Hellenic Financial Stability Fund

Annual Financial Report
for the period
from 01/01/2012 to 31/12/2012

August 2013

ΤΑΜΕΙΟ
ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ
ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

Table of Contents

Chairman's Foreword

The past year was clearly very challenging for Greece and for the Eurozone as a whole. However, from a mid-2013 vantage point, we can venture the statement that, in Greece, the main seeds for exiting the crisis were firmly planted during this period.

The 2012 mid-year elections lead to the establishment of a coalition Government that confirmed the country's commitment to stay in the Eurozone and pursue the fiscal and structural adjustments required by the international lenders and by the need to create a new competitive and wealth creation model for Greece.

This has to be based on a more balanced economy away from the dominance of consumption funded, to a large extent, by private and public sector indebtedness and towards a more open and outward looking economy which encourages competition and private sector investment.

A year ago, the dominant view of international commentators was of Greece's unavoidable exit from the Eurozone. Today exit has receded in the distance and instead we are beginning to look forward to exiting the crisis and to recovery. I say this without in any way wishing to underestimate the effort that is still to be made.

The Greek sovereign crisis and the adjustment program that it triggered has had a dramatic impact on the domestic banking sector as could have been, and was indeed, expected. Greek banks lost access to international capital markets which together with the flight of deposits created acute funding and liquidity issues. At the same time the sector suffered significant losses from its holdings of Greek sovereign debt and from deteriorating asset quality caused by the deep economic recession. Foreign banks that operated in the country began the process of disengaging from their Greek subsidiaries.

The Hellenic Financial Stability Fund (HFSF) was founded in July 2010 in anticipation of these developments, with the aim of safeguarding and maintaining the stability of the Greek banking system.

During 2012, the HFSF began to play the major role assigned to it. In summer 2012, it handled aspects of the resolution of Agricultural Bank of Greece, the healthy part of which was acquired by Piraeus Bank, while the troubled portfolio was handed over to the liquidator with the necessary funding support committed by the HFSF. It also handled aspects of the sale of Emporiki Bank, subsidiary of Credit Agricole, to Alpha Bank following a tender process.

The resolution costs (funding gap) covered by the HFSF during the course of 2012 amounted to € 7,256m. The final net cost for the HFSF will of course depend on the result of the liquidation of the corresponding bad assets and is likely to fall significantly short from the HFSF initial outlay.

Last but not least, the HFSF participated in the consultation processes for the establishment of the legal framework and the main parameters for the eventual recapitalization of the viable part of the Greek banking sector. These recapitalizations, of Alpha Bank, National Bank of Greece and Piraeus Bank, were completed with an unexpected degree of success in May/June 2013 signaling a significant improvement in investor sentiment towards the country. Eurobank was recapitalized fully by the HFSF in the wake of the aborted merger with National Bank of Greece.

The extensive consolidation and restructuring of the Greek banking sector continued apace in 2013. The acquisitions of Geniki Bank, Millennium Bank (subsidiaries of Societe General and Millennium BCP respectively) and of the Greek assets of Cypriot banks by Piraeus Bank completed the exit of foreign banks from the Greek banking sector. A number of smaller banks that were resolved (FBB and Probank, Hellenic Post Bank and Proton) were subsequently acquired by National Bank of Greece and Eurobank respectively in mid-2013.

The successful recapitalizations, in accordinace with the Law 3864/2010, have set the scene for HFSF's role in the sector going forward. The HFSF has entered into Relationship Framework Agreements (RFAs) with the four pillar banks in which it has provided capital support. These were published in July 2013. They define the HFSF's role as a shareholder on the basis of best international practices. The RFAs safeguard the banks' operational independence under the responsibility of their management and give the HFSF certain approval and veto rights.

The HFSF is focused on providing support to the Greek banks regarding the approval of the restructuring plans as required by Directorate_General for Competition, in a way that should enhance their profitable engagement in the Greek economy and facilitate their full re-privatization in the coming years.

General Council and Executive Board Report

The Hellenic Financial Stability Fund

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

The purpose of the Fund is to maintain the stability of the Greek banking system through the strengthening of the capital adequacy of credit institutions, including subsidiaries of foreign credit institutions, provided they legally operate in Greece under the authorization of the Bank of Greece (hereinafter BoG), and through the recapitalization of transitional credit institutions (bridge banks) formed in accordance with article 63E of Law 3601/2007.

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 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 Minister of Finance 3710/B.204 (Government Gazette YODD 35/30.1.2013), as amended by the decisions of the Minister of Finance 04960/B1112.B (Government Gazette YODD 193/30.4.2013), 19582/B1195 (Government Gazette YODD 210/14.5.2013) and 20532/B.1252 (Government Gazette YODD 215/15.5.2013).

From the date of enactment of law 4051/12 (Government Gazette A 40/29.2.2012), the Fund covers the amount that the Hellenic Deposit & Investment Guarantee Fund (hereinafter HDIGF) would have paid for the process of the resolution of the credit institutions in accordance to law 3601/2007 until 31/12/2013. Specifically the Fund is obliged to pay the amount as per paragraph 13 of article 63D and paragraph 7 of article 63E of the aforementioned law. In this case the Fund is obliged to acquire the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the law 3746/2009.

Within the framework of accomplishing its objective, the Fund should manage its capital and its assets and exercise the rights in its capacity as shareholder in a way to protect the value of such assets, to minimize the risks for the Greek public and neither prevents nor distorts the competition in the banking sector.

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

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

Significant Events during Financial Year 2012

The Fund's capital increases

On 15/03/2012 the European Financial Stability Facility (hereinafter "EFSF"), the Greek State, the Fund and the BoG, signed the "Master Financial Assistance Facility Agreement" amounting to a total of € 109,000m and the Fund guaranteed on behalf of the Greek State the amount that would be used for the recapitalization of the credit institutions.
On 17/04/2012 the Fund signed with the EFSF, the Greek State and the BoG the Acceptance Notice for the contribution of Floating Rate Notes (hereinafter "FRNs") issued by th EFSF amounting to € 25,000m to the Fund for the recapitalisation of the credit institutions. Following the contribution of the 1st tranche of EFSF FRNs the Fund's capital as of the 19/04/2012 increased to € 26,500m.

The first tranche of EFSF FRNs that the Fund received in the context of its € 25,000m capital increase is presented in the table below:

	ISIN	Nominal Amount (€)	Issue Date	Maturity Date	Coupon
Tranche A	EU000A1G0AL3	5,000,000,000	19/04/2012	19/04/2018	6M Euribor + 46 b.p.
	EU000A1G0AM1	5,000,000,000	19/04/2012	19/04/2019	6M Euribor + 57 b.p.
	EU000A1G0AN9	5,000,000,000	19/04/2012	19/04/2020	6M Euribor + 64 b.p.
	EU000A1G0AP4	5,000,000,000	19/04/2012	19/04/2021	6M Euribor + 71 b.p.
	EU000A1G0AQ2	5,000,000,000	19/04/2012	19/04/2022	6M Euribor + 77 b.p.
		25,000,000,000			

On 13/12/2012, the HFSF signed together with the EFSF, the Greek State and the BoG an Acceptance Notice regarding the contribution of EFSF FRNs into the Fund's account amounting to an additional € 16,000m concerning the second tranche under the third instalment for the recapitalisation of the credit institutions. On 21/12/2012 the FRNs were deposited in the securities account the HFSF holds at the BoG, pursuant to L. 3864/2010 (par. 2 art. 3). Following the contribution of the EFSF FRNs, the HFSF's capital increased to € 42,500m.

The second tranche of EFSF FRNs that the Fund received in the context of its € 16,000m capital increase is presented in the table below:

	ISIN	Nominal Amount (€)	Issue Date	Maturity Date	Coupon
Tranche B	EU000A1G0A57	5,000,000,000	19/12/2012	19/12/2022	6M Euribor + 34 b.p.
	EU000A1G0A65	5,000,000,000	19/12/2012	19/12/2023	6M Euribor + 35 b.p.
	EU000A1G0A73	6,000,000,000	19/12/2012	19/12/2024	6M Euribor + 36 b.p.
		16,000,000,000			

Investment in New Proton

Effective as of 09/10/2011, following the proposal of the Bank of Greece (in accordance with Greek Law 3601/2007), the HFSF is the sole shareholder of the first transitional bank in Greece, New Proton Bank S.A ("New Proton"), established by decision no. 9250/9.10.2011 of the Minister of Finance. On 09/10/2011, the HFSF contributed the first installment of New Proton Bank S.A.'s (New Proton) initial share capital (€ 220m). On 03/02/2012 the Fund contributed € 30m to New Proton for the subscription of the second installment of its € 250m initial share capital, which was decided in 2011. In addition, the BoG and the HFSF's BoD approved in June 2012 New Proton's revised restructuring plan for the period 2012 – 2016, which anticipated the need for additional capital support of € 300m in order for the bank to comply with the capital requirements set by the BoG. To this end, the HFSF proceeded with the subscription of two additional share capital increases totaling € 265m (€ 230m on 01/08/2012 and € 35m on 31/12/2012).

Contribution of Funding Gaps

According to par. 12 of article 16B of law 3864/2010 as amended by law 4051/29.2.2012, the Fund, for 22 months commencing from 29/02/2012, has to contribute the amount that the HDIGF would have covered, in the context of the resolution of financial institutions, as foreseen by par. 13 of art. 63D and par. 7 of art. 63E of law 3601/2007. In this context, the Fund contributed during 2012:
- on 14/05/2012, € 259.6m to New Proton, following the reassessment of the difference between the value of the transferred liabilities and the value of the transferred assets of Proton Bank which is subject to the special liquidation procedures following a decision of the BoG;
- on 10/04/2012 and 20/07/2012, a total of € 320.5m to NBG corresponding to the difference between the valuation of the transferred liabilities and the transferred assets of three cooperative banks, namely the Cooperative Bank of Lesvos-Limnos, the Cooperative Bank of Achaia and the Cooperative Bank of Lamia, which were subject to the special liquidation procedure following a decision of the BoG;
- on 01/08/2012, € 6,675.9m (of which € 6,530.8m in EFSF FRNs and € 145.1 in cash) to Piraeus Bank corresponding to the difference between the interim valuation of the transferred liabilities and transferred assets of ATE Bank, which was subject to the special liquidation procedure following a decision of the BoG.

Also, according to the decision of the Resolution Committee of the BoG (03/05/2012), the HFSF, by undertaking the obligations of the HDIGF, should pay the amount of € 227.0m to New Hellenic Postbank S.A. (New HPB) regarding part of the funding gap determined by the BoG, after the liquidation of T-Bank S.A. and the transfer of its assets and liabilities to TT Hellenic Postbank SA. The amount was paid to New HPB in March 2013 and as the HFSF considered that the difference should have been covered by the HDIGF and thus filed an application for the annulment of the relevant decision of the BoG to the Council of State.

The liquidators of credit institutions under liquidation are nominated by the BoG and are subject to its monitor and control. The officers and the staff of the credit institutions under liquidation have to cooperate with the liquidators and follow the instructions of the BoG. Further to that, recent L. 4172/2013 provides for a Special Liquidation Committee responsible for deciding upon major issues on the liquidation process which is nominated by the BoG. Therefore, the Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless monitors the process closely and maintains its own independent valuation estimates over amounts to be recovered.

The Fund's Relationship with Viable Banks

On 20/04/2012 the HFSF issued Commitment Letters for an amount of € 18,000m, valid through 30/09/2012, as follows: NBG: € 6,900m, Eurobank S.A. (Eurobank): € 4,200m, Alpha Bank S.A. (Alpha Bank): € 1,900m and Piraeus Bank S.A. (Piraeus Bank): € 5,000m, which were assessed as viable by the BoG, so as to cover the Core Tier 1 ratio minimum requirement of 9%.

Through the Commitment Letters the HFSF affirmed that it will pay the respective amount/or contribute in kind, the value of which will not exceed the amount defined by the BoG, following an agreement on the terms and conditions of the share capital increase or the convertible bond issuance, pursuant to L. 3864/2010 (art. 7) and according to the state aid rules of the European Commission.

In this context, on 22/05/2012, according to the 15th Act of the Ministerial Counsel, the HFSF's BoD approved the final document of the Presubscription Agreements regarding the recapitalization of the banks. The said documents were signed on 28/05/2012 by the management of the four banks, which had submitted a request for capital support to the EFSF and the HFSF.

Following the signing of the Presubscription Agreements, and according to the BoG's letter regarding the necessary capital support, the HFSF contributed on 28/05/2012 EFSF FRNs with a nominal amount totalling € 18,000m as an advance for its participation in the four bank's share capital increase as follows: Alpha Bank received € 1,900m, Eurobank received € 3,970m, Piraeus Bank received € 4,700m and NBG received € 7,430m. Following that and according to the provisions of L. 3864/2010 (art. 6 par. 9 and 10), the HFSF appointed representatives on the four banks' BoDs who had the powers provided in the law and the Presubscription Agreements as in force. The representatives are as follows: Mr. Charalambos Makkas (NBG), Mr. Christos Glavanis (Eurobank up to 27/06/2013, and subsequently Mr. Howard Prince-Wright K.), Mr. Solomon Berachas and Ms Aikaterini Beritsi (Piraeus Bank) and Mr. Nikolaos Koutsos (Alpha Bank).

Further steps towards the recapitalization were taken in December 2012. Specifically, the Cabinet Act No 38 defining the recapitalization terms was published on 12/11/2012 (Gazette A 223/12.11.2012) and the BoG considered necessary that the four systemic banks should receive additional capital support from the HFSF and sent letters defining the amount of additional capital support.

To this end, on 20/12/2012 the four banks submitted requests for additional capital support to the HFSF as follows; NBG for € 2,326m, Alpha Bank for € 1,042m, Eurobank for € 1,341m and Piraeus Bank for € 1,553m. The amended Presubscription Agreements were signed on 21/12/2012 between the HFSF, the EFSF and the four banks, and the HFSF, after having received all the relevant approvals, contributed EFSF FRNs with nominal amount totalling € 6,262m, split as mentioned above, as an additional advance for the participation in the four banks' share capital increase.

In addition, on 21/12/2012 the HFSF issued three Commitment Letters to Alpha Bank, Piraeus Bank and Eurobank affirming that it will pay the respective amount or contribute in kind to cover the share capital increase and/or the convertible bond issuance according to the provisions of L. 3864/2010 and the Act of the Ministerial Counsel No 38 up to the amount specified by the BoG (€ 1,629m, € 1,082m, € 528m respectively).

Following the above, the HFSF's total contribution of EFSF FRNs to the viable banks (NBG, Eurobank, Alpha Bank, Piraeus Bank) as an advance for the participation in the banks' future share capital increases amounted to € 24,262m.

Amounts in €	**31/12/2012**
EFSF FRNs	
NBG	9,756,000,000
EUROBANK	5,311,000,000
PIRAEUS BANK	6,253,000,000
ALPHA BANK	2,942,000,000
Total EFSF FRNs	**24,262,000,000**

Fee Income from the capital advance

The Fund received a one-off presubscription fee from the banks amounting to € 555.6m, in accordance with an amendment to Law 3864/2010 effected in December 2012 on top of the 1% underwriting fee amounting to € 110.2m.

Amounts in €	**01/01/2012 - 31/12/2012**
One-off presubscription fee	
NBG	115,578,000
PIRAEUS BANK	133,003,000
ALPHA BANK	153,003,000
EUROBANK	154,016,000
Total	**555,600,000**

Amounts in €	**01/01/2012 - 31/12/2012**
1% accrued underwritting fee	
NBG	45,432,500
PIRAEUS BANK	28,761,944
ALPHA BANK	11,742,222
EUROBANK	24,302,778
Total	**110,239,444**

Alpha Bank – Emporiki Bank

According to the Presubscription agreements signed with the banks which received capital support, the Fund gave in August its consent in order for the interested banks (NBG, Alpha Bank and Eurobank) to proceed with the submission of non-binding offers for the acquisition of Emporiki Bank S.A. (Emporiki), owned by Credit Agricole (CA). The offers were submitted to CA and DG Comp was informed of the process.

On 01/10/2012, CA announced its intention to proceed to exclusive negotiations with Alpha Bank for the acquisition of Emporiki. The transfer of the shares took place following the completion of the due diligence from the buyer and the granting of the respective approvals from the competent authorities (BoG, DG Comp, Hellenic Competition Commission). According to the agreement, following the completion of the financial due diligence, CA proceeded to a share capital increase in Emporiki by € 2,893m, while it subscribed in full to a € 150m convertible bond issued by Alpha Bank.

Piraeus Bank – Geniki Bank

In September 2012 Piraeus Bank announced its intention to acquire Geniki Bank S.A. (Geniki) from Societe Generale S.A. (SG).
On 14/12/2012, Piraeus Bank acquired 99.08% of Geniki from SG for € 1m following the completion of the financial due diligence and the approvals from the relevant authorities (BoG, DG Comp, Hellenic Competition Commission).
According to the share purchase agreement, SG agreed to invest a total amount of € 460m in Piraeus Group. This amount consisted of a capital contribution by SG into Geniki amounting to € 290m and the subscription by SG of € 170m in Piraeus Bank's ordinary share capital.

The Fund's Financial Performance during Financial Year 2012

The financial information below cover the financial year from 01/01/2012 up to 31/12/2012, while the comparatives cover the period from 21/07/2010 (date of the Fund's incorporation) up to 31/12/2011.

Statement of Comprehensive Income

Interest income: During 2012 interest income amounted to € 232.3m Vs an amount of € 12.6m for the period from 21/07/2010 up to 31/12/2011. The most significant part of the aforementioned figure for 2012 is attributed to accrued interest income (€ 230.4m) earned from the EFSF FRNs and the remaining € 1.9m is attributed to the Fund's interest-bearing deposit with the BoG.
Further information on the above is provided in note 15 to the financial statements.

Commission income: During 2012 commission income amounted to € 665.8m (no commission income recognized during the comparative period since commissions earned stem from the Presubscription Agreements signed with the banks and the capital advance given to the banks during 2012). Out of the above amount, a) € 110.2m pertains to the 1% annual underwriting fee on the nominal amount of the EFSF FRNs that the banks have received for their capital advance, and b) € 555.6m pertains to the one-off presubscription fee paid by the banks in December 2012 for their capital advance as per par. 7 art. 16C of L. 3864/2010.
Further information on the above is provided in note 16 to the financial statements.

Impairments of investments and receivables: The impairment loss of € 5,332.8m is broken down into € 295.0m from the impairment of the Fund's investment in New Proton and € 5,037.8m in impairment losses from the Fund's receivables from banks under liquidation: Achaiki Cooperative Bank (€ 61.6m), Cooperative Bank of Lamia (€ 7.9m), Lesvos-Limnos Cooperative Bank (€ 19.5m), Proton Bank (€ 243.6m) and ATE (€ 4,705.2m). Further information on the above is provided in notes 6 and 10 to the financial statements.

Provision charges for liabilities from funding gap: The amount of € 1,021.8m pertains to a) the € 794.8m difference which derived from the valuation carried out by independent auditors for the finalization of ATE's funding gap (paid by the HFSF in EFSF FRNS on 26/03/2013 instead of the HDIGF), and b) the € 227.0m difference which derived from the valuation carried out by independent auditors for the finalization of T-Bank's funding gap (paid by the HFSF in cash on 14/02/2013 instead of the HDIGF). Further information on the above is provided in note 12 to the financial statements.

Operating and personnel expenses: During 2012 operating and personnel expenses amounted to € 4.9m Vs € 1.8m for the period from 21/07/2010 up to 31/12/2011. Costs include staff costs of € 2.0m (21/07/2010 - 31/12/2011: € 1.0m) and € 2.9m general administrative expenses (21/07/2010 - 31/12/2011: 0.8m). Further information on the above is provided in notes 17 and 18 to the financial statements.

Statement of Financial Position

Cash and balances with Central Bank: As of 31/12/2012 the said account stood at € 827.8m Vs € 1,290.9m as of 31/12/2011. The Fund's cash balances are deposited in a special interest bearing account at the BoG. The main movements of the account pertain to outflows of € 295,0m for New Proton's capital increases, € 725.2m for funding gaps and inflows of € 555.6m from commissions paid by the banks in December 2012. Further information on the above is provided in note 5 to the financial statements.

Investment securities - Available for sale securities
Following an impairment test conducted based on New Proton Bank's financial statements as of 31/12/2012, it was concluded that an impairment of the total value of the HFSF's participation of € 295.0m was made due the bank's negative equity position. Further information on the above is provided in note 6 to the financial statements.

Investment securities - Loans and receivables: This account includes the balance of the EFSF FRNs held by the HFSF and those contributed to the banks in the context of their recapitalization as a capital advance. As of 31/12/2012 the said account stood at € 34,695.4m (the respective balance as of 31/12/2011 was zero). The movement pertains to the two contributions in kind during 2012 in the form of EFSF FRNs totaling € 41,000m (€ 25,000m in April and € 16,000m in December) plus accrued interest of € 226.2m minus the € 6,530.8m contributed, on behalf of the HDIGF, to Piraeus Bank for ATE's funding gap. Further information on the above is provided in note 6 to the financial statements.

Receivables from banks under liquidation: The said account as of 31/12/2012 stood at € 2,218.2m (31/12/2011: 0). This amount pertains to the funding gaps (covered by EFSF FRNs with nominal amount: € 6,530.8m and cash amounting to € 725.2m), which have been covered by the Fund, instead of the HDIGF. Based on data received from the liquidators, the Fund recognized in the Statement of Comprehensive Income an impairment loss on the said receivables amounting to a total of € 5,037,8m. It is noted that the liquidation proceeds may vary as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors beyond the liquidators control such as the macroeconomic outlook. Further information on the above is provided in note 10 to the financial statements.

Accrued income receivable: The said account as of 31/12/2012 stood at € 110.2m (31/12/2011: 0). This amount pertains to the 1% annual underwriting fee on the nominal amount of the EFSF FRNs that the banks have received as a capital advance. Further information on the above is provided in note 9 to the financial statements.

Liabilities for payment of funding gaps: The balance as of 31/12/2012 stood at € 1.021.8m and pertains to the Fund's obligation to pay € 794.8m and € 227.0m instead of the HDIGF to cover the additional funding gap of ATE and T-Bank respectively. Both payments were eventually made during 2013. Further information on the above is provided in note 12 to the financial statements.

Other liabilities: The said account as of 31/12/2012 stood at € 0.8m (31/12/2011: € 0.4m) and consists mainly of the Fund's obligation to pay its suppliers, advisors and other liabilities. Further information on the above is provided in note 13 to the financial statements.

Capital: The paid-in capital as of 31/12/2012 amounted to € 42,500m. (31/12/2011: € 1,500m) and it was raised in the context of the mechanism put in place by the European Union and the IMF twice in 2012 by € 25,000m in April 2012 and € 16,000m in December 2012 with the contribution of EFSF FRNs. Further information on the above is provided in note 14 to the financial statements.

Summary of the Fund's Investment in the New Proton & Financial Performance for FY2012

Effective 09/10/2011, the Fund, following the suggestion of the BoG and in accordance with article 63E of Law 3601/2007, is the sole shareholder of the first transitional credit institution in Greece, New Proton. On 09/10/2011 the Fund contributed the first installment of the New Proton's share capital (€ 220m). The second installment of € 30m was paid in February 2012.

Within the first 6 months from the establishment of the transitional credit institution, the BoG, pursuant to L. 3601/2007 (par. 6, art. 63E), revalued Proton Bank's funding gap to € 1,121.6m.
Based on the above decision, pursuant to L. 4052/2012, as complemented with the Act of Cabinet (30/04/2012, par. 6c), the HFSF paid to New Proton the amount of € 259.6m instead of the HDIGF to New Proton on 14/05/2012.

In June 2012 New Proton's revised restructuring plan for the period 2012 – 2016 was submitted to the DG Comp. The restructuring plan, among others, foresaw the need for € 300m in additional capital support. To this end, the HFSF proceeded with the subscription of two additional share capital increases totaling € 265m (€ 230m on 01/08/2012 and € 35m on 31/12/2012).

On 12/07/2012, the BoD of the HFSF, as a sole shareholder of New Proton, decided upon the following composition of the Board:

Efstathios Papageorgiou	Chairman and CEO
Toula Efthimiou	Executive Member
Dimitrios Reppas	Executive Member
Panayiota Iplixian	Non-Executive Member
Panayiotis Antonopoulos	Non-Executive and independent Member
Spyros Papanikolaou	Non-Executive and independent Member

During its first accounting period, from 09/10/2011 to 31/12/2012, the bank proceeded with the implementation of its restructuring plan with an emphasis on the containment of administrative and personnel expenses. Provisions for loans and advances to customers were considerable amounting to € 444.9m and related to risks inherited to the loan portfolio transferred from the former Proton Bank S.A. (now under liquidation). This contributed significantly to the negative result of the bank for its first accounting period that ended on 31/12/2012. Specifically, the loss for the period amounted to € 623m of which € 614.3m related to impairments of bonds and loan loss provisions. Despite the € 515m in capital injections the total equity of the Bank as of 31/12/2012 turned negative and reached € (197.3)m.

Risk Management

During 2012 the Fund held the following financial assets:

- Investment securities – Loans and Receivables and financial assets available for sale (EFSF FRNS held by the HFSF for the banks' capital advances, receivables from the banks under recapitalization, the investment in New Proton),
- Receivables from banks under liquidation (claims from the banks which have been placed under liquidation and the Fund has covered their funding gaps on behalf of the HDIGF),
- Cash at bank and in hand

All of the financial assets above are denominated in Euros.

The Fund's financial liabilities are those for funding gaps and those classified as "Other Liabilities" (Creditors and suppliers, social security contributions payable and other expenses payable). The maturity analysis of the financial liabilities is less than one year.
In accordance with IFRS 7, the carrying values of short-term financial assets and liabilities (at amortised cost) are not considered different from their fair value. The fair value of the EFSF FRNs is presented in Note 6 to the Financial Statements.

The Fund during 2012 was exposed to the following risks:

Market risk
Market risk is related to potential losses arising from adverse movements in interest rates, in bond, equity and derivative prices or investment values.
The Fund's income, operating cash flows and balance sheet items exposed to market risk are:

- Interest income expected from the EFSF FRNs (FRNs held by the HFSF and FRNs given to the banks as an advance for their recapitalisation) with a base rate of 6M Euribor,
- Interest income expected from its deposits at the BoG,
- The value of the Fund's participation in New Proton Bank. Due to the fact that the value of this participation is fully impaired, there is no risk of additional losses as of 31/12/2012.

The EFSF FRNs were provided in the framework of the adjusting program for the purpose of supporting the financial stability of the Greek banks and no hedging is allowed according to L. 3864/2010 – these FRNs are held temporarily by the Fund for the banks' recap and if not used will be returned to the European Stability Mechanism (ESM), according to the Acceptance Notice signed on 17/04/2012.

Foreign Exchange risk
The Fund is not exposed to foreign exchange risk.

Liquidity risk
Liquidity risk is related to the Fund's potential inability to meet its liabilities when they come due or to meet its commitments to make payments. The Fund is not exposed to material liquidity risk.

Recovery risk
Recovery risk is related to a reduction of the value of the Fund's claims against banks under liquidation. These claims arose due to HFSF's payment, on behalf of the HDIGF, of funding gaps created as a result of specific credit institutions' resolution process. The HFSF's payment of funding gaps is obligatory according to Laws 4051/2012 and 3601/2007. The Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless manages its recovery risk by monitoring the liquidation process closely and maintaining its own independent valuation estimates over amounts to be recovered.
The liquidation proceeds may eventually change as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors such as the macroeconomic outlook.

Operational risk
The Fund is not exposed to any significant operational risk.

The Fund's Activity after the Reporting Period

New management of the Fund
According to the Ministerial Decree 3710/B. 204 (Government Gazette 35/30.01.2013) issued by the Minister of Finance, new management was appointed to the Fund on 01/02/2013, as provisioned in art. 4 of Law 3864/2010 as in force. The composition of the new two tier management as of the financial statement publication date is as follows:

a) **General Council:**
- Christos Sclavounis, Chairman
- Andreas Beroutsos, Member
- Pierre Mariani, Member
- Eftychia Michailidou, Member, representing the Ministry of Finance
- Efthimios Gatzonas, Member, appointed by the Bank of Greece

b) **Executive Board:**
- Anastasia Sakellariou, Chief Executive Officer
- Anastasios Gagales, Member

Mr. Paul Koster, who was appointed Chairman of the General Council, resigned from his position on 15/03/2013. Mr. Christos Sclavounis was appointed HFSF Chairman on 15/05/2013. Mr. George Mergos resigned from his position and was replaced by Ms. Eftychia Michailidou on 17/05/2013. On 01/07/2013 Mr. Marios Koliopoulos, Deputy Chief Executive Officer, resigned from his position as Deputy CEO of the Fund.

Following the Acceptance Notice signed on 23/05/2013 by the HFSF, the EFSF, the Hellenic Republic and the BoG, the HFSF received EFSF FRNs on 31/05/2013 with a nominal amount of € 7,200m and increased its capital to € 49,700m. The terms of the new EFSF FRNs are presented below:

ISIN	Issue Date	Maturity Date	Interest Rate	Nominal Amount (€)
EU000A1G0BE6	30/05/2013	30/05/2024	0.628% (Eur 6M+ 33bps)	3,600,000,000
EU000A1G0BD8	30/05/2013	30/05/2014	0.638% (Eur 6M+ 34bps)	3,600,000,000

New Hellenic Post Bank

On 18/01/2013 and after an inconclusive procedure of binding offers submission for the acquisition of the assets and liabilities of TT Hellenic Postbank SA, the BoG proceeded with the resolution of the bank, and the establishment of a transitional credit institution, in the context of art. 63E of Law 3601/2007, as currently in force – by the legal name of New Hellenic Postbank S.A. ("New HPB"). All deposits, the branch network, the viable business and most part of the "old" bank's assets were transferred to New HPB. The share capital of the transitional credit institution was set to € 500m and was fully paid up by the Fund as its sole shareholder (in the form of EFSF FRNs). Moreover, the Fund covered instead of the HDIGF and according to relevant Law in force (4051/2012) the funding gap. On 29/01/2013, an amount of € 2,730.8m in the form of EFSF FRNs, was disbursed to New HPB according to the provision of Law 3601/2007, art. 63E, par. 7. Following the issuance of the BoG's decision for the determination of the final funding gap amounting to € 3,732.6m (EME 11/21.05.2013), on 14/06/2013 the HFSF contributed the remaining EFSF FRNs with nominal amount € 1,001.7m to the New HPB.

On 14/02/2013 the Fund disbursed the amount of € 227.0m, instead of HDIGF, to the New HPB. This amount represented part of the funding gap determined by the BoG, after the liquidation of T-Bank S.A. and the transfer of its assets and liabilities to Hellenic Postbank, as it was temporarily determined by the BoG decision (EPATH 26/2/17.12.2011) and finally determined by the decision 2/1/09.04.2012.

Piraeus Bank

On 28/01/2013 and after the conclusion of a valuation report conducted by an independent auditing firm, the BoG issued a decision, to determine the final funding gap of ATE Bank under liquidation. The final funding gap was € 7,470.7m, that is € 794.8m more than the initial one and was paid to Piraeus Bank by the HFSF on 26/03/2013 in EFSF FRNs. The finalization of the funding gap was considered as an adjusting event arising from the initial decision of the BoG (dated on 27/07/2012) to transfer assets and liabilities of the former ATE Bank to Piraeus Bank and the amount of € 794.8m was recognised as a liability by the HFSF as of 31/12/2012. The final amount for regulatory capital support that the HFSF committed to provide to "Piraeus Bank" was determined at € 570.0m. This amount was paid as a capital advance in the form of EFSF FRNs on 10/04/2013.

On 06/02/2013, Piraeus Bank announced that it is under exclusive negotiations with Millennium BCP ("BCP"), for the potential acquisition of its subsidiary in Greece, Millennium Bank of Greece S.A. (MBG). On 22/04/2013 Piraeus Bank announced that it entered into a definitive agreement to acquire MBG with total assets of approx. € 5bn after the injection of € 413m of capital by BCP against a consideration of € 1m. BCP will also invest € 400m in Piraeus Bank in a private placement with the exclusion of pre-emptive rights within the HFSF recapitalization framework.

Piraeus Bank signed an agreement on 26/03/2013 to acquire all of the Greek deposits, loans and branches of Bank of Cyprus (BoC), Cyprus Popular Bank (CPB) and Hellenic Bank (Hellenic). According to the BoG's decision dated 26/04/2013 the HFSF provided Piraeus Bank with the additional capital required amounting to € 524m on 18/06/2013.

Pursuing a share capital increase of € 8,429.0m, Piraeus Bank's BoD approved the subscription in cash by investors with total cash proceeds of € 1,444m The HFSF had already contributed to Piraeus Bank EFSF FRNs with a nominal amount totaling € 7,347m (€ 4,700m on 28/05/2012, € 1,553m on 21/12/2012, € 570m on 10/04/2013 and € 524m on 18/06/2013) as an advance to its capital increase. In the context of the settlement of the recapitalization, Piraeus Bank returned EFSF FRNs of nominal amount € 499.5m to the HFSF while following the delivery of 4,109,040,164 common registered shares the HFSF's shareholding in Piraeus Bank reached 81.01%. It is noted that based on the number of private investors who subscribed to the share capital increase, the number of shares per warrant issued amounted to 4.47, i.e. a total of 849,195,130 issued warrants.

Alpha Bank

Alpha Bank achieved the 10% subscription of the bank's share capital increase with preemption rights amounting to €457.1m and also a 2% private placement amounting to € 92.9m to institutional and other qualified investors. Following the aforementioned subscription of € 550.0m in cash and given that the bank's total capital requirements were € 4,571m the bank needed to raise € 4,021.0m from the HFSF. Given that the EFSF FRNs already held by Alpha Bank as an advance for its capital increase amounted to € 2,942.0m (nominal amount) the HFSF contributed additional EFSF FRNs of a nominal amount totaling € 1,018.5m. Therefore the total nominal amount of EFSF FRNs given to Alpha Bank were € 3,960.5 and their fair value as of 30/05/2013 was € 4,021.0m. Following the delivery of 9,138,636,364 common registered shares to the HFSF, its shareholding in Alpha Bank stands at 83.70%. It is noted that based on the number of private investors who subscribed to the share capital increase and were eligible for warrants, the number of shares per warrant issued amounted to 7.40, i.e. a total of 1,233,503,482 issued warrants.

On 01/02/2013 Alpha Bank completed the acquisition of Emporiki and on 28/06/2013 completed the legal merger with Emporiki.

National Bank of Greece

On 05/10/2012 NBG announced a Voluntary Tender Offer (VTO) to the shareholders of Eurobank in order to acquire Eurobank's common shares offering new NBG shares. In this context, after NBG's 2nd Repeat General Assembly decision on 23/11/2012, a share capital increase of € 320.7m was decided. The share exchange ratio was determined at 58 new shares of NBG for 100 shares of Eurobank. According to the provisions of the Presubscription Agreement signed between the HFSF and the two banks, the HFSF provided its consent for NBG's VTO on 14/02/2013. The agreement was also approved by the pertinent authorities (BoG, Hellenic Competition Commission). On 22/02/2013, NBG's BoD announced that the tender offer was accepted by 84.35% and the new common shares commenced trading on 27/02/2013.

On 19/03/2013, NBG's BoD approved the commencement of the merger with Eurobank. On 07/04/2013, the BoG notified the banks that the recapitalization process for the four systemic banks should be completed by the end of April 2013. After this announcement, on 08/04/2013, NBG and Eurobank announced that they would be recapitalized fully and independently of one another and that the merger process would be suspended until the completion of the recapitalization procedure.

After the BoG's decision to proceed with the liquidation of FBB and the subsequent bidding process whereby NBG and Eurobank participated the BoG decided to transfer the selected assets and liabilities to NBG. Following that, the HFSF contributed to NBG on 28/06/2013 EFSF FRNs with a nominal amount of € 350m representing 2/3 of the initial funding gap, as prescribed by law (total initial funding gap € 524.3m). There is also a commitment to NBG to cover capital needs arising from the acquisition of the assets of FBB of € 95m.

In the context of NBG's recapitalization, the HFSF had already contributed EFSF FRNs with a nominal amount of € 9,756.0m (€ 7,430.0m on 28/05/2012 and € 2,326.0m on 21/12/2012). Based on the subscription in cash which reached € 1,079.1m (11% of total) and the fair value of the EFSF FRNs already contributed, NBG returned to the HFSF EFSF FRNs of nominal amount of € 1,291.7m. Following the delivery of 2,022,579,237 common registered shares to the HFSF, its shareholding in NBG stands at 84.39%. It is noted that based on the number of private investors who subscribed to the share capital increase and were eligible for warrants, the number of shares per warrant issued amounted to 8.23, i.e. a total of 245,779,626 issued warrants.

Eurobank

Following the suspension of the merger, the bank announced that its share capital increase will be subscribed solely by the Fund so that it could be fully capitalized as per the BoG's requirements. The total share capital increase amounted to € 5,839.0m. Given that the EFSF FRNs already held by Eurobank as an advance amounted to € 5,311.0m (nominal amount), the HFSF paid an additional € 528.0m to Eurobank on 30/04/2013 to cover its capital requirements. Following the fair valuation performed on the contributed EFSF FRNs, Eurobank returned to the Fund EFSF FRNs with a nominal amount of € 113.2m. Following the delivery of Eurobank's shares to the HFSF (3,789,317,358 common registered shares), the HFSF's shareholding in Eurobank stood at 98.56%.

A new BoD was appointed by the Fund's General Council, following a selection process held by an international HR consultant. The current composition of Eurobank's BoD is the following:

Name	BoD Position
George David	Chairman – Non-Executive Member
Takis Arapoglou	Deputy Chairman – Non-Executive Member
Christos Megalou	Chief Executive Officer
Michalis Kolakidis	Deputy Chief Executive Officer
George Gontikas	Non-Executive Member
Howard Prince-Wright K.	Non-Executive Member (HFSF Representative)
Dimitrios Georgoutsos	Non-Executive Member (Representative of the Greek State)
Spyridon Lorentziadis	Independent Non-Executive Member
Dimitrios Papalexopoulos	Independent Non-Executive Member

Relationship Framework Agreements (RFAs)

The Fund announced on 10/07/2013 (www.hfsf.gr) that the Relationship Framework Agreements (RFAs) have been signed between the Fund and the four systemic banks which have received capital support from the HFSF. The RFAs are different for transitional credit institutions, for banks where the HFSF fully exercises its voting rights (private sector participation less than 10%) and for those where the HFSF has restricted voting rights (private sector participation equal or more than 10%), as per L. 3864/2010.

These Agreements determine the relationship between each bank and the HFSF and the matters related with, amongst others, (a) the corporate governance of the Bank, (b) the development and approval of the Restructuring Plan, (c) the material obligations of the Restructuring Plan and the switch of voting rights, (d) the monitoring of the implementation of the Restructuring Plan and the Bank's ensuing risk profile and (e) the HFSF's consent rights.

Overview of New HPB sale

In exchange for 100% of the shares and voting rights of New HPB, Eurobank agreed to pay a total consideration of € 681m in the form of newly issued Eurobank ordinary shares. The final number of shares to be received by the HFSF will be determined based on the volume weighted average price of the Eurobank share on the Athens Exchange over the 10 working day period prior to the Extraordinary General Meeting, and at a minimum will be 1,418,750,000 shares.

Overview of New Proton sale

According to the transaction terms defined by HFSF, Eurobank will pay a € 1 cash consideration in exchange for 100% of the shares and voting rights of New Proton. Prior to completion of the transaction, the HFSF will cover the capital needs of New Proton by contributing € 395m in cash.

Probank

Probank S.A. (hereinafter "Probank") informed the BoG that it did not manage to raise within the given timeframe the required capital for its recapitalization. In the context of the resolution procedures foreseen by L. 3601/2007, the BoG assessed the interest of other banks for the acquisition of selected assets and liabilities of Probank and following a bidding process the BoG decided to transfer on 26/07/2013 the selected assets and liabilities to NBG, whose bid was approved by the Fund. The preliminary funding gap was estimated at € 237.6m and will be paid by the Fund to NBG on behalf of the HDIGF. The Fund will also cover the capital requirements, which will be determined by the BoG, for the acquisition of Probank's selected assets. Probank's license was recalled and the bank was placed under liquidation.

Prospects

Restructuring plans of systemic banks

According to the European Commission, the banks receiving state aid must submit a 5-year restructuring plan to the DG Comp. As a consequence of the mergers and acquisitions that took place in the banking sector, updated restructuring plans approved by the Fund will be submitted, through the Ministry of Finance, to the DG Comp for approval.

Implementation of the banking sector strategy

The strategy developed by the HFSF, the BoG and the Ministry of Finance, in cooperation with the EC/ECB/IMF, provides a roadmap of policies needed to safeguard financial stability and ensure that the sector is competitive and well-placed to maintain a flow of financing to the real economy to support the recovery.

Eurobank - Integration of New Proton and New HPB and Re-privatization

Eurobank signed on 15/07/2013 two binding agreements with the Fund to acquire 100% of the shares and voting rights of New HPB and New Proton. The integration of New HPB and New Proton in the enlarged Eurobank Group strengthens its strategic position in the Greek banking sector and makes Eurobank’s investment proposition more attractive, facilitating its re-privatisation to the benefit of the Greek State and the economy. In the coming months the HFSF will prepare the ground for the return of Eurobank to private sector ownership, allowing Eurobank to be run effectively as a private sector bank and ensuring that the management of Eurobank prepares the bank for a swift privatization either via a private or market placement.

Investments of HFSF during 2013

All the investments that were made during 2013 will be tested for impairment and will be reported at their fair value as of 31/12/2013.

Corporate Governance

Management

During FY2012 the HFSF was managed by the Board of Directors (BoD), which decided independently for any issue arising concerning the implementation of the Fund's objectives, its operations and the management of its assets. Among others, the BoD decided on the development of the Internal Regulations of the Fund, the appointment of personnel, the approval of the annual financial statements and the establishment of committees. With an aim of achieving its objective of maintaining stability in the Greek banking System, the Fund manages the capital and its assets and exercise its rights in its capacity as shareholder, in a way to protect the value of such assets, to minimize the risks for the Greek public and to neither prevent nor distort competition in the banking sector. Looking forward the Fund's objectives are based on a comprehensive banking sector strategy developed by the HFSF, the BoG and the Ministry of Finance, in cooperation with the EC/ECB/IMF. The members of the BoD provided to the Fund the appropriate expertise, skills and qualifications in order to effectively manage its activities. The BoD operated in accordance with the governance rules described in the foundation Law 3864/2010.
According to the provisions of Law 4051/2012 the General Council and the Executive Board were elected on 01/02/2013 as the Fund's decision-making bodies. As of the date of the publication of this Annual Report, as per decision 19582/B.1195 and 20532/B. 1252 of the Minister of Finance (Official Gazette A 210/14.5.2013 and A 210/15.5.2013, respectively), the Executive Board and the General Council of the HFSF are comprised of the following members:

Executive Board*	**Position**
Anastasia Sakellariou	Chief Executive Officer
Anastassios Gagales	Executive Member

General Council	**Position**
Christos Sclavounis**	Chairman
Pierre Mariani	Member
Andreas Beroutsos	Member
Eftychia Michailidou***	Member, Representative of the Ministry of Finance
Efthimios Gatzonas	Member, appointed by the Bank of Greece

**Mr. Marios Koliopoulos, former Deputy Chief Executive Officer, submitted his resignation on 01/07/2013*
***Mr. Paul Koster was initially appointed Chairman until 15/03/2013 when he submitted his resignation. Mr. Christos Sclavounis was appointed Chairman on 15/05/2013.*
**** Ms. Eftychia Michailidou replaced Mr. George Mergos on 17/05/2013*

During the financial year ended 31/12/2012 the BoD Members and Observers were the following:

Name	Position in the BOD	Profession
Executive Members		
Thomopoulos Panayotis	Chairman	Chairman of the BoD
Kyrkos Charalambos	Vice-Chairman	Vice Chairman of the BoD
Gagales Anastasios	Vice-Chairman	Vice Chairman of the BoD
Non-Executive Members		
Mergos Georgios (since Jul. 2012)	Non-Exec. Member	General Secretary of Ministry of Finance
Zakka Vasiliki	Non-Exec. Member (Member of Audit Committee)	Director of Supervision of Financial institutions department at BoG
Plaskovitis Ilias (until Jun. 2012)	Non-Exec. Member	General Secretary of the Ministry of Finance (until Jun.2012)
Independent / Non-Executive Members		
Tzavalis Ilias	Member (Member of Audit Committee)	University Professor in Economics
Iplixian Pepi	Member (Member of Audit Committee)	Member of the BoD
Observers		
Basch Peter from Feb. 2011 (EC representative), Strouzas Panagiotis from Nov. 2010 (ECB representative)		

The BoD was called by the Chairman on a regular basis once a month and extraordinarily whenever needed, the representatives of the European Commission (EC) and the European Central Bank (ECB) were also invited.

Executive Board

The Executive Board consists of three members, two of which, including the Chief Executive Officer, must be persons with international experience in banking matters or in matters relating to the resolution of banks and one of which shall be a person nominated by the BoG. The members of the Executive Board are selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the Bank of Greece following a public call for expressions of interest. Representatives from the European Commission and the ECB may participate in the Executive Board as observers without voting rights. The Members of the Executive Board are appointed, by the Minister of Finance for terms of five years, which may be renewed; no appointment shall extend beyond the date the tenor of the HFSF expires. In case the position of a member of the Executive Board becomes vacant the position is filled within 60 days through the appointment of a new member until the resigned member's term expires. The Euro Working Group agreement is required for appointment of members of the Executive Board, as well as for the extension of term, except for the member appointed by the BoG.

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

The Executive Board is charged with the preparation of the HFSF's tasks and the implementation of its decisions. The Executive Board has, indicatively, the following specific powers and tasks under Greek Law 3864/2010, as in force:

- the Executive Board proposes and implements the decisions of the General Council;
- the Executive Board has the authority to take all actions required or deemed advisable for the administration or operations of the HFSF, including the HFSF's powers and responsibilities with respect to the procurement of goods and services, entering into contractual commitments on behalf of the HFSF, appointing the staff and advisors of the HFSF, and generally representing the HFSF;
- the Executive Board may delegate any of its powers or tasks to any of its members or to the HFSF's cadres, in accordance with the general terms and conditions adopted by the General Council, taking into account conflict of interest issues and provided that the Chief Executive Officer shall primarily exercise his powers pursuant to Greek Law 3864/2010;
- the Executive Board shall have such other powers and tasks as explicitly granted by this Law or any other law;
- to represent the HFSF judicially and extra judicially; and
- to perform any other power not expressly granted to the General Council.

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

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

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

General Council

The General Council currently consists of five members (two additional independent members will be added to the General Council following the amendment to the law on 19/05/2013). These are the Chairman, two persons with international experience in banking matters, a representative of the Ministry of Finance and a person nominated by the Bank of Greece. The members of the General Council are selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the BoG following a public call for expressions of interest. The members of the General Council are each appointed by the Minister of Finance for a term of five years, which may be renewed; no appointment may extend beyond the duration of the HFSF and Members may be removed prior to the expiry of their term of office by a decision of the Minister of Finance, on the occurrence of certain conditions articulated in Greek Law 3864/2010.

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

The General Council is charged with the oversight over the exercise of the HFSF's tasks and powers, and the examination of the administration and the operations of the HFSF. The specific powers and tasks of the General Council are the following:

- to oversee the exercise of the tasks of the HFSF and its compliance with the principles enshrined in Article 2 of Greek Law 3864/2010;
- to decide on the matters provided for in paragraphs 4 and 6 of Articles 6 and 8, of Greek Law 3864/2010;
- to approve the general policies and the by-laws and internal rules applicable to the administration and operations of the HFSF, including the HFSF's code of conduct for the members of its General Council;
- to approve the appointment of the senior management of the HFSF, including that of among others the Chief Internal Auditor, the Chief Risk Officer, the Chief Investment Officer, the Chief Financial Officer and the Chief Legal Counsel;
- to approve the HFSF's general terms and conditions of employment, including the remuneration policy;
- to approve the annual budget of the HFSF;
- to approve the annual report and other formal reports and the financial statements of the HFSF;
- to approve the appointment of the external auditors of the HFSF;
- to approve the establishment of one or more advisory bodies, determine their terms and conditions of appointment of their members, and determine the terms of reference of such bodies;
- to establish one or more committees consisting of members of the General Council and/or other persons, and define their responsibilities;
- to adopt the Internal Regulation of Operations for the General Council as well as the Public Procurement Regulation for goods and services for contracts not falling under Presidential Decree 60/2007; and
- to exercise such other powers and tasks as explicitly granted by Greek Law 3864/2010 or any other Law.

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

The General Council meets as often as the business of the HFSF may require but not less frequently than ten times per calendar year. Meetings of the General Council are convened by its Chairman or in his absence by any another member of the General Council, other than the representative of the Ministry of Finance and the person appointed by the BoG. The representatives from the European Commission and the ECB are entitled to request a meeting of the General Council from the Chairman. Additionally, meetings can be convened following a request from four Council members. A quorum at any meeting of the General Council consists of at least four members of the General Council. For the four months transitional period following the amendment of Greek Law 3864/2010 in April 2013 and for so long as the General Council consists of five members, quorum at the meetings of the General Council will consist of at least three members. If a quorum is not present, the Chairman may convene an extraordinary meeting at which decisions may be taken without regard to the existence of a quorum; such decisions must be ratified at the next regular meeting of the General Council to remain in effect. Each member of the General Council has one vote and in the event of a tied vote, the person chairing the meeting casts a tie-breaking vote. Save as otherwise provided by Greek Law 3864/2010, decisions shall be adopted by a majority of the members present at the meeting.

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

Anastasia Sakellariou – Chief Executive Officer

Anastasia Sakellariou is the CEO of the Hellenic Financial Stability Fund since February 2013. Anastasia is a seasoned international banker having started her career in London, in the field of Investment Banking. For several years, she held executive positions in major banks in London and New York, such as Deutsche Bank, Salomon Brothers and Credit Suisse. From the beginning of her career, she specialized in the fields of credit and credit restructuring with specific focus on leverage finance, asset & liability management, underwriting and risk management. In her latest role at Credit Suisse she was a Managing Director in the Global Markets Solutions Group covering geographically Europe, Middle East and Africa so her experience on transactions is vast and diverse across geographies. In 2009, she returned to Greece for family reasons and since then she has taken positions as a senior advisor to the Chairman of Piraeus Bank and as Chief Risk Officer in Hellenic Postbank. She has graduated from the universities of Warwick and Reading in Great Britain and holds a postgraduate degree in International Banking & Financial Services.

Anastassios Gagales – Executive Board Member

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

Christos Sclavounis – Chairman of the General Council

Christos Sclavounis is currently Chairman of the HFSF’s General Council.
He spent the bulk of his career, from 1986 to 2013, in Investment Banking with UBS Investment Bank and predecessor organisations, starting with SG Warburg Ltd in London.
He worked in London and Paris from 1986 to 1996 in government and corporate finance advisory and capital markets roles.
For the last 17 years he established and run the Greek team of UBS Investment Bank out of London and Athens. He also established and run the European Emerging Markets (CEE) team with particular emphasis in the Balkans and Turkey from 2004 to 2009.
He has a wide variety of experience in various sectors, including Financial Institutions, Telecoms, Transport, Energy and in Government advisory work.
He has BSc and MSc degrees in Economics from London School of Economics and an MBA from Harvard Business School.

Andreas Beroutsos – Member of the General Council

Mr. Andreas Beroutsos is the Managing Partner of One Point Capital Management, a principal investing firm launched in 2011 to make private investments in Transportation & Logistics, Energy & Power and Financials, across major geographies. He is also the Managing Partner of Navigos Capital Management, which focuses exclusively in the Shipping sector.
Prior to launching One Point and Navigos, Mr. Beroutsos was a Partner, Senior Managing Director and Member of the Risk Committee at Eton Park Capital Management, a multi-strategy investment firm, where he led the U.S. private investments group as well as private investments globally in sectors such as Shipping, Energy and Financials since late 2007.

Earlier, Mr. Beroutsos was a Director (senior partner) with McKinsey & Co. in New York for seventeen years, having also served as senior leader of McKinsey's Financial Institutions Group. In the mid-1990s, he co-founded and led the Global Private Equity practice, which grew to become one of the largest of the Firm. He was also part of the small senior team that launched McKinsey's Greek office. In his tenure with McKinsey, Mr. Beroutsos led global Recruiting and was a member of the Firmwide Committee that elects the Firm's senior partners.
Mr. Beroutsos studied at Harvard University (BA Social Studies/History-Politics-Economics of Post-WWII Europe) and Harvard Business School (MBA).

Pierre Mariani – Member of the General Council

Pierre Mariani is a Member of the HFSF's General Council and Chairman of the HFSF Audit Committee. He is Chairman of Dexia Asset Management. He is also a Member of the BoD and Chairman of the audit Committee of Electricité de France (since 2009) and Member of the Board of Establissement Public de la Reunion des Musees Natioanaux et du Grand Palais. He was previously (2008–2012) the Director and Chief Executive Officer of Dexia Group with board memberships in Denizbank (Turkey), Dexia Banque Belgique, Banque Internationale à Luxembourg and BNP Paribas Insurance.
He also was Chief of Staff of Nicolas Sarkozy, Minister of Budget, in charge of the ministry of Communication and Media, government spokesman, Deputy Head of the Budget department, in charge of employment, health and social security, Head of the budgetary and fiscal policy Office, Head of the budget office for Transportation, General inspection of the Ministry of Finance.
He graduated from Ecole des Hautes Etudes Commerciales (1977), with a degree in Law (1978) and from Ecole Nationale d'Administration (National School of Public Service) (1982).
Honours: Chevalier de la Légion d'honneur - Chevalier de l'Ordre National du Mérite.

Efthimios Gatzonas – Member of the General Council, Appointed by the BoG

Mr. Efthimios Gatzonas joined the Bank of Greece in 1993 and held several positions in the Departments of Monetary Policy, Financial Operations and Government Financial Operations. He represents the Bank of Greece in the Financial Stability Committee of the European Central Bank. Before joining the Bank of Greece he worked as an economist with the WEFA Group (Wharton Econometrics Forecasting Associates) in the USA. He is a graduate of the Economics Department of the University of Athens and a recipient of the 'K&M Varvaresos' merit scholarship for postgraduate studies in the United States. He holds a Ph.D. in Economics from Temple University's School of Business & Management, USA.

Eftychia Michailidou – Member of the General Council, Representative of the Ministry of Finance

Ms. Michailidou serves as a Banking Sector Advisor to the Minister of Finance (July 2012-present), seconded from the BoG. From November 2009 to June 2012 she held various other Advisory positions in the Ministry of Finance and the Prime Minister's Office. From May 2004 to November 2009 she held the position of Head of Internal Control Unit within the Financial Operations Department at the BoG and from July 2003 to May 2004 she worked in the Financial Operations Department of the European Central Bank. From December 2000 to July 2003 the served in the Monetary Policy Department/Capital Markets Section at the Bank of Greece. Between October 1990 and December 2000 Ms. Michailidou was a Financial Advisor to various Brokerage Houses.
Mr. Michailidou graduated with MBA from the University of Stirling in Scotland and a Postgraduate Diploma in Investment Analysis and received a BSc in Business Administration from the University of Piraeus.

Audit Committee

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

As of 31/12/2012 the Members of the Audit Committee were Ms. Iplixian (Chairman), Ms. Zakka and Mr. Kolokotronis (replacing Mr. Glavanis in December 2012). As of the financial statements' approval date the Members of the Audit Committee are Mr. Mariani (Chairman), Mr. Beroutsos and Mr. Kolokotronis. The Audit Committee meets regularly, at least 6 times per year, and occasionally whenever necessary. Following relevant invitation, at the meetings of the Audit Committee, the Executive Board or Chief Officers of the Fund may be present. Eight (8) Audit Committee meetings were held in 2012.

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

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

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

Fund Personnel

Up to 31/01/2012 the Fund's personnel was appointed by a decision of the BoD following a call of interest invitation and an assessment of relevant qualifications. As of 01/02/2013, according to Law 3864/2010 as amended, the General Council approves the appointment of the Fund's senior management and the Fund's general terms and conditions of employment, including the remuneration policy. The staff of the Fund is hired by decision of the Executive Board following an invitation to express interest and an assessment of candidates' qualifications.

The majority of the Fund's personnel have a private law employment agreement of a definite period of three years, with a renewal option. There are also lawyers working on a "paid assignment" basis. Secondment of public servants is also allowed to the Fund, as well as of lawyers working on a "paid assignment" basis, staff working on a private law employment agreement for an indefinite period, either from the Public Sector or from Public Legal Entities or Private Legal Entities of the public sector, as well as employees from the BoG. The remuneration of the staff is determined by a decision of the Executive Board.

On 31/12/2012 Fund's personnel amounted to 23, whereas as of the date of approval of the financial statements the number of personnel amounted to 26 (excluding Members of the BoD, the Executive Board and the General Council).

Executive Board and General Council Remuneration

According to L. 3864/2010, the remuneration and compensation of the Members of the General Council and the Executive Board:
a) shall be determined by decision of the Minister of Finance and shall be stated in the decision relating to their appointment and shall be disclosed in the Fund's annual report,
b) shall be such that qualified and expert persons can be recruited and retained by the Fund,
c) shall not be based on the Fund's profits or revenues,
d) shall follow consultation with the Euro Working Group.

Board Members' Remuneration during financial year 2012

The remuneration of the BoD members in 2012 was defined by the decision A.P. 44560/B.2018 of 30/09/2010. The Chairman, the Executive and the Non-Executive Members of the BoD, due to their relationship with the Fund, received remuneration for financial year 2012 as listed in the table below. Their remuneration reflects gross compensation and their expenses. Furthermore, as far as executive members are concerned, the amount of € 24,985 has been paid by the Fund as social security contribution (not included in the following table):

Name	Position on the BoD for the financial year ended 31/12/12	BoD Remuneration 01.01.12 – 31.12.12 (€)
Thomopoulos Panayotis	Chairman (Executive Member)	241,479
Kyrkos Charalambos	Vice Chairman (Executive Member)	167,003
Gagales Anastasios	Vice Chairman (Executive Member	161,636
Plaskovitis Ilias (until June 2012)	Member (Non-Executive)	13,812
Zakka Vasiliki	Member (Non-Executive)	27,624
Mergos Georgios (since Jul. 2012)	Member (Non-Executive)	13,812
Tzavalis Ilias	Member (Independent Non-Executive)	27,624
Iplixian Pepi	Member (Independent Non-Executive)	28,043

System of Internal Controls

The BoD was responsible for the development of an efficient and effective System of Internal Controls (SICs) in order to ensure the achievement of the Fund's objectives, safeguarding the assets of the Greek citizens. The SIC constitutes the totality of detailed key controls and processes which track continuously every activity, contributing to the effective and safe operation of the Fund. However, the Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless monitors the process closely and maintains its own independent valuation estimates over amounts to be recovered (see also "Contributions of Funding Gaps" on p. 6).
In the second year of the Fund operation the human resources were increased to 23,. It should be noted that there were efforts to enhance the initial development of the internal control system with the design and approval given by its BoD on:

- HFSF By laws – Internal regulations
- HFSF Risk Register and Risk Assessment process
- Procurement Manual
- Expenses Policy
- Relationship Framework Agreement with supported banks
- Presubscription agreements with the banks which received capital advances from the HFSF
- HFSF representatives' contract terms
- Insider Trading Policy

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

The SIC, whose design started in 2011 and is still in progress, aims at addressing risks to a reasonable level and not necessarily eliminating them.

The SICs of the Fund which is under development intends to safeguard the following objectives:

- Consistent implementation of the Fund's objectives, through the effective use of the available resources;
- Identification and management of all types of risks assumed by the Fund;

- Completeness and credibility of the data and information required for the accurate and timely determination of the financial condition of the Fund and the compilation of true and fair financial statements, filed in Greek and International authorities;
- Compliance with the internal regulations, procedures and code of conduct governing the Fund's operation, as well as with the external regulations, including National and EU legal framework;
- Adoption of international best practices and principles of corporate governance by the Fund and the Credit Institutions which have received capital support by the HFSF;
- Prevention and avoidance of erroneous actions and irregularities that could endanger the Fund's reputation and interests.

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

By decision of the BoD a person with specific competences and auditing experience is appointed as Chief Internal Auditor of the Internal Audit Department of the Fund, with a five-year term contract, which may be extended until the Fund's termination date The Internal Auditor does not form part of the official hierarchy, enjoys full independence in the accomplishment of his/her duties, has access to all books, records and accounts of the Fund and reports directly to the General Council. The Chief Internal Auditor was hired in January 2012.

The Internal Audit of the Fund reviewed during 2012 the governance and the control environment, investment monitoring procedures of bridge banks, human resources, expenses, procurement and financial statements closing processes and the weaknesses which were identified, were reported. The Audit Committee submitted proposals to the BoD and the General Council to address these weaknesses and monitors the implementation of the agreed remedial action plans. At the date of the approval of the Financial Statements for the year ended 2012, the General Council and the Executive Board have the responsibility to ensure the existence of an adequate effective system of internal controls for the Fund.

ΤΑΜΕΙΟ
ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ
ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

Statement of the General Council and the Executive Board

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

1. The Financial Statements of the Hellenic Financial Stability Fund (the Fund) for the financial year ended 31/12/2012, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, present a true and fair view of the assets and liabilities, equity and statement of comprehensive income 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.

Athens, 01 August, 2013

The Chief Executive Officer		The Executive Board Member
Anastasia Sakellariou		Anastasios Gagales
The Chairman of the General Council	The Member of the General Council	The Member of the General Council
Christos Sclavounis	Pierre Mariani	Andreas Beroutsos

Member of the General Council, Representative of the Ministry of Finance	Member of the General Council, appointed by the Bank of Greece
Eftychia Michailidou	Efthimios Gatzonas

Deloitte.

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Private Legal Entity "Hellenic Financial Stability Fund" (Hellenic Financial Stability Fund), which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hellenic Financial Stability Fund as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

Athens, August 2, 2013
The Certified Public Accountant

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

TAMEIO ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

Statement of Financial Position

Amounts in €	Note	31/12/2012	31/12/2011
ASSETS			
Cash and balances with Central Bank	5	827,827,829	1,290,879,398
Investment Securities	6	34,695,433,223	1
Property and equipment	7	154,255	157,734
Intangible assets	8	13,102	13,323
Accrued income receivable	9	110,239,444	-
Receivables from banks under liquidation	10	2,218,199,534	-
Other assets	11	71,230	106,046
Total Assets		**37,851,938,616**	**1,291,156,503**
LIABILITIES			
Liabilities for payment of funding gaps	12	1,021,783,514	-
Other liabilities	13	800,579	392,460
Total liabilities		**1,022,584,093**	**392,460**
EQUITY			
Capital	14	42,500,000,000	1,500,000,000
Reserves		-	-
Accumulated Deficit		(5,670,645,476)	(209,235,957)
Total equity		**36,829,354,524**	**1,290,764,043**
Total Liabilities & Equity		**37,851,938,616**	**1,291,156,503**

The notes from pages 30 to 57 form an integral part of the financial statements

Athens, 01 August 2013

The Chief Executive Officer	The Executive Board Member	The Chief Financial & Operating Officer
Anastasia Sakellariou	Anastasios Gagales	Ioannis Kyriakopoulos

Statement of Comprehensive Income

Amounts in €	Note	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
Interest income	15	232,317,496	12,604,917
Commission income	16	665,839,444	-
Personnel expenses	17	(1,998,033)	(1,012,169)
General administrative & other operating expenses	18	(2,939,177)	(795,617)
Impairment of Investments and Receivables	6, 10	(5,332,796,807)	(219,999,999)
Provision charges for liabilities from funding gap	12	(1,021,783,514)	-
Depreciation and amortization of property, equipment and intangible assets	7,8	(48,626)	(30,747)
Other expenses		(301)	(2,343)
Loss for the financial year		**(5,461,409,519)**	**(209,235,957)**
Other comprehensive income/(expense)			
Available for sale securities		-	-
Total comprehensive loss for the financial year		**(5,461,409,519)**	**(209,235,957)**

The notes from pages 30 to 57 form an integral part of the financial statements

Athens, 01 August 2013

The Chief Executive Officer	The Executive Board Member	The Chief Financial & Operating Officer
Anastasia Sakellariou	Anastasios Gagales	Ioannis Kyriakopoulos

Statement of Changes in Equity

Amounts in €	Capital	Available for sale securities' reserve	Reserves & accumulated losses	**Total**
Balance as of 21/07/2010	-	-	-	-
Capital increase	1,500,000,000	-	-	1,500,000,000
Other adjustments	-	-	-	-
Loss for the financial year	-	-	(209,235,957)	(209,235,957)
Balance as of 31/12/2011	**1,500,000,000**	**-**	**(209,235,957)**	**1,290,764,043**
Capital increase	41,000,000,000	-	-	41,000,000,000
Other adjustments	-	-	-	-
Loss for the financial year	-	-	(5,461,409,519)	(5,461,409,519)
Balance as of 31/12/2012	**42,500,000,000**	**-**	**(5,670,645,476)**	**36,829,354,524**

The notes from pages 30 to 57 form an integral part of the financial statements

Statement of Cash Flows

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
Cash flow from operating activities		
Loss for the financial year	**(5,461,409,519)**	**(209,235,958)**
Adjustments for non-cash items included in income statement and other adjustments:	**6,128,421,475**	**220,032,437**
Depreciation and amortization of property, equipment and intangible assets	48,626	30,747
Impairment of Investments and Receivables	5,332,796,807	219,999,999
Provision charges for liabilities from funding gap	1,021,783,514	
Net loss from disposal of property and equipment	-	1,691
Interest income	(226,207,472)	-
Net (increase)/decrease in operating assets:		
Change in receivables from funding gaps and liquidations	(725,222,091)	-
Change in accrued income receivable	(110,239,444)	-
Other assets	34,816	(106,046)
Net increase in operating liabilities:		
Other liabilities	408,119	392,460
Net cash from operating activities	**(168,006,644)**	**11,082,894**
Cash flow from investing activities		
Participation in share capital increase of investments	(295,000,000)	(220,000,000)
Purchase of property, equipment and intangibles	(44,925)	(203,692)
Proceeds from disposal of property, equipment and investment property	-	197
Net cash from investing activities	**(295,044,925)**	**(220,203,495)**
Cash flows from financing activities		
Proceeds from capital increase	-	1,500,000,000
Net cash inflows from financing activities	**-**	**1,500,000,000**
Net increase/(decrease) in cash and cash equivalents	**(463,051,569)**	**1,290,879,398**
Cash and cash equivalents at beginning of period	**1,290,879,398**	**-**
Cash and cash equivalents at end of period	**827,827,829**	**1,290,879,398**

The notes from pages 30 to 57 form an integral part of the financial statements

Notes to the Financial Statements

NOTE 1 General Information

The Hellenic Financial Stability Fund (hereinafter "HFSF" or "Fund") was founded on 21/07/2010 (under Law 3864/2010) as a private legal entity and does not belong to the public sector, neither to the broader public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as in force. In addition, the provisions of company law 2190/1920 are applied as in force, provided they are not contrary to the provisions and the objectives of the founding law of the Fund. The purely private nature of the Fund is neither affected by the fact that its entire capital is subscribed solely by the Greek State, nor by the issuance of the required decisions by the Minister of Finance. Based on the founding act the Fund's tenor has been set up to 30 June 2017. By decisions of the Minister of Finance, the duration of the Fund may be extended for up to two (2) years, if deemed necessary for the fulfilment of its scope.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) by the Ministry of Finance according to the decision A.P. 44560/ B. 2018 on 30/09/2010 of the Minister of Finance. The purpose of the Fund is to maintain the stability of the Greek banking system, through the strengthening of the capital adequacy of credit institutions, including subsidiaries of foreign credit institutions, provided they legally operate in Greece under the authorization of the Bank of Greece (hereinafter BoG), and through the recapitalisation of transitional credit institutions formed in accordance with article 63E of Law 3601/2007. From the date of enactment of Law 4051/2012 (29/02/2012) until 31/12/2013, the Fund became liable to pay the amount that the Hellenic Deposit and Investment Guarantee Fund (hereinafter HDIGF) would have paid for the process of the revitalizing the credit institutions in accordance to law 3601/2007. In this case the Fund acquired the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the law 3746/2009. Furthermore the Fund can provide guarantees to states, international organisations or other recipients and take any action required for the implementation of decisions of euro area bodies concerning the support of the Greek economy.

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

As of 31/12/2012 the Fund's BoD and Observers comprised of the following:

Name	BoD Position	Profession
Executive Members		
Thomopoulos Panayotis	Chairman	Chairman of the BoD
Kyrkos Charalambos	Vice Chairman	Vice Chairman of the BoD
Gagales Anastasios	Vice Chairman	Vice Chairman of the BoD
Non – Executive Members		
George Mergos (since Jul. 12)	Member	General Secretary of the Ministry of Finance
Zakka Vassiliki	Member (Audit Committee Member)	Director of Supervision of Financial institutions department at BoG
Independent Non – Executive Members		
Tzavalis Ilias	Member	University Professor in Economics
Iplixian Peppy	Member (Audit Committee Chair)	Member of the BoD
Observers		
Basch Peter from Feb. 2011 (EC representative), Strouzas Panagiotis from Nov. 2010 (ECB representative)		

On 01/02/2013 the Board of Directors was substituted by the Executive Board and the General Council according to the decision A.P. 44560/B. 2018 (Government Gazette 319/30.9.2010).
On 01/02/2013 the Fund's new management was appointed. As of the date of issuance of the Fund's financial statements, the Executive Board and General Council comprised of the following:

Executive Board*	Position
Anastasia Sakellariou	Chief Executive Officer
Anastassios Gagales	Executive Member

General Council**	Position
Christos Sclavounis	Chairman
Pierre Mariani	Member
Andreas Beroutsos	Member
Eftychia Michailidou***	Member, Representative of the Ministry of Finance
Efthimios Gatzonas	Member, Appointed by the Bank of Greece

**Mr. Marios Koliopoulos, who was appointed Deputy Chief Executive Officer of the Fund, submitted his resignation on 01/07/2013.*
*** Mr. Paul Koster, who was appointed Chairman of the Fund, submitted his resignation on 15/03/2013. Mr. Christos Sclavounis was appointed Chairman on 15/05/2013.*
**** Ms. Eftychia Michailidou replaced Mr. George Mergos on 17/05/2013*

The statutory auditor of the financial statements is Mr. Nikolaos Sofianos, RN SOEL 12231.
The current financial statements have been approved for issue by the Fund's General Council on 01 August 2013.

NOTE 2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The Fund's financial statements for the year ended 31/12/2012 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the European Union ("E.U."). The E.U. endorsed IFRS may differ from the IFRSs as issued by the International Accounting Standards Board ("IASB") if, at any point in time, new or amended IFRSs have not been endorsed by the E.U. On 31/12/2012, there were no unendorsed standards effective for the year ended 31/12/2012, which affect the financial statements of the HFSF and hence there was no difference between the IFRSs endorsed by the EU and the IFRSs issued by the IASB in terms of their application to the Fund. Accordingly the financial statements for the year ended 31/12/2012 are prepared in accordance with the IFRSs as issued by the IASB. The amounts are presented in Euro (unless otherwise stated). Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, which have been measured at fair value. The preparation of financial statements in conformity with the IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of available information and the application of judgment and assumptions are inherent in the formation of estimates in the following areas: impairment of investment securities, assessment of the recoverability of receivables from entities under liquidation and contingencies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

The Financial Statements cover the financial year from 01/01/2012 up to 31/12/2012. The Fund's Management has reviewed the accounting policies and believes that the accounting policies adopted are the most appropriate for the circumstances of the Fund.

The Fund does not prepare consolidated financial statements as these do not represent the substance of the investments of the Fund, which according to the law are temporary aiming to stabilize the Greek banking sector and do not meet the needs of their users.

2.2 Adoption of IFRS

New standards, amendments and interpretations to existing standards applied from 1 January 2012

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

New standards, amendments and interpretations to existing standards effective after 2012.

- **IFRS 7 "Financial Instruments: Disclosures"** (Amendment) (effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods). The amendment requires information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendment also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The Fund has not applied this amendment but will make all required disclosures once the amendment is applied.

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Fund has not applied this standard and is currently evaluating the impact of IFRS 9 on the financial statements and the timing of its adoption. Although the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Fund's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements" (Amendment), IAS 28 "Investments in Associates and Joint Ventures" (Amendment) (effective for annual periods beginning on or after 1 January 2013, as issued by the IASB or after 1 January 2014 as endorsed by the EU).

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

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-monetary Contributions by Venturers". It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint

operations or joint ventures. Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted.
IAS 28 "Investments in Associates and Joint Ventures" (2011) supersedes IAS 28 "Investments in Associates" and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
The Fund has not applied the above Standards and amendments and it is not expected to have an impact on its financial statements.

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" (Amendment)**, (effective for annual periods beginning on or after 1 January 2013, as issued by the IASB or after 1 January 2014 as endorsed by the EU). The amendments clarify the transition guidance in IFRS 10. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Fund will apply these amendments when it first applies IFRS 10, IFRS 11 and IFRS 12.

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

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

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

- **IAS 1 "Presentation of Financial Statements"** (Amendment) (effective for annual periods beginning on or after 1 July 2012). The amendments require to group together items within OCI that may be reclassified to the profit or loss section of the statement of comprehensive income subsequently.
The Fund has not applied this amendment and will present the items in OCI as required by this amendment when it applies the amendment.

- **IAS 32 "Financial Instruments: Presentation"** (Amendment) (effective for annual periods beginning on or after 1 January 2014). The amendment provides clarifications on the application of the offsetting rules. The Fund has not applied this amendment and is currently evaluating its impact on the financial statements.

- **Annual Improvements to IFRSs 2009-2011 Cycle** (effective for annual periods beginning on or after 1 January 2013, not yet endorsed by EU), which clarified:

- the requirements for comparative information in IAS 1 and IAS 34;
- the classification of certain types of equipment as property, plant and equipment in IAS 16;
- the accounting for the tax effect of distributions to holders of equity instruments in IAS 32; and
- the requirements in IAS 34 on segment information for total assets and liabilities.

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

2.3 Investment Securities
Investment securities are initially recognised at fair value (including transaction costs) and are classified as available-for-sale or loans-and-receivables based on the securities' characteristics and management

intention on purchase date. Investment securities are recognized on the trade date, which corresponds to the date during which the Fund commits to buy or sell the asset.

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

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

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

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

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

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

Impairment of Available-for-sale financial assets: In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the Income statement) is removed from equity and recognized in the Income statement. Once an impairment loss has been recognized on an equity instrument, a reversal of that impairment is not permitted. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The cumulative loss (measured as the difference between the amortised cost and the recoverable amount, less any impairment loss on that receivable) is removed from other comprehensive income and recognized in the Income statement.

Impairment of loans and receivables investment securities is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. In circumstances in which there is a range of possible amounts, a loss equal to the best estimate within that range is recognized. If, in a subsequent period, the fair value of a loan or receivable increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of comprehensive income.

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

2.4 Fair value of Financial Instruments

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

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

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

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

2.5 Recognition of deferred profit or loss on the transaction date

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

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

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

2.6 Derecognition

2.6.1 Financial assets

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

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

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

2.6.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income statement.

2.7 Interest income and expense

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

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

2.8 Fees and commissions

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

2.9 Property and Equipment

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

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

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

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

2.10 Software

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

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

2.11 Provisions

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

2.12 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Board of the Fund, which is the chief operating decisionmaker responsible for the allocation of resources between the Fund’s operating segments and the assessment of their performance. It is noted that the methods used to measure operating segments for the purpose of reporting to the Executive Board are not different from those required by the International Financial Reporting Standards.

All transactions between business segments are conducted on an arm’s length basis. Income and expenses directly associated with each segment are included in determining business segment performance.

2.13 Related Party Transactions

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

2.14 Cash and Cash Equivalents

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

2.15 Operating Lease as a Lessee

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

2.16 Tax Regime

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

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

The preparation of financial statements in accordance with IFRS requires that the management makes judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the financial statements. The management believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31/12/2012.
The most significant areas, for which judgments, estimates and assumptions are required in applying the Fund's accounting policies, are the following:

Impairment of available for sale equity investments

The Fund determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of the equity investments below their cost. In determining what is significant or prolonged the Fund's management exercises judgment. In making this judgment, the Fund evaluates among other factors, the normal volatility in share price, in the case of listed equity investments. In addition, impairment may be appropriate when there is objective evidence of deterioration in the financial health of the investee, banking sector performance, operational and financing cash flows, the existence of losses, the existence of significant qualification of the audit of the entities' financial statements that might adversely affect the entities' value and situations that raise doubts as to their viability or solvency, or the existence of other circumstances of similar nature that could place in doubt the recoverability of the carrying amount of the investment.

Recoverability of receivables

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

The liquidators of credit institutions under liquidation are nominated by the Bank of Greece ("BoG") and are subject to its monitor and control. The officers and the staff of the credit institutions under liquidation have to cooperate with the liquidator and follow the instructions of the BoG. Further to that, recent L. 4172/2013 provides for a Special Liquidation Committee responsible for deciding upon major issues on the liquidation process which is nominated by the BoG. Therefore, the Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless monitors the process closely and maintains its own independent valuation estimates over amounts to be recovered.

NOTE 4 Segment Reporting

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

The Fund operates through the following business segments:
Viable Banks: This segment includes all the financial institutions which have received capital support from the Fund in the context of their recapitalization and viability as per the BoG's capital requirements, i.e. National Bank of Greece S.A. ("NBG"), Piraeus Bank S.A. ("Piraeus Bank"), Alpha Bank S.A. ("Alpha Bank") and Eurobank S.A. ("Eurobank").
Transitional Credit Institutions (TCIs) & Hellenic Deposit and Investment Guarantee Fund ("HDIGF") Operations: This segment includes a) the credit institutions, which have derived as a result of a carve-out, resolution and the

incorporation of new transitional credit institutions or the absorption of assets and liabilities by viable banks, and b) the banks which have been placed under liquidation and the Fund has provided for their funding gap on behalf of the HDIGF.

Other: This segment includes the Fund's operations related to the Fund itself, e.g. unutilized cash balances and European Financial Stability Facility ("EFSF") florating rate notes ("FRNs").

Analysis by Operating Segment

Amounts in €	01/01-31/12/2012			
	Viable Banks	**TCIs & HDIGF Operations**	**Other**	**Total**
Interest income	192,213,556	30,774,250	9,329,690	**232,317,496**
Commission income	665,839,444	-	-	**665,839,444**
Personnel expenses	(1,288,441)	(525,529)	(184,063)	**(1,998,033)**
General administrative & other operating expenses	(1,992,299)	(662,263)	(284,614)	**(2,939,177)**
Impairment of investments and receivables	-	(5,332,796,807)	-	**(5,332,796,807)**
Provision charges for Liabilities from Funding Gap	-	(1,021,783,514)	-	**(1,021,783,514)**
Depreciation and amortization of property, equipment and intangible assets	(34,038)	(9,725)	(4,863)	**(48,626)**
Other expenses	(211)	(60)	(30)	**(301)**
Profit/(Loss) for the financial year	**854,738,010**	**(6,325,003,649)**	**8,856,120**	**(5,461,409,519)**
Other comprehensive income/(expenses)				
Available for sale securities	-	-	-	**-**
Total comprehensive income /(expenses) for the period	**854,738,010**	**(6,325,003,649)**	**8,856,120**	**(5,461,409,519)**
Total segment assets	24,564,620,011	2,218,247,252	11,069,071,354	**37,851,938,616**
Total segment liabilities	560,405	1,021,943,630	80,058	**1,022,584,093**

Amounts in €	21/07/2010 - 31/12/2011			
	Viable Banks	**TCIs & HDIGF Operations**	**Other**	**Total**
Interest income	-	-	12,604,917	**12,604,917**
Commission income	-	-	-	**-**
Personnel expenses	(163,365)	(767,121)	(81,683)	**(1,012,169)**
General administrative & other operating expenses	(157,170)	(559,861)	(78,585)	**(795,617)**
Impairment of investments and receivables	-	(219,999,999)	-	**(219,999,999)**
Depreciation and amortization of property, equipment and intangible assets	(6,149)	(21,523)	(3,075)	**(30,747)**
Other expenses	(469)	(1,640)	(234)	**(2,343)**
Profit/(Loss) for the financial year	**(327,154)**	**(221,350,144)**	**12,441,341**	**(209,235,958)**
Other comprehensive income/(expenses)				
Available for sale securities	-	-	-	**-**
Total comprehensive income /(expenses) for the period	**(327,154)**	**(221,350,144)**	**12,441,341**	**(209,235,958)**
Total segment assets	55,421	193,973	1,290,907,109	**1,291,156,503**
Total segment liabilities	78,492	274,722	39,246	**392,460**

NOTE 5 Cash and Balances with Central Bank

Amounts in €	31/12/2012	31/12/2011
Cash and balances with banks	15,618	2,246
Balances with Central Bank	827,812,211	1,290,877,152
Total	**827,827,829**	**1,290,879,398**

The cash and balances with banks include a non-interest bearing sight account with a retail bank for the Fund's day-to-day obligations.
The Fund's balances with Central Bank pertain to balances, which are compulsory deposited and maintained in a special interest account at BoG. According to L. 3864/2010, any other form of investment is prohibited.

NOTE 6 Investment Securities

Available for Sale Securities

The Fund's investment in New Proton Bank

On 09/10/2011, following a decision of the Minister of Finance (Min. Dec. N. 9250/9.10.11 – Government Gazette 2246B, 9.10.2011), the BoG proceeded in the establishment of an transitional credit institution under the name "New Proton Bank S.A." (hereinafter "New Proton"), as a resolution measure, according to the provisions of art. 63E of Law 3601/2007, in which all deposits (customer, bank and government) and selected assets and liabilities (including securities and loan portfolios) of the former bank were transferred.

The license of the "Old" Proton was recalled by the BoG and the bank was put under liquidation.

During the first 6 months from the establishment of the transitional credit institution, the BoG, pursuant to L. 3601/2007 (par. 6, art. 63E) defined that the final funding gap between the value of the transferred assets and liabilities amounted to € 1,121.6m.

The Hellenic Deposit and Investment Guarantee Fund (HDIGF) had already covered the initial funding gap, amounting to € 862m to New Proton Bank. Based on the above decision, pursuant to L. 4052/2012, as complemented with the Act of Cabinet (30/04/2012, par. 6c), the HFSF paid the amount of € 259.6m instead of the HDIGF on 14/05/2012. Following the above decisions, New Proton's opening Balance Sheet was finalised and approved by the bank's BoD on 03/05/2012. The audited financial statements for the accounting period from 09/10/2011 to 31/12/2012 have been approved by New Proton's BoD meeting held on 19/06/2013 and are available on the Bank's website.

New Proton

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

Furthermore, New Proton's revised restructuring plan anticipated the need for additional capital support by € 300m in order for the Bank to comply with the capital requirements set by the BoG. To this end, the HFSF proceeded with the subscription of two additional share capital increases totaling € 265m (€ 230m on 01/08/2012 and € 35m on 31/12/2012). As of the date of balance sheet, the total amount contributed by the Fund, to New Proton amounted to € 515m.

New Proton's financial performance

- **Net Loans** as of 31/12/2012 stood at € 521.9m (gross: € 1,285.9m, provisions: € 764.0m)
- **Deposits** as of 31/12/2012 stood at € 1,002.0m
- **Net loans to deposits** stood at 52.1%
- **Funding:** Eurosystem funding was gradually reduced to zero in July 2012

- **Shareholders Equity:** As of 31/12/2012 the bank's shareholder equity stood at € (197.3)m mainly due to losses incurred for the period amounting to € (623.0)m and a € (85.3)m loan loss provision recognized on day 1
- **Operating income** for the financial year amounted to € 41.9m
- **Operating expenses** amounted to € 50.5m (€ 4.9m related to the implementation of a VRS scheme)
- **Pre-provision losses** for the financial year amounted to € (8.6)m
- **Impairments and provisions** amounted to € (614.3)m, of which allowances for impairment loss on loans and advances amounted to € (444.9)m, impairment of available for sale investments amounted to € (8.0)m, impairments of loans and receivables portfolio (Greek Government bonds) amounted to € (143.8)m, impairments of investments in subsidiaries amounted to € (6.9)m and other provisions and allowances for impairment amounted to € (10.8)m
- **Loss after tax:** Loss after tax for the financial year amounted to € (623.0)m

Impairment of investment in New Proton:
After a thorough examination of New Proton's financial performance, an impairment test conducted on 31/12/2012 by the Fund led to the impairment of the total value of the HFSF's participation in New Proton Bank in 2012 by € 295.0m as of 31/12/2012.

Amounts in €	2012	2011
Opening balance	**1**	**0**
Capital Increases	295,000,000	220,000,000
Impairment of Investment	(295,000,000)	(219,999,999)
Closing balance	**1**	**1**

Loans and Receivables Investment Securities

On 15/03/2012 the EFSF, the Greek State, the Fund and the BoG, signed the "Master Financial Assistance Facility Agreement" amounting to a total of € 109,000m.

On 17/04/2012 the Fund signed with the Greek State and the BoG the Acceptance Notice for the contribution of EFSF floating rate notes (FRNs) into the Fund's account amounting to a total of € 25,000m, which pertain to the recapitalization of the credit institutions. The Fund's capital as of the 19/04/2012 increased to € 26,500m, following its € 25,000m capital increase through the contribution of FRNs issued by the EFSF.

A summary of the EFSF FRNs' terms are provided in the table below:

	ISIN	Nominal Amount (€)	Issue Date	Maturity Date	Coupon
Tranche A	EU000A1G0AL3	5,000,000,000	19/4/2012	19/4/2018	6M Euribor + 46 b.p.
Tranche A	EU000A1G0AM1	5,000,000,000	19/4/2012	19/4/2019	6M Euribor + 57 b.p.
Tranche A	EU000A1G0AN9	5,000,000,000	19/4/2012	19/4/2020	6M Euribor + 64 b.p.
Tranche A	EU000A1G0AP4	5,000,000,000	19/4/2012	19/4/2021	6M Euribor + 71 b.p.
Tranche A	EU000A1G0AQ2	5,000,000,000	19/4/2012	19/4/2022	6M Euribor + 77 b.p.
		25,000,000,000			

On 13/12/2012, the HFSF signed together with the Hellenic Republic and the BoG an Acceptance Notice regarding the deposit of EFSF FRNs into the Fund's account amounting to an additional € 16,000mn concerning the second tranche under the third instalment for the recapitalisation of the credit institutions. The new EFSF FRN terms are presented below:

	ISIN	Nominal Amount (€)	Issue Date	Maturity Date	Coupon
Tranche B	EU000A1G0A57	5,000,000,000	19/12/2012	19/12/2022	6M Euribor + 34 b.p.
	EU000A1G0A65	5,000,000,000	19/12/2012	19/12/2023	6M Euribor + 35 b.p.
	EU000A1G0A73	6,000,000,000	19/12/2012	19/12/2024	6M Euribor + 36 b.p.
		16,000,000,000			

On 21/12/2012 the FRNs were deposited in the securities account the HFSF holds at the BoG, pursuant to L. 3864/2010 (par. 2 art. 3). Following the transfer of the EFSF FRNs, HFSF's capital increased to € 42,500m.

The Fund has classified all EFSF FRNs received as loans and receivables investments securities. The movement of the Loans and Receivables investment securities during financial years 2011 and 2012 is as follows:

Amounts in €	2012	2011
Opening balance	**-**	**-**
Additions	41,000,000,000	-
Accrued interest on EFSF FRNs	226,207,472	-
Transfer of EFSF FRNs to Piraeus to cover ATE's funding gap*	(6,530,774,250)	-
Closing balance	**34,695,433,222**	**-**

* *The € (6,530.8)m movement in the Loans and Receivables account pertains to the EFSF FRNs the HFSF contributed to Piraeus Bank instead of the HDIGF to cover the temporary funding gap of Agricultural Bank of Greece S.A. (ATE) following its resolution and the transfer of certain assets and liabilities to Piraeus Bank.*

Following the signing of Presubscription Agreements, and according to BoG's letter regarding the necessary capital support, the HFSF contributed on 28/05/2012 EFSF FRNs with nominal amount totalling € 18,000m as an advance for its participation in the four banks' future share capital increase as follows: NBG € 7,430.0m, Alpha Bank € 1,900.0m, Piraeus Bank € 4,700.0m and Eurobank € 3,970.0m.

On 20/12/2012 the HFSF, after having received all the relevant approvals, proceeded to the disbursement of an an additional advance for the participation in the four banks' future share capital increase for a total nominal amount of € 6,262.0m with EFSF FRNs as follows: NBG: € 2,326.0m, Alpha Bank: € 1,042.0m, Piraeus Bank: € 1,553.0m and Eurobank: € 1,341.0m.

Recognition of the EFSF FRNs in the HFSF's Statement of Financial Position following the capital advances to the Banks

In accordance with the signed Presubscription Agreements with the four banks, the EFSF FRNs may be used by the Banks for the purpose of obtaining liquidity only (by pledging those with the ECB and commercial banks) and the coupon payments and the accrued interest from the EFSF FRNs for the period from the issuance of such securities until the conversion of the capital advance into share capital and other convertible financial instruments are included in the aggregate value of the offer. In addition, on the date of the conversion of the total advance into shares, contingent convertibles (CoCos) or other convertible capital instruments, the Fund will contribute the amount of the share capital increase equivalent to the fair value of the EFSF FRNs at the time of the share capital increase, and until that date the risks and rewards are owned by the HFSF. The transaction of the contribution of the EFSF FRNs as a capital advance to the banks was therefore concluded to be a securities lending transaction in accordance with IAS 39 AG51(c) and the HFSF continued to recognise the EFSF FRNs contributed in its Statement of Financial Position, since it retains substantially the risks and rewards of ownership of the EFSF FRNs.

As of 31/12/2012 the carrying amounts and fair values of the Fund's EFSF FRNs are presented in table below:

Amounts in €	Carrying Amount (€)	Fair Value (€)
EU000A1G0AL3	3,733,988,222	3,774,779,963
EU000A1G0AM1	3,736,826,444	3,794,957,652
EU000A1G0AN9	3,738,632,222	3,820,796,338
EU000A1G0AP4	3,740,439,000	3,854,767,958
EU000A1G0AQ2	3,741,986,667	3,882,306,603
EU000A1G0A57	5,001,095,000	5,037,876,952
EU000A1G0A65	5,001,111,667	5,037,379,077
EU000A1G0A73	6,001,354,000	6,027,695,270
	34,695,433,222	**35,230,559,812**

EFSF FRN contribution by Bank

Below is a table presenting the tranches of EFSF FRNs which have been contributed to the banks as of 31/12/2012:

National Bank of Greece

Distribution Date	ISIN	Interest Rate	Nominal Amount (€)	
28/05/2012	EU000A1G0AL3	Eur 6M + 0.4600%	1,486,000,000	**Capital Advance/Recap.**
28/05/2012	EU000A1G0AM1	Eur 6M + 0.5700%	1,486,000,000	
28/05/2012	EU000A1G0AN9	Eur 6M + 0.6400%	1,486,000,000	
28/05/2012	EU000A1G0AP4	Eur 6M + 0.7100%	1,486,000,000	
28/05/2012	EU000A1G0AQ2	Eur 6M + 0.7700%	1,486,000,000	
21/12/2012	EU000A1G0A57	Eur 6M + 0.3400%	726,875,000	
21/12/2012	EU000A1G0A65	Eur 6M + 0.3500%	726,875,000	
21/12/2012	EU000A1G0A73	Eur 6M + 0.3600%	872,250,000	
Total			**9,756,000,000**	

The total nominal amount of EFSF FRNs given to NBG during 2012 in the context of its recapitalization amounted to € 9,756.0m. On 28/05/2012 the 1st tranche of EFSF FNRs amounted to € 7,430.0m. Following the amendment of the Presubscription Agreement, the HFSF gave on 21/12/2012 the 2nd tranche of EFSF FRNs amounting to € 2,326.0m to cover additional recapitalization requirements as set out by the BoG (Gazette 3410/20.12.2012). As of 31/12/2012 the accrued interest on the EFSF FRNs given to NBG amounted to € 79.3m.

Alpha Bank

Distribution Date	ISIN	Interest Rate	Nominal Amount (€)	
28/05/2012	EU000A1G0AL3	Eur 6M + 0.4600%	380,000,000	**Capital Advance/Recap.**
28/05/2012	EU000A1G0AM1	Eur 6M + 0.5700%	380,000,000	
28/05/2012	EU000A1G0AN9	Eur 6M + 0.6400%	380,000,000	
28/05/2012	EU000A1G0AP4	Eur 6M + 0.7100%	380,000,000	
28/05/2012	EU000A1G0AQ2	Eur 6M + 0.7700%	380,000,000	
21/12/2012	EU000A1G0A57	Eur 6M + 0.3400%	325,625,000	
21/12/2012	EU000A1G0A65	Eur 6M + 0.3500%	325,625,000	
21/12/2012	EU000A1G0A73	Eur 6M + 0.3600%	390,750,000	
Total			**2,942,000,000**	

The total nominal amount of EFSF FRNs given to Alpha Bank during 2012 in the context of its recapitalization amounted to € 2,942.0m. On 28/05/2012 the 1st tranche of EFSF FNRs amounted to € 1,900.0m. Following the amendment of the Presubscription Agreement, the HFSF gave on 21/12/2012 the 2nd tranche of EFSF FRNs amounting to € 1,042.0m to cover additional recapitalization requirements as set out by the BoG (Gazette 3410/20.12.2012). As of 31/12/2012 the accrued interest on the EFSF FRNs given to Alpha Bank amounted to € 20.4m.

Piraeus Bank

Distribution Date	ISIN	Interest Rate	Nominal Amount (€)	
28/05/2012	EU000A1G0AL3	Eur 6M + 0.4600%	940,000,000	Capital Advance/Recap.
28/05/2012	EU000A1G0AM1	Eur 6M + 0.5700%	940,000,000	
28/05/2012	EU000A1G0AN9	Eur 6M + 0.6400%	940,000,000	
28/05/2012	EU000A1G0AP4	Eur 6M + 0.7100%	940,000,000	
28/05/2012	EU000A1G0AQ2	Eur 6M + 0.7700%	940,000,000	
21/12/2012	EU000A1G0A57	Eur 6M + 0.3400%	485,312,000	
21/12/2012	EU000A1G0A65	Eur 6M + 0.3500%	485,313,000	
21/12/2012	EU000A1G0A73	Eur 6M + 0.3600%	582,375,000	
Subtotal/Recap. capital advance			**6,253,000,000**	
01/08/2012	EU000A1G0AL3	Eur 6M + 0.4600%	1,300,000,000	ATE Funding Gap
01/08/2012	EU000A1G0AM1	Eur 6M + 0.5700%	1,300,000,000	
01/08/2012	EU000A1G0AN9	Eur 6M + 0.6400%	1,300,000,000	
01/08/2012	EU000A1G0AP4	Eur 6M + 0.7100%	1,300,000,000	
01/08/2012	EU000A1G0AQ2	Eur 6M + 0.7700%	1,300,000,000	
Subtotal/Funding Gap			**6,500,000,000**	
Total			**12,753,000,000**	

The total nominal amount of EFSF FRNs given to Piraeus Bank during 2012 in the context of its recapitalization and ATE's funding gap amounted to € 12,753.0m (capital advance: € 6,253.0, ATE funding gap: € 6,500.0m). On 28/05/2012 the 1st tranche of EFSF FNRs amounted to € 4,700.0m. On 01/08/2012 the HFSF gave Piraeus Bank EFSF FRNs amounting to € 6,500.0m to cover ATE's funding gap and their accrued interest amounting to € 30.8m. Following the amendment of the Presubscription Agreement, the HFSF gave on 21/12/2012 the 2nd tranche of EFSF FRNs for the recapitalisation amounting to € 1,553.0m to cover additional recapitalization requirements as set out by the BoG (Gazette 3410/20.12.2012). As of 31/12/2012 the accrued interest on the EFSF FRNs given to Piraeus Bank as a capital advance amounted to € 80.9m.

Eurobank

Distribution Date	ISIN	Interest Rate	Nominal Amount (€)	
28/05/2012	EU000A1G0AL3	Eur 6M + 0.4600%	794,000,000	Capital Advance/Recap.
28/05/2012	EU000A1G0AM1	Eur 6M + 0.5700%	794,000,000	
28/05/2012	EU000A1G0AN9	Eur 6M + 0.6400%	794,000,000	
28/05/2012	EU000A1G0AP4	Eur 6M + 0.7100%	794,000,000	
28/05/2012	EU000A1G0AQ2	Eur 6M + 0.7700%	794,000,000	
21/12/2012	EU000A1G0A57	Eur 6M + 0.3400%	419,063,000	
21/12/2012	EU000A1G0A65	Eur 6M + 0.3500%	419,062,000	
21/12/2012	EU000A1G0A73	Eur 6M + 0.3600%	502,875,000	
Total			**5,311,000,000**	

The total nominal amount of EFSF FRNs given to Eurobank during 2012 in the context of its recapitalization amounted to € 5,311.0m. On 28/05/2012 the 1st tranche of EFSF FNRs amounted to € 3,970.0m. Following the amendment of the Presubscription Agreement, the HFSF gave on 21/12/2012 the 2nd tranche of EFSF FRNs amounting to € 1,341.0m to cover additional recapitalization requirements as set out by the BoG (Gazette 3410/20.12.2012). As of 31/12/2012 the accrued interest on the EFSF FRNs given to Eurobank amounted to € 42.4m.

The balance of the EFSF FRNs held by the HFSF as of 31/12/2012 (non-allocated EFSF FRNs for capital advances) is presented below:

HFSF

Issue Date	ISIN	Interest Rate	Nominal Amount (€)
19/04/2012	EU000A1G0AL3	Eur 6M + 0.4600%	100,000,000
19/04/2012	EU000A1G0AM1	Eur 6M + 0.5700%	100,000,000
19/04/2012	EU000A1G0AN9	Eur 6M + 0.6400%	100,000,000
19/04/2012	EU000A1G0AP4	Eur 6M + 0.7100%	100,000,000
19/04/2012	EU000A1G0AQ2	Eur 6M + 0.7700%	100,000,000
19/12/2012	EU000A1G0A57	Eur 6M + 0.3400%	3,043,125,000
19/12/2012	EU000A1G0A65	Eur 6M + 0.3500%	3,043,125,000
19/12/2012	EU000A1G0A73	Eur 6M + 0.3600%	3,651,750,000
Total			**10,238,000,000**

As of 31/12/10212 the accrued interest on the EFSF FRNs held by the HFSF (non-allocated to the bank recap) amounted to € 3.2m.

NOTE 7 Property and Equipment

Amounts in €	Vehicles & equipment	Leasehold improvements	Total
Balance 21 July 2010	**-**	**-**	**-**
Additions	55,177	131,696	186,873
Disposals and write-offs	1,888	-	1,888
Balance 31 December 2011	**53,289**	**131,696**	**184,985**
Accumulated depreciation	-	-	-
Depreciation charge	8,102	19,150	27,251
Balance 31 December 2011	**8,102**	**19,150**	**27,251**
Net book value 31 December 2011	**45,188**	**112,547**	**157,734**
Balance 1 January 2012	**53,289**	**131,696**	**184,985**
Additions	37,434	-	37,434
Disposals and write-offs		-	-
Balance 31 December 2012	**90,723**	**131,696**	**222,419**
Accumulated depreciation	**8,102**	**19,150**	**27,251**
Depreciation charge	21,159	19,754	40,913
Balance - 31 December 2012	**29,260**	**38,904**	**68,164**
Net book value 31 December 2012	**61,462**	**92,792**	**154,255**

NOTE 8 Intangible Assets

Amounts in €	31/12/2011
	Software
Balance as of 21 July 2010	**-**
Additions	16,819
Balance - 31 December2011	**16,819**
Accumulated amortization	-
Amortization charge	3,496
Balance - 31 December2011	**3,496**

Net book value 31 December 2011	**13,323**

Balance as of 1 January 2012	**16,819**
Additions	7,492
Balance - 31 December 2012	**24,311**
Accumulated amortization	**3,496**
Amortization charge	7,713
Balance - 31 December2012	**11,209**
Net book value 31 December 2012	**13,102**

NOTE 9 Accrued Income Receivable

In accordance to the Presubscription Agrrement, the Banks which have received capital advances are obliged to pay the HFSF a 1% annual underwriting fee on the nominal amount of the EFSF FRNs that they have received for the period from the date of the capital advance or, as the case may be, the date of the additional capital advance until the date of the total advances' conversion into share capital and other convertible financial instruments in connection with the capital advance.

The breakdown of accrued income receivable by bank is presented in the table below:

Amounts in €	**31/12/2012**	**31/12/2011**
NBG	45,432,500	-
PIRAEUS BANK	28,761,944	-
ALPHA BANK	11,742,222	-
EUROBANK	24,302,778	-
Total	**110,239,444**	**-**

NOTE 10 Receivables from Banks under Liquidation

According to par. 12 of article 16B of law 3864/2010 as amended by law 4051/29.2.2012, the Fund is obliged to contribute 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. 63D and par. 7 of art. 63E of law 3601/2007. In this case the Fund takes over the rights of the HDIGF as per par. 4 of art. 13A of law 3746/2009. In this context, the HFSF's receivables are a combination of its contribution of EFSF FRNs and cash, instead of the HDIGF, to cover the funding gaps and from the liquidations of Proton, ATE and the three Cooperative Banks.
The Fund's receivables from banks under liquidation are presented below:

Amounts in €	**31/12/2012**	**31/12/2011**
Receivables from*		
Cooperative banks under liquidation	320,484,481	-
-Achaiki Cooperative Bank	209,473,992	-
-Lamia Cooperative Bank	55,493,756	-
-Lesvos-Limnos Cooperative Bank	55,516,733	-
Liquidation of Proton Bank	259,621,860	-
Liquidation of ATE	6,675,890,000	-
Total	**7,255,996,341**	**-**

**Before impairments*

Impairment of receivables from liquidation of Cooperative Banks

a) The receivable from Achaiki Cooperative Bank under liquidation amounts to € 209.5m This amount was paid to NBG after the resolution of Achaiki Cooperative Bank and the transfer of its deposits to NBG, following BoG's decision on 18/03/2012. As of 31/12/2012, the Fund estimates that the recoverable amount from the liquidation process is € 147.9m, hence an impairment loss of € 61.6m was recognised in the statement of comprehensive income.

b) The receivable from "Lesvos-Limnos Cooperative Bank" under liquidation amounts to € 55.5m. This amount was paid to NBG after the resolution of "Lesvos-Limnos Cooperative Bank" and the transfer of its deposits to NBG. As of 31/12/2012, the fund estimates that the recoverable amount from the liquidation process is € 36.1m, hence an impairment loss of € 19.5m was recognised in the statement of comprehensive income.

c) The receivable from the Lamia Cooperative Bank under liquidation amounts to € 55.5m This amount was paid to NBG after the resolution of the Lamia Cooperative Bank. As of 31/12/2012, the Fund estimates, that the recoverable amount from the liquidation process is € 47.6m, hence an impairment loss of € 7.9m was recognised in the statement of comprehensive income.

Impairment of receivable from liquidation of Proton Bank

The receivable from Proton Bank's funding gap amounts to € 259.6m. This amount was paid to New Proton after the resolution of "Proton Bank" and pertains to the Fund's portion of the total funding gap as this was determined by the BoG. As of 31/12/2012, the Fund estimates that the final recoverable amount from the liquidation process is € 16.0m, which represents the Fund's share (23.1%) in the funding gap provided (the HDIGF contributed € 862m as well) over the total recoverable amount (€ 69m), hence an impairment loss of € 243.6m was recognised in the statement of comprehensive income.

Impairment of receivable from liquidation of ATE

The receivable from the liquidation of ATE as of 31/12/2012 amounts to € 6,675.9m (of which € 145.1m was paid in cash) and pertains to the initial funding gap determined by BoG. As of 31/12/2012, the Fund estimates that the amount to be recovered from the liquidation process is € 1,970.7m. Hence, an impairment of € 4,705.2m was recognized in the Statement of Comprehensive Income.

The movements including impairments in the above account during FY2012 are presented in the table below (the said account during 2011 had a zero balance and no movements):

Amounts in €	**31/12/2012**
Opening balance	-
Additions	7,255,996,341
Received	-
Total impairment loss of receivables from liquidation of:	**(5,037,796,807)**
-Achaiki Cooperative Bank	(61,605,192)
-Cooperative Bank of Lamia	(7,908,866)
-Lesvos-Limnos Cooperative Bank	(19,458,933)
-Proton Bank	(243,612,666)
-ATE	(4,705,211,150)
Closing balance	**2,218,199,534**

NOTE 11 Other Assets

Amounts in €	31/12/2012	31/12/2011
Prepaid expenses	29,312	84,028
Guarantees	41,918	22,018
Total	**71,230**	**106,046**

NOTE 12 Liabilities for Payment of Funding Gaps

Amounts in €	31/12/2012	31/12/2011
Liability for payment of ATE's funding gap	794,827,000	-
Liability for payment of T-Bank's funding gap	226,956,514	-
Total	**1,021,783,514**	**-**

As of 31/12/2012 the Fund has the obligation to contribute 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. 63D and par. 7 of art. 63E of law 3601/2007, according to par. 12 of article 16B of law 3864/2010 as amended by law 4051/29.2.2012 and based on the Ordinance on 30/04/2012.

As of 31/12/2012 the amount of € 1,021.8m pertains to the finalisation of ATE's funding gap in 2013 (€ 794.8m) originating from the liquidation of ATE decided by the BoG on 27/07/2012 and the finalisation of T-Bank's funding gap (€ 227.0m) originating from the liquidation of T-Bank decided by the BoG on 17/12/2011. The Fund paid the said amounts on 26/03/2013 to Piraeus Bank in the form of EFSF FRNs and on 14/02/2013 to New Hellenic Postbank S.A. (New HPB) in cash. The total amount of the provision for the liability to cover the funding gaps was charged in the statement of comprehensive income in 2012 as the Fund does not expect to recover the amounts that have been contributed.

Regarding the amount of € 227.0m the Fund has appealed to the Counsel of State asking for the annulment of the BoG decision, according to which the Fund was asked to pay it, instead of the HDIGF, based on a provision of Law 4051/2012 (Gov. Gaz. 40A'/29.02.2012) depicting that the Fund's obligation to pay instead of the HDIGF applies to the new as well as to the pending HDIGF liabilities not been fulfilled until the enactment of the Law 4051/2012.
The Court's verdict for the determination of the liable entity has not been reached until the date of publication of the Fund's financial statements. New HPB has committed to the Fund, via a letter dated 11/02/2013, that in case that the Fund is vindicated in Court, the New HPB will return the amount of € 227.0m to the Fund.

NOTE 13 Other Liabilities

Amounts in €	31/12/2012	31/12/2011
Creditors and suppliers	381,006	230,067
Taxes payable – other than income taxes	282,208	84,072
Payroll related accruals	107,844	69,711
Other expenses payable	29,520	8,610
Total	**800,579**	**392,460**

NOTE 14 Capital

On 17/04/2012 the Fund signed with the Greek State and the BoG the Acceptance Notice for the deposit of EFSF FRNs into the Fund's account amounting to a total of € 25,000m, which pertain to the recapitalization of the credit institutions. The Fund's capital as of 19/04/2012 increased to € 26,500m, following its € 25,000m capital increase through the contribution of floating rate notes (FRNs) issued by the EFSF.

The first tranche of EFSF FRNs the Fund received in the context of its capital increase is presented in the table below:

	ISIN	Nominal Amount (€)	Issue Date	Maturity Date	Coupon
Tranche A	EU000A1G0AL3	5,000,000,000	19/4/2012	19/4/2018	6M Euribor + 46 b.p.
	EU000A1G0AM1	5,000,000,000	19/4/2012	19/4/2019	6M Euribor + 57 b.p.
	EU000A1G0AN9	5,000,000,000	19/4/2012	19/4/2020	6M Euribor + 64 b.p.
	EU000A1G0AP4	5,000,000,000	19/4/2012	19/4/2021	6M Euribor + 71 b.p.
	EU000A1G0AQ2	5,000,000,000	19/4/2012	19/4/2022	6M Euribor + 77 b.p.
		25,000,000,000			

On 13/12/2012, the HFSF signed together with the Hellenic Republic and the BoG an Acceptance Notice regarding the contribution of EFSF FRNs into the Fund's account amounting to an additional € 16,000m concerning the second tranche under the third instalment for the recapitalisation of the credit institutions. On 19/12/2012 the FRNs were deposited in the securities account the HFSF holds at the BoG (Government Securities and Management Section), pursuant to L. 3864/2010 (par. 2 art. 3). Following the contribution of the EFSF FRNs, the HFSF's capital increased to € 42,500.0m.

The second tranche of EFSF FRNs the Fund received in the context of its capital increase is presented in the table below:

	ISIN	Nominal Amount (€)	Issue Date	Maturity Date	Coupon
Tranche B	EU000A1G0A57	5,000,000,000	19/12/2012	19/12/2022	Eur 6M + 34 b.p.
	EU000A1G0A65	5,000,000,000	19/12/2012	19/12/2023	Eur 6M + 35 b.p.
	EU000A1G0A73	6,000,000,000	19/12/2012	19/12/2024	Eur 6M + 36 b.p.
		16,000,000,000			

As of 31/12/2012 the Fund's capital stood at € 42,500m (Vs € 1,500m on 31/12/2011), which can be issued in registered and restricted securities owned wholly by the Greek State.
The movement of the capital account is presented in the table below:

Amounts in €	
Balance as of 21 July 2010	**-**
Capital increase - Cash	1,500,000,000
Balance as of 31 December 2011	**1,500,000,000**
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
Balance as of 31 December 2012	**42,500,000,000**

NOTE 15 Interest Income

During financial year 2012 interest income was attributed to interest generated from the HFSF's deposit in the BoG and interest on the EFSF FRNs recognised in the HFSF's Statement of Financial Position. During financial year 2011 interest income from the HFSF's deposits was solely attributed to the deposit account HFSF maintains with the BoG.

A breakdown of the Fund's interest income is provided in the table below:

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
Interest income from EFSF FRNs	230,455,472	-
Interest income from deposits	1,862,024	12,604,917
Total	**232,317,496**	**12,604,917**

NOTE 16 Commission Income

Following the signing of the Presubscription Agreements with the banks and L. 3864/2010, commission income is attributed to the following:

a) According to par. 7 art. 16C L. 3864/2010, the banks which received capital support paid a one-off € 555.6m fee to the HFSF (according to the provisions of par. 2 art. 3 of Law 3864/2010). The respective amount was allocated to the four banks in their amended presubscription agreements and deposited to the cash account that the HFSF holds in the BoG on 21/12/2012 (according to the provisions of par. 2 art 3 L. 3864/2010.).
b) The Banks which have received capital advances were obliged to pay the HFSF a 1% annual underwriting fee (2012: € 110.2m) on the nominal amount of the EFSF FRNs that they received for the period from the date of the advance or, as the case may be, the date of the additional advance until the date of the total advances' conversion into share capital and other convertible financial instruments in connection with the capital advance.

The analysis of the Fund's commission income during financial year 2012 is provided below; it is noted that during 2011 the Fund did not recognize any commission income as the presubscription agreements with the banks were signed during 2012 (capital advances to banks commenced in 2012).

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
1% accrued underwritting fee*	110,239,444	-
One-off presubscription fee - par.2, art. 3 L. 3864/2010	555,600,000	-
Total	**665,839,444**	**-**

**The annual underwriting fee per bank is presented in note 9*

The one-off fee amounting to € 555.6m was received in December 2012.
Its breakdown per bank is presented in the table below:

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
NBG	115,578,000	-
PIRAEUS BANK	133,003,000	-
ALPHA BANK	153,003,000	-
EUROBANK	154,016,000	-
Total	**555,600,000**	**-**

NOTE 17 Personnel Expenses

The number of directors and employees under payroll by the Fund as of 31/12/2012 stood at 20 while the respective figure as of 31/12/2011 was 6. The total personnel expenses for the financial year are analysed as follows:

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
Salaries	1,774,448	962,664
Employer's contribution	223,585	49,505
Total	**1,998,033**	**1,012,169**

NOTE 18 General Administrative and Other Operating Expenses

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
Utilities and rentals	196,947	141,354
BoD remuneration	110,496	138,120
Lawyers' fees	257,307	72,746
Audit firms' fees	839,309	101,795
Advisors' fees	798,881	118,881
Professionals' fees	198,104	53,113
Other fees	283,277	73,334
Other expenses	254,855	96,274
Total	**2,939,177**	**795,617**

NOTE 19 Commitments and Contingent Liabilities

- Commitments:

a) On 21/12/2012, the HFSF provided commitments letters to 3 out of the 4 banks deemed viable by the BoG, stating that it shall participate in the banks' share capital increases and will subscribe to the contingent convertible bonds that will be issued by the banks, under the terms of Law 3864/2010, as currently in force and the Cabinet Act 38 dated 09/11/2012 up to the additional amounts of: :
   i) Alpha Bank: € 1,629.0m
   ii) Piraeus Bank: € 1,082.0m
   iii) Eurobank: € 528.0m

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

Amounts in €	31/12/2012	31/12/2011
No later than 1 year	253,688	131,090
Later than 1 year and no later than 5 years	887,907	589,905
Later than 5 years	-	-
Total	**1,141,595**	**720,995**

c) No legal cases of third parties against the Fund exist that may affect negatively the Fund's financial position.

NOTE 20 Risk Management

During 2012 the Fund held the following financial assets:

- Investment securities – Loans and Receivables and financial assets available for sale (EFSF FRNS held by the HFSF for the banks' capital advances, receivables from the banks under recapitalization, the investment in New Proton),
- Receivables from banks under liquidation (claims from the banks which have been placed under liquidation and the Fund has covered their funding gaps on behalf of the HDIGF),
- Cash at bank and in hand

All of the financial assets above are denominated in Euros.

The Fund's financial liabilities are those for funding gaps and those classified as "Other Liabilities" (Creditors and suppliers, social security contributions payable and other expenses payable). The maturity analysis of the financial liabilities is less than one year.
In accordance with IFRS 7, the carrying values of short-term financial assets and liabilities (at amortised cost) are not considered different from their fair value. The fair value of the EFSF FRNs is presented in Note 6 to the Financial Statements.

The Fund during 2012 was exposed to the following risks:

Market risk
Market risk is related to potential losses arising from adverse movements in interest rates, in bond, equity and derivative prices or investment values.
The Fund's income, operating cash flows and balance sheet items exposed to market risk are:

- Interest income expected from the EFSF FRNs (FRNs held by the HFSF and FRNs given to the banks as an advance for their recapitalisation) with a base rate of 6M Euribor,
- Interest income expected from its deposits at the BoG,
- The value of the Fund's participation in New Proton Bank. Due to the fact that the value of this participation is fully impaired, there is no risk of additional losses as of 31/12/2012.

The EFSF FRNs were provided in the framework of the adjusting program for the purpose of supporting the financial stability of the Greek banks and no hedging is allowed according to L. 3864/2010 – these FRNs are held temporarily by the Fund for the banks' recap and if not used will be returned to the European Stability Mechanism (ESM), according to the Acceptance Notice signed on 17/04/2012.

Foreign Exchange risk
The Fund is not exposed to foreign exchange risk.

Liquidity risk
Liquidity risk is related to the Fund's potential inability to meet its liabilities when they come due or to meet its commitments to make payments. The Fund is not exposed to material liquidity risk.

Recovery risk
Recovery risk is related to a reduction of the value of the Fund's claims against banks under liquidation. These claims arose due to HFSF's payment, on behalf of the HDIGF, of funding gaps created as a result of specific credit institutions' resolution process. The HFSF's payment of funding gaps is obligatory according to Laws 4051/2012 and 3601/2007. The Fund has no direct involvement or control over the liquidation process and the recovery of any amounts, but, nevertheless manages its recovery risk by monitoring the liquidation process closely and maintaining its own independent valuation estimates over amounts to be recovered.
The liquidation proceeds may eventually change as the liquidation process is a dynamic process, its time horizon is unknown and the proceeds are subject to factors such as the macroeconomic outlook.

Operational risk

The Fund is not exposed to any significant operational risk.

NOTE 21 Related Party Transactions

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

a) BoD Members, as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The Executive BoD Members' remuneration amounted to € 570 thous. (01/10/2010-31/12/2011: € 696 thous.). Their remuneration is not linked to their performance and includes only the gross remuneration as well as their expenses. Furthermore, for the Executive Members, an amount of € 25thous. (01/10/2010-31/12/2011: € 32thous.) has been paid for social security contributions.

b) Following the HFSF's contribution of EFSF FRNs to the viable banks (NBG, Eurobank, Alpha Bank, Piraeus Bank) amounting to € 24,262.0m as a capital advance for the participation in the Banks' future share capital increases, subject to the Presubscription Agreements in the context of Law 3864/2010 regarding the recapitalization of the Greek banks, the HFSF considers the viable banks to be related parties as defined in IAS 24.

c) Other than the € 24,262.0m in EFSF FRNs contributed to the aforementioned banks during 2012, the Fund, during 2012, received a one-off presubscription fee from the banks amounting to € 555.6m, in accordance with an amendment to Law 3864/2010 effected in December 2012. It has also recognized the 1% underwriting fee amounting to € 110.2m for the period.

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
One-off presubscription fee		
NBG	115,578,000	-
PIRAEUS BANK	133,003,000	
ALPHA BANK	153,003,000	
EUROBANK	154,016,000	
Total	**555,600,000**	**-**

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
1% accrued underwritting fee		
NBG	45,432,500	-
PIRAEUS BANK	28,761,944	-
ALPHA BANK	11,742,222	-
EUROBANK	24,302,778	-
Total	**110,239,444**	**-**

NOTE 22 Independent Auditor's Fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. has served as the independent auditor for the year ended 31/12/2012. The following table presents the aggregate fees for professional audit and other services rendered to the Fund by the auditing firm Deloitte Hadjipavlou Sofianos & Cambanis S.A.

Amounts in €	01/01/2012 - 31/12/2012	21/07/2010 - 31/12/2011
Audit fees for statutory audit of financial statements	24,000	7,000
Other audit related fees	217,440	10,510
Total	**241,440**	**17,510**

NOTE 23 Post Balance Sheet Events

New management of the Fund

According to the Ministerial Decree 3710/B. 204 (Government Gazette 35/30.01.2013) issued by the Minister of Finance, new management was appointed to the Fund on 01/02/2013, as provisioned in art. 4 of Law 3864/2010 as in force. The composition of the new two tier management as of the financial statement publication date is as follows:

a) **General Council:**
- Christos Sclavounis, Chairman
- Andreas Beroutsos, Member
- Pierre Mariani, Member
- Eftychia Michailidou, Member, representing the Ministry of Finance
- Efthimios Gatzonas, Member, appointed by the Bank of Greece

b) **Executive Board:**
- Anastasia Sakellariou, Chief Executive Officer
- Anastasios Gagales, Member

Mr. Paul Koster, who was appointed Chairman of the General Council, resigned from his position on 15/03/2013. Mr. Christos Sclavounis was appointed HFSF Chairman on 15/05/2013. Mr. George Mergos resigned from his position and was replaced by Ms. Eftychia Michailidou on 17/05/2013. On 01/07/2013 Mr. Marios Koliopoulos, Deputy Chief Executive Officer, resigned from his position as Deputy CEO of the Fund.

Following the Acceptance Notice signed on 23/05/2013 by the HFSF, the EFSF, the Hellenic Republic and the BoG, the HFSF received EFSF FRNs on 31/05/2013 with a nominal amount of € 7,200m and increased its capital to € 49,700m. The terms of the new EFSF FRNs are presented below:

ISIN	Issue Date	Maturity Date	Interest Rate	Nominal Amount (€)
EU000A1G0BE6	30/05/2013	30/05/2024	0.628% (Eur 6M+ 33bps)	3,600,000,000
EU000A1G0BD8	30/05/2013	30/05/2014	0.638% (Eur 6M+ 34bps)	3,600,000,000

New Hellenic Postbank

On 18/01/2013 and after an inconclusive procedure of binding offers submission for the acquisition of the assets and liabilities of Hellenic Postbank, the BoG proceeded with the resolution of the bank, and the establishment of a transitional credit institution, in the context of art. 63E of Law 3601/2007, as currently in force – by the legal name of New Hellenic Postbank S.A. (“New HPB”). All deposits, the branch network, the viable business and most part of the “old” bank’s assets were transferred to New HPB. The share capital of the transitional credit institution was set to € 500m and was fully paid up by the Fund as its sole shareholder (in the form of EFSF FRNs). Moreover, the Fund covered instead of the HDIGF and according to relevant Law in force (4051/2012) the funding gap. On 29/01/2013, an amount of € 2,730.8m in the form of EFSF FRNs, was disbursed to New HPB according to the provision of Law 3601/2007, art. 63E, par. 7. Following the issuance of the BoG’s decision for the determination of the final funding gap amounting to € 3,732.6m (EME 11/21.05.2013), on 14/06/2013 the HFSF contributed the remaining EFSF FRNs with nominal amount € 1,001.7m to the New HPB.

On 14/02/2013 the Fund disbursed the amount of € 227.0m, instead of HDIGF, to the New HPB. This amount represented part of the funding gap determined by the BoG, after the liquidation of T-Bank S.A. and the transfer of its assets and liabilities to Hellenic Postbank, as it was temporarily determined by the BoG decision (EPATH 26/2/17.12.2011) and finally determined by the decision 2/1/09.04.2012.

Piraeus Bank

On 28/01/2013 and after the conclusion of a valuation report conducted by an independent auditing firm, the BoG issued a decision, to determine the final funding gap of ATE Bank under liquidation. The final funding gap was € 7,470.7m, that is € 794.8m more than the initial one and was paid to Piraeus Bank by the HFSF on 26/03/2013 in EFSF FRNs. The finalization of the funding gap was considered as an adjusting event arising from the initial decision of the BoG (dated on 27/07/2012) to transfer assets and liabilities of the former ATE Bank to Piraeus Bank and the amount of

€ 794.8m was recognised as a liability by the HFSF as of 31/12/2012. The final amount for regulatory capital support that the HFSF committed to provide to "Piraeus Bank" was determined at € 570.0m. This amount was paid as a capital advance in the form of EFSF FRNs on 10/04/2013.

On 06/02/2013, Piraeus Bank announced that it is under exclusive negotiations with Millennium BCP ("BCP"), for the potential acquisition of its subsidiary in Greece, Millennium Bank of Greece S.A. (MBG). On 22/04/2013 Piraeus Bank announced that it entered into a definitive agreement to acquire MBG with total assets of approx. € 5bn after the injection of € 413m of capital by BCP against a consideration of € 1m. BCP will also invest € 400m in Piraeus Bank in a private placement with the exclusion of pre-emptive rights within the HFSF recapitalization framework.

Piraeus Bank signed an agreement on 26/03/2013 to acquire all of the Greek deposits, loans and branches of Bank of Cyprus (BoC), Cyprus Popular Bank (CPB) and Hellenic Bank (Hellenic). According to the BoG's decision dated 26/04/2013 the HFSF provided Piraeus Bank with the additional capital required amounting to € 524m on 18/06/2013.

Pursuing a share capital increase of € 8,429.0m, Piraeus Bank's BoD approved the subscription in cash by investors with total cash proceeds of € 1,444m The HFSF had already contributed to Piraeus Bank EFSF FRNs with a nominal amount totaling € 7,347m (€ 4,700m on 28/05/2012, € 1,553m on 21/12/2012, € 570m on 10/04/2013 and € 524m on 18/06/2013) as an advance to its capital increase. In the context of the settlement of the recapitalization, Piraeus Bank returned EFSF FRNs of nominal amount € 499.5m to the HFSF while following the delivery of 4,109,040,164 common registered shares the HFSF's shareholding in Piraeus Bank reached 81.01%. It is noted that based on the number of private investors who subscribed to the share capital increase, the number of shares per warrant issued amounted to 4.47, i.e. a total of 849,195,130 issued warrants.

Alpha Bank

Alpha Bank achieved the 10% subscription of the bank's share capital increase with preemption rights amounting to €457.1m and also a 2% private placement amounting to € 92.9m to institutional and other qualified investors. Following the aforementioned subscription of € 550.0m in cash and given that the bank's total capital requirements were € 4,571m the bank needed to raise € 4,021.0m from the HFSF. Given that the EFSF FRNs already held by Alpha Bank as an advance for its capital increase amounted to € 2,942.0m (nominal amount) the HFSF contributed additional EFSF FRNs of a nominal amount totaling € 1,018.5m. Therefore the total nominal amount of EFSF FRNs given to Alpha Bank were € 3,960.5 and their fair value as of 30/05/2013 was € 4,021.0m. Following the delivery of 9,138,636,364 common registered shares to the HFSF, its shareholding in Alpha Bank stands at 83.70%. It is noted that based on the number of private investors who subscribed to the share capital increase and were eligible for warrants, the number of shares per warrant issued amounted to 7.40, i.e. a total of 1,233,503,482 issued warrants.
On 01/02/2013 Alpha Bank completed the acquisition of Emporiki and on 28/06/2013 completed the legal merger with Emporiki.

National Bank of Greece

On 05/10/2012 NBG announced a Voluntary Tender Offer (VTO) to the shareholders of Eurobank in order to acquire Eurobank's common shares offering new NBG shares. In this context, after NBG's 2nd Repeat General Assembly decision on 23/11/2012, a share capital increase of € 320.7m was decided. The share exchange ratio was determined at 58 new shares of NBG for 100 shares of Eurobank. According to the provisions of the Presubscription Agreement signed between the HFSF and the two banks, the HFSF provided its consent for NBG's VTO on 14/02/2013. The agreement was also approved by the pertinent authorities (BoG, Hellenic Competition Commission). On 22/02/2013, NBG's BoD announced that the tender offer was accepted by 84.35% and the new common shares commenced trading on 27/02/2013.

On 19/03/2013, NBG's BoD approved the commencement of the merger with Eurobank. On 07/04/2013, the BoG notified the banks that the recapitalization process for the four systemic banks should be completed by the end of April 2013. After this announcement, on 08/04/2013, NBG and Eurobank announced that they would be recapitalized fully and independently of one another and that the merger process would be suspended until the completion of the recapitalization procedure.

After the BoG's decision to proceed with the liquidation of FBB and the subsequent bidding process whereby NBG and Eurobank participated the BoG decided to transfer the selected assets and liabilities to NBG. Following that, the HFSF contributed to NBG on 28/06/2013 EFSF FRNs with a nominal amount of € 350m representing 2/3 of the initial funding gap, as prescribed by law (total initial funding gap € 524.3m). There is also a commitment to NBG to cover capital needs arising from the acquisition of the assets of FBB of € 95m.

In the context of NBG's recapitalization, the HFSF had already contributed EFSF FRNs with a nominal amount of € 9,756.0m (€ 7,430.0m on 28/05/2012 and € 2,326.0m on 21/12/2012). Based on the subscription in cash which reached € 1,079.1m (11% of total) and the fair value of the EFSF FRNs already contributed, NBG returned to the HFSF EFSF FRNs of nominal amount of € 1,291.7m. Following the delivery of 2,022,579,237 common registered shares to the HFSF, its shareholding in NBG stands at 84.39%. It is noted that based on the number of private investors who subscribed to the share capital increase and were eligible for warrants, the number of shares per warrant issued amounted to 8.23, i.e. a total of 245,779,626 issued warrants.

Eurobank

Following the suspension of the merger, the bank announced that its share capital increase will be subscribed solely by the Fund so that it could be fully capitalized as per the BoG's requirements. The total share capital increase amounted to € 5,839.0m. Given that the EFSF FRNs already held by Eurobank as an advance amounted to € 5,311.0m (nominal amount), the HFSF paid an additional € 528.0m to Eurobank on 30/04/2013 to cover its capital requirements. Following the fair valuation performed on the contributed EFSF FRNs, Eurobank returned to the Fund EFSF FRNs with a nominal amount of € 113.2m. Following the delivery of Eurobank's shares to the HFSF (3,789,317,358 common registered shares), the HFSF's shareholding in Eurobank stood at 98.56%.
A new BoD was appointed by the Fund's General Council, following a selection process held by an international HR consultant. The current composition of Eurobank's BoD is the following:

Name	BoD Position
George David	Chairman – Non-Executive Member
Takis Arapoglou	Deputy Chairman – Non-Executive Member
Christos Megalou	Chief Executive Officer
Michalis Kolakidis	Deputy Chief Executive Officer
George Gontikas	Non-Executive Member
Howard Prince-Wright K.	Non-Executive Member (HFSF Representative)
Dimitrios Georgoutsos	Non-Executive Member (Representative of the Greek State)
Spyridon Lorentziadis	Independent Non-Executive Member
Dimitrios Papalexopoulos	Independent Non-Executive Member

Relationship Framework Agreements (RFAs)

The Fund announced on 10/07/2013 (www.hfsf.gr) that the Relationship Framework Agreements (RFAs) have been signed between the Fund and the four systemic banks which have received capital support from the HFSF. The RFAs are different for transitional credit institutions, for banks where the HFSF fully exercises its voting rights (private sector participation less than 10%) and for those where the HFSF has restricted voting rights (private sector participation equal or more than 10%), as per L. 3864/2010.

These Agreements determine the relationship between each bank and the HFSF and the matters related with, amongst others, (a) the corporate governance of the Bank, (b) the development and approval of the Restructuring Plan, (c) the material obligations of the Restructuring Plan and the switch of voting rights, (d) the monitoring of the implementation of the Restructuring Plan and the Bank's ensuing risk profile and (e) the HFSF's consent rights.

Overview of New HPB sale

In exchange for 100% of the shares and voting rights of New HPB, Eurobank agreed to pay a total consideration of € 681m in the form of newly issued Eurobank ordinary shares. The final number of shares to be received by the HFSF will be determined based on the volume weighted average price of the Eurobank share on the Athens Exchange over the 10 working day period prior to the Extraordinary General Meeting, and at a minimum will be 1,418,750,000 shares.

Overview of New Proton sale

According to the transaction terms defined by HFSF, Eurobank will pay a € 1 cash consideration in exchange for 100% of the shares and voting rights of New Proton. Prior to completion of the transaction, the HFSF will cover the capital needs of New Proton by contributing € 395m in cash.

Probank

Probank S.A. (hereinafter "Probank") informed the BoG that it did not manage to raise within the given timeframe the required capital for its recapitalization. In the context of the resolution procedures foreseen by L. 3601/2007, the BoG assessed the interest of other banks for the acquisition of selected assets and liabilities of Probank and following a bidding process the BoG decided to transfer on 26/07/2013 the selected assets and liabilities to NBG, whose bid was approved by the Fund. The preliminary funding gap, estimated at € 237.6m, will be paid by the Fund to NBG on behalf of the HDIGF. The Fund will also cover the capital requirements, which will be determined by the BoG, for the acquisition of Probank's selected assets. Probank's license was recalled and the bank was placed under liquidation.