Ταμείο Χρηματοπιστωτικής Σταθερότητας
Hellenic Financial Stability Fund

December 11th, 2014

ANNOUNCEMENT

Interim Financial Statements
of the Hellenic Financial Stability Fund

The Hellenic Financial Stability Fund (HFSF) announces the issuance of its interim financial statements, for the nine month period ended September 30th, 2014.

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

I. The Fund's financial performance

Interest income: During the 9 month period ended September 30th, 2014 interest income amounted to € 58.6m versus € 148.6m in the respective period in 2013. The decrease in interest income versus 2013 is due to the decrease of the outstanding amount of European Financial Stability Facility (EFSF) bonds held by the Fund after the completion of the systemic banks' recapitalization in the end of June 2013.

Personnel expenses: During the 9 month period ended September 30th, 2014 personnel expenses amounted to € 2m versus € 1.8m during the same period in 2013. In September 30th, 2014 the Fund's personnel amounted to 33, whereas in September 30th, 2013 it amounted to 22.

General administrative and other operating expenses: During the 9 month period ended September 30th, 2014 operating expenses amounted to € 16.7m versus € 10.3m in the respective period in 2013. The main reason for the increase in operating expenses were the fees for the fairness opinions rendered by investment banks, in compliance with the legal requirement as per the latest amendment of the law in April 2014, for the systemic banks' share capital increases, which amounted to € 6.6m.

Cash and balances with Central Bank: As of September 30th, 2014 cash and deposits in Bank of Greece stood at € 625.3m versus € 488.7m as of December 31st, 2013.

Investment securities: As of September 30th, 2014 the portfolio of the EFSF bonds remained unchanged from December 31st, 2013 at € 10,932.9m in nominal terms.

Financial assets at fair value through profit or loss: As of September 30th, 2014 the market value of the Fund's equity portfolio of the four systemic banks' amounted to € 17.0bn versus € 22.5bn as of December 31st, 2013. This has further declined to € 13bn in December 10th, 2014, due to the continuing market volatility of the Athens stock exchange.

Receivables from banks under liquidation: During the 9 month period ended in September 30th, 2014 the Fund collected via the liquidation process a total amount of € 40m in cash.

The estimated recoverable amount of the funding gap, which has been covered by the Fund instead of the HDIGF, amounted to € 2,792m as of September 30th, 2014 versus € 2,853m as of December 31st, 2013. During the 9 month period of 2014 the Fund recognized in the P&L statement an impairment loss of € 34.3m.

II. Systemic Banks' overview

i) EBA/SSM Comprehensive Assessment : AQR and Stress Test Results

In October 26th, 2014 the ECB and the EBA announced the results of the Comprehensive Assessment. This exercise comprised both an Asset Quality Review (AQR) and a Stress Test in which the capital adequacy of banks under review was tested under different stress scenarios, and measured against minimum threshold levels in each scenario. Under the static balance sheet - adverse scenario – assumption, the aggregate capital shortfall for the Greek Banks amounted to € 8.7bn (Alpha: € 0bn, Eurobank € 4.7bn, NBG € 3.4bn, and Piraeus € 0.7bn). However, taking into account the effect of net capital raising actions that took place in 2014 the remaining aggregate capital shortfall amounted to approximately € 2.7bn (Piraeus: € 0bn, Eurobank € 1.76bn, and NBG € 0.93bn). Greek banks were also assessed under the dynamic balance sheet assumption (taking into account the restructuring plans that were approved by DG-COMP after January 1st, 2014), resulting into NBG having no shortfall and Eurobank with practically no shortfall.

ii) **Deferred Tax Asset Scheme**

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

Alpha, Eurobank, and NBG held General Meetings in November 7th, 2014 in order to approve the banks' participation in the DTA Scheme and the Fund granted its approval. An EGM of Piraeus is scheduled in December 19th, 2014 to approve the bank's participation in the DTA scheme.

Alpha Bank

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

Alpha, with the consent of HFSF, launched in September a Voluntary Separation Scheme (VSS). A total number of 2,200 employees participated in the VSS. As a result of that Alpha will have an annual cost saving of approximately € 120m while the one-off cost of the VSS is approximately € 195m.

Eurobank

In the context of the Law 3864/2010, HFSF announced on April 4th, 2014 that it would enter into a new Relationship Framework Agreement (RFA) with Eurobank, in the event that private sector participation exceeded 50% of the share capital increase of Eurobank that took place in April 2014. The new RFA between Eurobank and the HFSF was signed in August 2014.

National Bank of Greece

In September 2014 HFSF provided its consent to NBG in order for Finansbank to proceed with a Share Capital Increase (SCI) without pre-emption rights of existing shareholders, by means of a public offering. Based on the restructuring plan NBG is required to reduce its shareholding in Finansbank so that its share ownership represents no more than 60% by the end of 2015. In November 2014 NBG, following HFSF's approval, announced that it will also proceed with a secondary offering of existing shares in Finansbank corresponding to approximately 2.25% of the paid-in capital of Finansbank post the SCI and with the granting of an overallotment option. The total stake offered through the SCI, the secondary offering and the overallotment option will not exceed 26.9%.

In September 2014 NBG announced the signing of the Sale and Purchase Agreement for Astir Palace Vouliagmeni S.A., between the Hellenic Republic Asset Development Fund S.A. (HRADF) in their capacity as sellers, Apollo Investment HoldCo in its capacity as the buyer, and Jermyn Street Real Estate Fund IV L.P. in its capacity as guarantor.

In October 2014 NBG announced the results of the mandatory tender offer for the acquisition of the total common registered shares of MIG REIC, which was approved by the HFSF. Following completion of the transfer of the tendered shares, NBG Pangaea REIC holds 13,605,064 shares in aggregate, representing approximately 96.67% of the total paid-up share capital and voting rights of MIG REIC.

In October 2014 NBG announced the acquisition of 5% of the voting common shares of Finansbank from International Finance Corporation (IFC), upon exercise of IFC's relevant right (put option) and in accordance with the agreement between them of March 29th, 2007. NBG paid a total consideration of $ 343m bringing NBG's stake to 99.81%.

Piraeus Bank

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

In August 14th 2014, Piraeus announced the sale of 100% of ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re for a total consideration of € 90m subject to customary net asset value adjustments upon closing. The transaction is subject to regulatory approvals and envisaged to be completed by the end of 2014.

In October 2014 the HFSF voted in favor of Piraeus merger by acquisition with Geniki Bank and the completion of the transaction with the signing of the merger agreement. HFSF also voted in favor of the cancelation of the € 750m Greek state preference shares of Law 3723/2008 following their full repayment in May 2014, along with the corresponding reduction of the share capital. Both actions were approved by Piraeus EGM in October 30th, 2014.

For the interim financial statement please click the link bellow:

Interim Financial Report of the Hellenic Financial Stability Fund (HFSF) for the nine month period ended September 30th, 2014.

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Hellenic Financial Stability Fund (HFSF)

The Hellenic Financial Stability Fund (HFSF) was founded in July 2010 under the law 3864/2010 as a private legal entity it does not belong to the public sector and has administrative and financial autonomy. The objective of the HFSF shall be to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest. The HFSF shall act in line with the relevant commitments of the Greek Republic under Law 4046/2012 (A' 28).

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