b>

#### Share prices sensitivity analysis

Given that following the bank holiday and capital controls imposed ATHEX remained closed at the measurement date, a sensitivity analysis of HFSF's participations fair value is presented below, indicating a possible effect on the statement of financial position and the statement of comprehensive income in the 6 month period ended 30/06/2015 under various scenarios.

<i>Amounts in €</i>	-5%	-10%	-15%	-20%
<b>Banks' shares</b>				
Alpha	2,587,533,870	2,451,347,877	2,315,161,884	2,178,975,891
Eurobank	712,463,615	674,965,530	637,467,445	599,969,360
NBG	2,305,430,732	2,184,092,273	2,062,753,813	1,941,415,354
Piraeus	1,551,982,078	1,470,298,811	1,388,615,543	1,306,932,276
<b>Financial assets at FVTPL</b>	<b>7,157,410,295</b>	<b>6,780,704,491</b>	<b>6,403,998,685</b>	<b>6,027,292,881</b>
<b>Revaluation loss from shares versus 31/12/2014</b>	<b>(4,464,513,441)</b>	<b>(4,841,219,246)</b>	<b>(5,217,925,051)</b>	<b>(5,594,630,856)</b>

Following the re opening of ATHEX on 03/08/2015 and within the next three days of trading, the daily percentage change in share's prices on systemic banks, the fair value of shares and the respective revaluation loss recorded in the statement of comprehensive income from the beginning of 2015 are presented in the table below:

<i>Amounts in €</i>	Daily percentage change in prices				Fair value of shares at the corresponding dates	Revaluation loss from shares versus 31/12/2014
	Date	Alpha	Eurobank	NBG		
03/08/2015	-29.81%	-29.86%	-30.00%	-30.00%	5,279,998,138	(6,341,925,598)
04/08/2015	-29.65%	-29.70%	-28.45%	-30.00%	3,730,618,122	(7,891,305,614)
05/08/2015	-29.56%	-26.76%	-24.29%	-29.59%	2,701,964,854	(8,919,958,882)
06/08/2015	11.61%	17.31%	27.47%	3.62%	3,132,010,580	(8,489,913,156)

It is noted that the market value of the shares held by the Fund as of 30/09/2015 and as of 30/11/2015 amounted to € 2,116.8m and € 675.1m respectively. Subsequently, the revaluation loss included in the statement of



comprehensive income from the beginning of 2015 for the corresponding dates amounted to € 9,505.1m and € 10,946.8m respectively, as presented per bank in the following table.

<i>Amounts in €</i>	30/09/2015		30/11/2015	
	Fair value	Revaluation loss	Fair value	Revaluation loss
Alpha	905,087,035	(3,053,610,214)	397,561,595	(3,561,135,654)
Eurobank	114,577,482	(859,331,114)	72,912,943	(900,995,653)
NBG	778,588,449	(2,194,155,162)	163,806,920	(2,808,936,690)
Piraeus	318,564,742	(3,398,009,538)	40,841,634	(3,675,732,647)
<b>Total</b>	<b>2,116,817,708</b>	<b>(9,505,106,028)</b>	<b>675,123,092</b>	<b>(10,946,800,644)</b>

### Movement of shares

The movement of the Fund's participations in systemic banks during the 6 month period ended 30/06/2015 is presented in the table below:

<i>No of Shares</i>	Alpha	Eurobank*	NBG	Piraeus**
Shares held as of 31/12/2014	8,458,859,579	5,208,067,358	2,022,322,834	4,084,179,332
Additions	-	-	-	-
Disposals	(102,239)	-	(15,174)	(15,969)
<b>Shares held as of 30/06/2015</b>	<b>8,458,757,340</b>	<b>5,208,067,358</b>	<b>2,022,307,660</b>	<b>4,084,163,363</b>

\*The total number of shares are free transferrable (no warrants issued).

\*\*Out of the total number of shares held by the Fund, 308,235,294 shares correspond to the part of the share capital increase which pertained to the Cypriot banks (€ 524m) and are freely transferrable (no warrants issued).

Following the warrants' exercise in January of 2015, the Fund disposed 15,969 Piraeus shares at a price of € 1.8105 per share. The Fund realized gains of € 1,765 from the exercise of warrants reflecting the difference between the share's exercise price and the share's issue price (€ 1.70).

Similarly, in June 2015 the Fund sold 102,239 and 15,174 shares of Alpha and NBG respectively. The Fund realized gains of € 4,049 from Alpha's shares exercise and € 5,859 from NBG's shares exercise reflecting the difference between the warrant's exercise price (Alpha: € 0.4796, NBG: € 4.6761) and the share's issue price (Alpha: € 0.44, NBG: € 4.29).

HFSF's percentage participation in systemic banks as of 30/06/2015 and 31/12/2014 was as follows:

	Percentage Participation	
	30/06/2015	31/12/2014
Alpha	66.2442%	66.2450%
Eurobank	35.4101%	35.4101%
NBG	57.2381%	57.2385%
Piraeus	66.9318%	66.9320%

Following the SCIs took place in November and December of 2015, HFSF's participation in systemic banks as of the date of issuance of the interim financial statements stands as follows: Alpha: 11.01%, Eurobank: 2.38%, NBG: 40.39%, Piraeus: 26.42%.



## Note 7 Receivables from Banks under Liquidation

According to par. 15 of article 9 of the Law 4051/2012, 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 took over the rights of HDIGF as per par. 4 of art. 13A of Law 3746/2009. The liquidators of credit institutions under liquidation are nominated by the BoG and are subject to its monitor and control.

Further to that, the Fund's law, as amended by 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 this context, HFSF's receivables are a combination of its contribution of EFSF FRNs and cash, instead of the HDIGF, in order to cover the funding gap of financial institutions, which were resolved.

During the 6 month period ended 30/06/2015 the Fund received a total amount of €208.7m from the banks under liquidation. Up to 30/06/2015 the total amount provided by the Fund to cover funding gap reached the amount of € 13,489m, out of which € 486m were recovered and € 10,739m were assessed as non-recoverable.

The funding gap, the cumulative impairment and the collections per bank under liquidation as of 30/06/2015 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	(89,438,705)	(48,000,000)	72,035,287
ATEbank	7,470,717,000	(5,580,720,498)	(315,000,000)	1,574,996,502
Dodecanese Cooperative Bank	258,547,648	(143,449,103)	(49,000,000)	66,098,545
Evia Cooperative Bank	105,178,136	(79,640,859)	(2,000,000)	23,537,277
First Business Bank	456,970,455	(397,709,364)	(7,500,000)	51,761,091
Hellenic Post Bank	3,732,554,000	(3,387,750,706)	(15,000,000)	329,803,294
Lamia Cooperative Bank	55,493,756	(26,818,008)	(10,000,000)	18,675,748
Lesvos-Limnos Cooperative Bank	55,516,733	(29,868,178)	(12,000,000)	13,648,555
Probank	562,733,502	(471,496,264)	(5,500,000)	85,737,238
Proton Bank	259,621,860	(244,760,837)	(5,018,676)	9,842,347
T-Bank	226,956,514	(224,944,714)	(2,011,800)	0
Western Macedonia Cooperative Bank	95,244,475	(62,705,397)	(15,000,000)	17,539,078
<b>Total</b>	<b>13,489,008,071</b>	<b>(10,739,302,633)</b>	<b>(486,030,476)</b>	<b>2,263,674,962</b>

The movement of the Fund's receivables, including impairments and collections, from the banks under liquidation for the 6 month period ended 30/06/2015 is presented in the following table:

*Amounts in €*

Bank under Liquidation	01/01/2015 - 30/06/2015				
	Opening balance	Additions	Collections	Impairment charges	Closing balance
Achaiki Cooperative Bank	83,260,542	-	(10,000,000)	(1,225,255)	72,035,287
ATEbank	1,700,030,040	-	(95,000,000)	(30,033,538)	1,574,996,502
Dodecanese Cooperative Bank	117,531,421	-	(49,000,000)	(2,432,876)	66,098,545
Evia Cooperative Bank	28,252,922	-	(2,000,000)	(2,715,645)	23,537,277
First Business Bank	60,975,626	-	(7,500,000)	(1,714,535)	51,761,091
Hellenic Post Bank	367,047,367	-	(15,000,000)	(22,244,073)	329,803,294
Lamia Cooperative Bank	23,692,931	-	(4,000,000)	(1,017,183)	18,675,748
Lesvos-Limnos Cooperative Bank	20,548,979	-	(5,000,000)	(1,900,424)	13,648,555
Probank	96,954,709	-	(5,500,000)	(5,717,471)	85,737,238
Proton Bank	11,684,928	-	(694,410)	(1,148,171)	9,842,347
T-Bank	-	-	-	-	-
Western Macedonia Cooperative Bank	32,539,078	-	(15,000,000)	-	17,539,078
<b>Total</b>	<b>2,542,518,543</b>	<b>-</b>	<b>(208,694,410)</b>	<b>(70,149,171)</b>	<b>2,263,674,962</b>



The movement of the Fund's receivables, including impairments and collections, from the banks under liquidation for the 6 month period ended 30/06/2014 is presented in the following table:

Bank under Liquidation	01/01/2014 - 30/06/2014				
	Opening balance	Additions	Collections	Impairment charges	Closing balance
Achaiki Cooperative Bank	147,868,800	-	(38,000,000)	-	109,868,800
ATEbank	1,750,678,850	-	-	-	1,750,678,850
Dodecanese Cooperative Bank	166,008,901	-	-	-	166,008,901
Evia Cooperative Bank	63,939,049	-	-	(12,765,849)	51,173,200
First Business Bank	80,274,457	-	-	-	80,274,457
Hellenic Post Bank	380,271,150	-	-	-	380,271,150
Lamia Cooperative Bank	39,967,991	-	-	-	39,967,991
Lesvos-Limnos Cooperative Bank	26,908,340	-	-	-	26,908,340
Probank	128,782,552	-	-	-	128,782,552
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	-	(21,509,364)	46,394,439
<b>Total</b>	<b>2,853,078,162</b>	<b>13,222,459</b>	<b>(40,011,800)</b>	<b>(34,275,213)</b>	<b>2,792,013,608</b>

#### Note 8 Other Assets

The balance as of 31/12/2014 includes 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 between HFSF and Eurobank in the third quarter of 2014 amounting to € 8.8m. The amount was received from Eurobank on 13/03/2015.

#### Note 9 Derivative Financial Liability

Derivative financial liability includes the warrants issued by the Fund and granted to the private investors participating in the capital increase of the 3 out of 4 systemic banks according to Law 3864/2010 and Cabinet Act 38/2012.

##### Fair value of warrants

Warrants are freely transferrable securities, which are listed for trading in the securities market of the ATHEX. The fair values are determined by reference to the prices in the ATHEX unadjusted. Following the bank holiday and capital controls imposed, as it was further explained in Note 6, ATHEX remained closed as of 30/06/2015 and the valuation of warrants cannot be based on quoted prices. Consequently, in the interim financial statements, the warrants were valued based on the latest available market prices on 26/06/2015, under the same rationale with systemic banks' shares held by the Fund (Note 6). Based on market prices as of 26/06/2015 the fair value amounts to € 716.6m.

##### Fair value Hierarchy

ATHEX, before its closure, was considered an active market, thus the closing prices unadjusted were categorized as Level 1. However, the quoted prices as of 26/06/2015 represent a Level 2 input in the fair value hierarchy, as this category according to IFRS 13 includes quoted prices that are not traded in an active market. In this context, HFSF transferred the fair value of warrants from Level 1 to Level 2 at the measurement date.



The fair values per warrant as of 30/06/2015 and 31/12/2014 are presented below:

<i>Amounts in €</i>	Fair value	
	30/06/2015	31/12/2014
Alpha's warrant	553,741,071	1,073,243,089
NBG's warrant	54,064,255	39,319,753
Piraeus' warrant	108,829,176	159,448,072
<b>Total</b>	<b>716,634,502</b>	<b>1,272,010,914</b>

#### Sensitivity analysis of warrants valuation

Given that following the bank holiday and capital controls imposed ATHEX remained closed at the measurement date, a sensitivity analysis of warrants fair value is presented below, indicating a possible effect on the statement of financial position and the statement of comprehensive income in the 6 month period ended 30/06/2015 under various scenarios.

<i>Amounts in €</i>	-5%	-10%	-15%	-20%
<b>Banks warrants</b>				
Alpha	526,054,017	498,366,964	470,679,910	442,992,857
NBG	51,361,043	48,657,830	45,954,617	43,251,404
Piraeus	103,387,717	97,946,258	92,504,799	87,063,341
<b>Derivative financial liability</b>	<b>680,802,777</b>	<b>644,971,052</b>	<b>609,139,326</b>	<b>573,307,602</b>
<b>Revaluation gain from warrants versus 31/12/2014</b>	<b>591,208,137</b>	<b>627,039,862</b>	<b>662,871,587</b>	<b>698,703,312</b>

Following the re opening of ATHEX on 03/08/2015 and within the next three days of trading, the daily percentage of warrants' prices, the fair value as well as the HFSF's respective revaluation gain included in the statement of comprehensive income from the beginning of 2015 are presented in the table below:

<i>Amounts in €</i>	Daily percentage change in prices			Fair value of warrants at the corresponding dates	Revaluation gain from warrants versus 31/12/2014
	Date	Alpha	NBG		
03/08/2015	-89%	-77%	-92%	83,764,827	1,188,246,087
04/08/2015	0%	12%	70%	91,144,766	1,180,866,148
05/08/2015	-47%	7%	0%	62,442,664	1,209,568,250
06/08/2015	48%	15%	18%	83,169,573	1,188,841,341

It is noted that the fair value of the warrants as of 30/09/2015 and as of 30/11/2015 amounted to € 38.6m and € 6.7m respectively and the revaluation gain from the beginning of 2015 for the corresponding dates amounted to € 1,233.4m and € 1,265.3m respectively, as presented per bank in the following table:

<i>Amounts in €</i>	30/09/2015		30/11/2015	
	Fair value	Revaluation Gain	Fair value	Revaluation Gain
Alpha	21,692,949	1,051,550,140	3,425,203	1,069,817,887
NBG	9,338,371	29,981,382	2,457,466	36,862,287
Piraeus	7,592,733	151,855,338	843,637	158,604,434
<b>Total</b>	<b>38,624,053</b>	<b>1,233,386,860</b>	<b>6,726,306</b>	<b>1,265,284,608</b>

#### Movement of warrants

The number of warrants outstanding as of 30/06/2015 and 31/12/2014, the movement during the 6 month period ended 30/06/2015 and the number of shares corresponding to 1 warrant (multiplier), if exercised, are presented below:

	Alpha	NBG	Piraeus
Warrants outstanding as of 31/12/2014	1,141,747,967	245,748,459	843,640,590
Warrants exercised	(13,800)	(1,844)	(3,568)
<b>Warrants outstanding as of 30/06/2015</b>	<b>1,141,734,167</b>	<b>245,746,615</b>	<b>843,637,022</b>
<b>Multiplier as of 30/06/2015</b>	<b>7.4087</b>	<b>8.2292</b>	<b>4.4758</b>





In January 2015 the Fund received an amount of € 28,912 following the third exercise of 3,568 of Piraeus' warrants. In June 2015 the Fund received the amounts of € 49,034 and € 70,955 following the fourth exercise of Alpha's and NBG's warrants respectively.

Following the reverse split of systemic banks, the 43<sup>th</sup> cabinet act (Government Gazette A' 163/02.12.2015) was issued on 02/12/2015 based on which the new multipliers and the strike prices per bank are as follows:

	Alpha	NBG	Piraeus
New multiplier	0.148173663047785	0.54861592129144	0.044757733395671
5th strike price	24.64	72.0720	190.40
6th strike price	25.30	74.0025	195.50
7th strike price	26.07	76.2555	201.45
8th strike price	26.84	78.5070	207.40
9th strike price	27.72	81.0810	214.20

#### Note 10 Provisions and Other Liabilities

Amounts in €	30/6/2015	31/12/2014
Provisions	1,990,770	3,412,185
Creditors and suppliers	227,191	145,488
Taxes payable – other than income taxes	144,508	237,822
Contributions payable to social security funds	79,218	114,498
Other expenses payable	12,300	49,442
<b>Total</b>	<b>2,453,987</b>	<b>3,959,435</b>

The provision recognized regarding an obligation arising from the sale of New HPB to Eurobank that took place in 2013 has been finalized at an amount lower than previously estimated, resulting to the recognition of a gain of € 1.4m from the reversal of the provision.

#### Note 11 Capital

Following a ministerial decision (Government Gazette B' 292/26.02.2015) issued on 26/02/2015, in accordance with the Master Financial Assistance Facility Agreement signed on 15/03/2012 as amended and in alignment with the Eurogroup statement of 20/02/2015, HFSF proceeded with the re-delivery of the unused EFSF Notes, with nominal value of €10,932,903,000 to the EFSF on 27/02/2015. Additionally, HFSF proceeded with the reduction of its paid in capital by the amount of € 10,932,903,000.

Amounts in €	
<b>Balance as of 21 July 2010</b>	-
Capital increase - Cash	1,500,000,000
<b>Balance as of 31 December 2011</b>	<b>1,500,000,000</b>
Capital increase - EFSF FRNs issued on 19/04/2012	25,000,000,000
Capital increase - EFSF FRNs issued on 19/12/2012	16,000,000,000
<b>Balance as of 31 December 2012</b>	<b>42,500,000,000</b>
Capital increase - EFSF FRNs issued on 31/05/2013	7,200,000,000
<b>Balance as of 31 December 2013</b>	<b>49,700,000,000</b>
<b>Balance as of 31 December 2014</b>	<b>49,700,000,000</b>
Capital decrease - EFSF FRNs returned on 27/02/2015	(10,932,903,000)
<b>Balance as of 30 June 2015</b>	<b>38,767,097,000</b>





## Note 12 Interest Income

A breakdown of the Fund's interest income for the 6 month period ended 30/06/2015 and 30/06/2014 is provided in the table below:

<i>Amounts in €</i>	01/01/2015 - 30/06/2015	01/01/2014 - 30/06/2014
Interest income from EFSF FRNs	9,033,084	38,651,663
Interest income from deposits	-	284,924
Interest income from cash management account	2,804,338	-
<b>Total</b>	<b>11,837,422</b>	<b>38,936,587</b>

The cash in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with paragraph 11 (g) of the article 15 of the law 2469/1997.

## Note 13 Personnel Expenses

The number of directors and employees under payroll was 30 and 29 as of 30/06/2015 and 30/06/2014 respectively. The total personnel expenses for the first half of 2015 and 2014 are analysed as follows:

<i>Amounts in €</i>	01/01/2015 - 30/06/2015	01/01/2014 - 30/06/2014
Salaries	(1,339,063)	(1,208,134)
Employer's contribution	(213,231)	(189,364)
<b>Total</b>	<b>(1,552,294)</b>	<b>(1,397,498)</b>

The average number of employees, including directors, during the 6 month period ended 30/06/2015 and 30/06/2014 was 32 and 26 respectively.

## Note 14 General Administrative and Other Operating Expenses

<i>Amounts in €</i>	01/01/2015 - 30/06/2015	01/01/2014 - 30/06/2014
Utilities and rentals	(171,476)	(175,060)
General Council remuneration	(161,976)	(177,500)
Lawyers' fees	(115,865)	(244,429)
Audit firms' fees	(13,118)	(64,907)
Advisors' fees	(39,076)	(14,385,385)
Professionals' fees	(58,290)	(73,132)
Custody fees	(143,610)	(444,091)
Insurance fees	(178,833)	(197,408)
Fees to bank representatives	-	(33,916)
Other fees	(64,821)	(56,789)
Other expenses	(88,792)	(193,240)
<b>Total</b>	<b>(1,035,857)</b>	<b>(16,045,857)</b>

The increased operating expenses in the first half of 2014 are due to a) the fees for services rendered by investment banks for the systemic banks' SCIs which amounted to € 14.2m, in compliance with the legal requirement to obtain two fairness opinions per SCI per bank and b) the decrease by € 0.3m in custody fees due to the re-delivery of HFSF notes and the decrease of the Fund's participations value in systemic banks.



#### Note 15 Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

This caption includes the gains or losses resulting from the revaluation of the shares held in 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 during the 6 month period ended 30/06/2015 and 30/06/2014 is presented in the table below.

<i>Amounts in €</i>	<b>01/01/2015 - 30/06/2015</b>	<b>01/01/2014 - 30/06/2014</b>
<b>Gain/(loss) from equity instruments</b>		
Alpha	(1,234,977,386)	336,995,751
Eurobank	(223,946,896)	(958,284,394)
NBG	(545,974,419)	(2,386,340,337)
Piraeus	(2,082,908,935)	370,121,429
<b>Subtotal</b>	<b>(4,087,807,636)</b>	<b>(2,637,507,550)</b>
<b>Gain/(loss) from warrants</b>		
Alpha	519,502,018	(766,769,343)
NBG	(14,744,502)	90,927,070
Piraeus	50,618,896	(183,684,129)
<b>Subtotal</b>	<b>555,376,412</b>	<b>(859,526,402)</b>
<b>Total</b>	<b>(3,532,431,224)</b>	<b>(3,497,033,952)</b>

#### Note 16 One-off Expense

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.

#### Note 17 Commitments and Contingent Liabilities

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

<i>Amounts in €</i>	<b>30/06/2015</b>	<b>31/12/2014</b>
No later than 1 year	192,878	253,688
Later than 1 year and no later than 5 years	162,473	380,532
<b>Total</b>	<b>355,351</b>	<b>634,220</b>

**Legal Proceedings:** No legal cases of third parties against the Fund exist at the issuance date of the interim financial statements that is probable to affect negatively the Fund's financial position.

**Undertakings deriving from FAFA:** Until the facility granted under the FAFA has been fully reimbursed, the Fund acts as a guarantor and has certain security related undertakings in the context of the facility agreement.



## Note 18 Related Party Transactions

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

The significant transactions entered into by the HFSF with related parties during the 6 month period ended 30/06/2015 and 30/06/2014 and the balances outstanding as of 30/06/2015 and 31/12/2014 are presented below.

### Transactions with key management personnel

The members of the Executive Board and the General Council, as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The gross remuneration paid in the first half of 2015 amounted to € 411.6k (first half of 2014: €441.3k). Furthermore, for the executive members an amount of € 28.2k (first half of 2014: € 31.4k) had been paid for social security contributions.

### Transactions and balances with systemic banks

Following the contribution of EFSF FRNs to the systemic banks 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 fair value of the shares held of the Fund as of 30/06/2015 amounted to € 7,534.1m (31/12/2014: € 11,622.1m). In the first half of 2014, the Fund recognised a liability amounting to € 40.6m to be paid to Alpha in relation to the final funding gap of Western Macedonia Cooperative Bank and further to this it contributed an amount of € 133.8m in cash to Alpha in relation to the final funding gap of the Dodecanese and Evia Cooperative Banks. Moreover, the HFSF received an amount of € 1,022,885 relating to advisory services paid initially by HFSF and it was reimbursed by Piraeus and Eurobank.

The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the 6 month period ended 30/06/2015 and 30/06/2014 amounted to € 97.2k and € 266.2k respectively.

### Transactions and balances relating to transitional credit institutions

In the first half of 2015 the Fund received the amount of € 8.8m from Eurobank following the finalization of a contingency from the sale of New HPB. Moreover, a provision regarding an obligation arising from the sale of New HPB to Eurobank that took place in 2013 amounting to € 1.99m and a gain of € 1.4m derived from the reversal of the provision is recognized in the statement of comprehensive income for the current period.

## Note 19 Restatement

The amount of € 153,963 was reclassified from General Administrative and Other Operating Expenses to Personnel Expenses for the 3 month period ended as of 30/06/2014, for the purpose of proper classification of expenses.

## Note 20 Post Balance Sheet Events

Following the date of the interim financial statements, the following events related to HFSF took place:

### Appointment of the Chief Executive Officer

On 15/07/2015 Mr. Aristides Xenofos was appointed Chief Executive Officer (Government Gazette 518/15.7.2015), replacing Mrs. Anastasia Sakellariou, who resigned on 08/05/2015. Mr. Xenofos has perennial experience in the banking sector and in capital markets, having served as senior executive in a number of asset management companies in Greece and Central & South East Europe, as well as an executive member in committees in private Banks in Greece and abroad.



### **Signing of the new Financial Assistance Facility Agreement**

Upon the ratification of the draft new FAFA together with the draft MoU by the Greek Parliament in Law 4336/2015 (Government Gazette A 94/14.8.2015), HFSF proceeded on 19/08/2015 with the signing of the FAFA, between European Stability Mechanism (ESM), the Hellenic Republic as the beneficiary member state, BoG as the central bank and HFSF as the recapitalization fund. The loan agreement provided that the total amount of financial assistance to be used for the financing of Greek bank's recapitalization or to cover the resolution costs may not exceed € 25bn.

### **HFSF's Law amendments**

The HFSF's Law was revised by Law 4340/2015 (Government Gazette A 134/1.11.2015) and Law 4346/2015 (Government Gazette A 152/20.11.2015) in order to reflect the Fund's new roles and extended operations stemming from the new FAFA and new MoU commitments. According to the amendments, HFSF shall act in line with the obligations arising from the new FAFA and with the commitments under the new MoU and its new operations include the facilitation of NPLs management and the provision of a resolution loan to HDIGF for the purposes of funding bank resolution costs. The Fund's capital derives from the funds raised from the EU and the IMF financial support mechanism and the funds raised under the new FAFA and it can be reduced upon the request of the MoF, provided a request from the EFSF or the ESM has been received. A new appointment procedure of the General Council and Executive Board members is placed according to which a selection panel is established which pre-selects the members, proposes their remuneration and performs their annual evaluation. The term of the Selection Panel is set for two years and can be renewed. The Fund, with the assistance of an independent consultant, shall evaluate the corporate governance arrangements of credit institutions with which the Fund has signed Relationship Framework Agreements (RFAs). In this context HFSF shall evaluate the BoD of the banks and its committees based on the process and specific criteria provided in the HFSF's law, RFAs and in line with the best practices in corporate governance. HFSF covers the capital shortfall determined by a competent authority in case of a precautionary recapitalization and in order to cover the residual amount of the shortfall after any private sector participation or any amount coming from the implementation of the burden sharing measures. In case of a credit institution's resolution, the Fund may act as an entity providing capital in compliance with BRRD (Banking Recovery and Resolution Directive) rules. A new RFA or an amended RFA need to be signed between HFSF and the credit institution before any capital injection. Finally the Fund's duration extended until June 2020.

### **Approval of the Restructuring Plans**

In November 2015 the HFSF approved the four systemic banks' Final Restructuring Plan for their submission to the Ministry of Finance and DG Competition. The Fund may request additional restructuring measures through the budgeting and business planning exercises of the banks.

### **HFSF's acceptance of SCI prices for the four systemic banks**

According to the amendments of the HFSF Law and based on the results of the book building process performed by the four systemic banks for the private placement of new common shares, HFSF accepted the subscription price proposed by each Bank's BoD. Alpha's offer price was set at € 0.04 per share or € 2 following the 50-to-1 reverse stock split. Eurobank's offer price was set at € 0.01 per share or € 1 following the 100-to-1 reverse stock split. NBG's offer price was set at € 0.02 per share or € 0.3 following the 15-to-1 reverse stock split. Piraeus's offer price was set at € 0.003 per share or € 0.3 following the 100-to-1 reverse stock split.

### **HFSF's Capital Increase through ESM Notes**

Due to the HFSF's participation in the recapitalization of NBG and Piraeus, Hellenic Republic contributed the necessary capitals in the form of ESM notes disbursed following the approval of ESM, increasing equally HFSF's capital. Since the capital increase of HFSF was in kind, the ESM notes were valued in accordance with article 9 of Company Law 2190/1920 for their registration in HFSF's books based on two independent valuation reports. The nominal amount of the difference between the fair value of the received ESM notes and the actual amount contributed by HFSF to the two banks was redelivered to ESM. The HFSF's capital currently amounts to € 44,193m, following the capital increases of the amount of € 2,720m on 1/12/2015 and the amount of € 2,706m on 8/12/2015.



The notes contributed to HFSF have the following characteristics:

ISIN	Issue Date	Maturity Date	Interest Rate	Nominal Value
EU000A1U9852	27/08/2015	27/02/2017	6M Euribor - 18 b.p.	1.6 billion
EU000A1U9860	27/08/2015	27/08/2017	6M Euribor - 20 b.p.	1.6 billion
EU000A1U9878	27/08/2015	27/02/2018	6M Euribor - 21 b.p.	2.2 billion

#### **Recapitalization of Piraeus and NBG**

HFSF contributed ESM notes in order to fully cover the capital needs under the adverse scenario of NBG and Piraeus. The fair value of the ESM notes, as determined based on two independent valuation reports amounted to € 2,706m and € 2,720m for NBG and Piraeus respectively. In return, the Fund received the amount of € 677m and € 680m in NBG's and Piraeus' common shares respectively and the amount of € 2,029m and € 2,040m in the form of CoCos, issuance of NBG and Piraeus respectively. HFSF also received the amount of € 391.5m in common shares of NBG, after the mandatory conversion of the bank's preference shares.

#### **Amended Relationship Frameworks Agreements**

Following the share capital increases of the systemic banks in November and December of 2015, HFSF and the four systemic banks proceeded with the signing of the amended RFAs to reflect its new objectives and rights deriving from its participation in their share capital.

#### **Warrants exercise**

In December 2015 NBG's fifth warrants exercise took place. There were 890 warrants exercised and 488 shares exchanged, resulting to the Fund receiving €35,182. Following the exercise, HFSF's shareholding in NBG amounted to 40.39%. In the context of the fifth warrant exercise of Alpha and Piraeus no warrant has been exercised.

#### **Formation of Selection Panel**

Following the Minister of Finance's decision (Government Gazette 10/15.01.2016), the Selection Panel of the Fund's members of the General Council and the Executive Board has been formed. The Selection Committee is composed of the President Francesco Papadia and the members Júlia Király, Eric Rajendra, Panagiotis Doumanoglou, Emiliios Avgouleas and Peter Yngwe.