Hellenic Financial Stability Fund

Annual Financial Report

for the year ended 31/12/2015

July 2016

ΤΑΜΕΙΟ ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

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The Hellenic Financial Stability Fund

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

The purpose of the Fund is to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest and in line with the relevant commitments under the Memorandum of Understanding (hereinafter MoU) and in compliance with the obligations arising from the Master Financial Facility Agreement (hereinafter MFAFA) signed on 15/03/2012 and the new Financial Assistance Facility Agreement (hereinafter new FAFA) signed on 19/08/2015. In pursuing this objective, the Fund provides capital support to credit institutions according to the provisions of the Law 3864/2010 as in force and in compliance with EU State aid rules and the rules of prudent management of the assets of the Fund. It monitors and assesses how credit institutions, to which capital support is provided by the Fund, comply with their restructuring plans, safeguarding at the same time the business autonomy of the credit institution. The Fund ensures that such credit institutions operate on market terms and that private sector participation in them is enhanced on the basis of transparent procedures and of the European Union (hereinafter EU) legislation on State aid. The Fund exercises its shareholding rights deriving from its participation in the credit institutions to which capital support is provided by the Fund. It disposes in whole or partially, of financial instruments issued by the credit institutions in which it participates, according to the provisions of the Law 3864/2010. The Fund enters into relationship framework agreements (hereinafter RFAs) with all credit institutions that are or have been beneficiaries of financial assistance by the European Financial Stability Fund (hereinafter EFSF) and the European Stability Mechanism (hereinafter ESM) in order to provide for the implementation of its objectives and rights. It facilitates the management of the non-performing loans (hereinafter NPLs) of the credit institutions and operates under a comprehensive strategy for the banking sector and the NPLs management, which is agreed between the MoF, the Bank of Greece (hereinafter “BoG”) and the Fund.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) by the MoF according to the decision A.P. 44560/B. 2018 (Government Gazette 319/30.9.2010). On 30/01/2013 the Board of Directors was substituted by the Executive Board and the General Council according to the decision of the MoF 3710/B.204 (Government Gazette YODD 35/30.1.2013), as amended by the decisions of the Minister of Finance 04960/B1112.B (Government Gazette YODD 193/30.4.2013), 19582/B1195 (Government Gazette YODD 210/7.5.2013), 20532/B.1252 (Government Gazette YODD 215/15.5.2013), 36922/B.2149 (Government Gazette YODD 421/23.8.2013), GDOP1136179EX2013/B.2183 (Government Gazette YODD 430/6.9.2013), GDOP0000276EX2013/B.2896 (Government Gazette YODD 4/31.12.2013), GDOP0000038EX2014/B.53 (Government Gazette YODD 6/14.1.2014), GDOP0000046EX2014/B.54 (Government Gazette YODD 9/15.1.2014) and GDOP0000569EX2014/B.793 (Government Gazette YODD 254/8.5.2014), GDOP0001381EX2014/B.1745 (Government Gazette YODD 688/5.11.2014), GDOP0000236EX2015/XP.270 (Government Gazette YODD 104/5.03.2015), GDOP0000726EX2015/XP.1530 (Government Gazette YODD 370&373/25.05.2015), GDOP0000743EX2015/XP.1552 (Government Gazette YODD 373/25.05.2015), GDOP0000837EX2015/XP.2038 (Government Gazette YODD 435/16.06.2015), GDOP0000838EX2015/XP.2037 (Government Gazette YODD 435/16.06.2015), GDOP0000970EX2015/XP.2302 (Government Gazette YODD 518/15.07.2015) and GDOP0000835EX2016/XP.1190 (Government Gazette YODD 282/02.06.2016). According to the provisions of Law 3864/2010 as amended by Law 4340/2015 and Law 4346/2015 a Selection Panel of six independent experts is established, whose composition is endorsed by a decision of the Minister of Finance. The selection panel pre-selects the members of the General Council and the Executive Board of the Fund, proposes their remuneration and performs their annual evaluation. The term of the Selection Panel is set for two years and can be renewed.

From the date of the enactment of Law 4051/2012 (Government Gazette A 40/29.2.2012) as amended by Law 4224/2013, the Fund covered the amount that the Hellenic Deposit & Investment Guarantee Fund (hereinafter HDIGF) would have paid for the process of the resolution of the credit institutions in accordance to Law 4261/2014 until 31/12/2014. Specifically the Fund was obliged to pay the amount as per paragraph 13 of article 141 and paragraph 7 of article 142 of the aforementioned law. In this case, the Fund was obliged to acquire the right and the privilege of the HDIGF in accordance with the paragraph 4 of Article 13A of Law 3746/2009. The provision was amended in December 2014 by art.96 of the Law 4316/2014. According to Law 4340/2015 (Government Gazette A 134/1.11.2015) and Law 4346/2015 (Government Gazette A 152/20.11.2015) the Fund may grant a resolution loan as defined in the new FAFA of 19/08/2015 to the HDIGF for the purposes of funding bank resolution costs, subject to the provisions of the aforementioned facility agreement and in line with the EU State aid rules. The monitoring and supervision of the actions and decisions of the bodies of the special liquidation of the credit institutions do not fall within the functions of the Fund.

Within the framework of accomplishing its objective, the Fund should manage its capital and its assets and exercise the rights in its capacity as shareholder in a way to protect the value of such assets, to minimize the risks for the Greek public and neither prevents nor distorts the competition in the banking sector. In addition, the Fund may provide guarantees to States, international organizations or other recipients and generally, take any action required for the implementation of decisions of the Euro area bodies concerning the support of the Greek economy.

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

Significant Events during the Financial Year 2015

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

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

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

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

Warrants exercise

In January 2015 Piraeus bank's (hereinafter Piraeus) third warrants exercise took place. There were 3,568 warrants exercised and 15,969 shares exchanged, resulting to the Fund receiving €28,912. In July 2015 no warrant of Piraeus has been exercised.

In June 2015 Alpha bank's (hereinafter Alpha) and National Bank of Greece's (hereinafter NBG) fourth warrants exercise took place. An amount of 13,800 and 1,844 warrants were exercised and 102,239 and 15,174 shares were exchanged, resulting to the Fund receiving €49,034 and €70,955 from Alpha and NBG respectively.

In December 2015 NBG's fifth warrants exercise took place. There were 890 warrants exercised and 488 shares exchanged, resulting to the Fund receiving €35,182. No warrants were exercised for Alpha Bank in December.

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

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

Management Changes

On 06/03/2015, Mrs. Kerasina Raftopoulou was appointed by the Minister of Finance as non-executive member of the General Council, replacing Mr. Abraam Gounaris who resigned on 27/02/2015.

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

On 15/07/2015, Mr. Aristides Xenofos was appointed by the Minister of Finance as Chief Executive Officer, replacing Mrs. Anastasia Sakellariou, who resigned on 08/05/2015.

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

Signing of the new Financial Assistance Facility Agreement (FAFA)

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

HFSF's Law amendments

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

Approval of the Restructuring Plans

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

HFSF's acceptance of Share Capital Increases (SCI) prices for the four systemic banks

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

HFSF's Capital Increase through ESM Notes

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

The ESM notes, which were finally contributed to HFSF, are presented as follows:

ISIN	Issue Date	Maturity Date	Interest Rate	Nominal Value	Fair Value
EU000A1U9852	27/08/2015	27/02/2017	6M Euribor - 18 b.p.	1,623m	1,628m
EU000A1U9860	27/08/2015	27/08/2017	6M Euribor - 20 b.p.	1,621m	1,628m
EU000A1U9878	27/08/2015	27/02/2018	6M Euribor - 21 b.p.	2,159m	2,170m

Recapitalization of NBG and Piraeus by HFSF

HFSF contributed ESM notes in order to fully cover the capital needs under the adverse scenario in stress tests of NBG and Piraeus. As mentioned above, the fair value of the ESM notes, as determined based on two independent valuation reports amounted to € 2,706m and € 2,720m for NBG and Piraeus respectively. In return, the Fund received the amount of € 677m and € 680m in NBG's and Piraeus' common shares respectively and the amount of € 2,029m and € 2,040m in the form of contingent convertible bonds (CoCos), issuance of NBG and Piraeus respectively.

According to the Cabinet Act 45/5.12.2015, the preference shares issued by NBG under the article 1 of Law 3723/2008 were converted into common shares, the ownership of which was transferred to the Fund in line with par.1, article 3 of its founding Law 3864/2010. After the completion of this transaction in December 2015, HFSF acquired 1,305,000,000 common shares with nominal value €0.30 per share with no consideration paid, resulting to a total value of € 391.5m, which was recognized as a gain in the statement of comprehensive income under the line gain/loss from financial instruments at fair value through profit or loss.

Amended Relationship Frameworks Agreements (RFAs)

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

The Fund's Financial Performance during the Financial Year 2015

Statement of Comprehensive Income

Interest income: During 2015, interest income amounted to €18.2m versus €76.7m in 2014. The decrease in interest income is due to the re-delivery of all the unused European Financial Stability Facility Floating Rate Notes (hereinafter "EFSF FRNs") held by the Fund to the EFSF on 27/02/2015. During 2015, HFSF received interest from its deposits in the cash management account, which amounted to € 9.2m versus nil in 2014. Further information on the above is provided in Note 15 to the financial statements.

Personnel expenses: During 2015, the personnel expenses amounted to €2.79m versus €2.75m in 2014. Further information on the above is provided in Note 16 to the financial statements.

General administrative and other operating expenses: During 2015, operating expenses amounted to €3.5m versus €17.4m in 2014. The main reason for the decrease in operating expenses is attributed to the fees for services rendered by investment banks for the systemic banks' share capital increases (SCI), in compliance with the legal requirement to obtain two fairness opinions per SCI, which amounted to €14.4m during 2014. It should be noted that those fees correspond to a total amount of € 8.3bn capital raised by the SCIs of the systemic banks (i.e. 0.17% of capital raised). Further reasons for the decrease of the operating expenses were the decrease by €0.6m in custody fees due to the re-delivery of HFSF notes on 27/02/2015 and the decrease in the valuation of the Fund's participation in the four systemic banks. Further information on the above is provided in Note 17 to the financial statements.

Impairment of receivables from banks under liquidation: During 2015, the impairment loss of receivables from banks under liquidation amounted to €281.5 m versus €283.8m in 2014. Specifically, the impairment loss in 2015 is analyzed as follows: Achaiki Cooperative Bank: €19m, ATEbank: €95m, Dodecanese Cooperative Bank: €7m, Evia Cooperative Bank: €9m, Western Macedonia Cooperative bank: €3m, Cooperative Bank of Lamia: €4m, Lesvos-Limnos Cooperative Bank: €11m, Hellenic Postbank: €60m, Proton bank: €1m, First Business Bank: €18m and Probank: €54m. Further information on the above is provided in Note 10 to the financial statements.

Loss from financial instruments at fair value through profit or loss: The figure corresponds to the financial result from the revaluation of bank's shares, warrants and CoCos held by the Fund. The €9,334.2m loss in 2015 (2014: €9,694.9m) is analysed to the result of the revaluation loss from the Fund's participations in the four systemic banks which is partly offset by the gain of the sales of shares due to the exercise of warrants and the gain from the acquisition of NBG common shares with no consideration paid as a result of the NBG preference shares' conversion (2015: €10,594.2m loss, 2014: €10,705.2m loss), the revaluation gain of warrants (2015: €1,267.7m gain, 2014: €1,010.3m gain) and the revaluation loss of CoCos (2015: € 7.7m, 2014: € 0). Further information on the above is provided in Note 18 to the financial statements.

Gain from disposal of investments: The €1.4m gain in 2015 (2014: €5.4m) derives from the finalization, at an amount lower than previously estimated, of a provision recognized, regarding an obligation arising from the sale of New Hellenic Postbank (New HPB) to Eurobank that took place in 2013. Further information on the above is provided in Note 19 to the financial statements.

One-off expense: Pursuant to the provisions of par. 7 art. 16c of Law 3864/2010, all financial institutions that have received a capital support from HFSF were obliged to pay to HFSF an one-off amount totaling € 555.6m, which was recognised in 2012 Financial Statements, as one-off income fee and actually received by the Fund in December 2012. On 19/03/2015, according to the article 35 L. 4320/2015, HFSF paid this amount and the relevant accrued interest amounting to € 555.9m from the HFSF account held in BoG to the Hellenic Republic. Further information on the above is provided in Note 10 to the financial statements.

Statement of Financial Position

Cash and balances with banks: As of 31/12/2015 the cash and balances with banks amounted to €349.3m versus € 670.1m as of 31/12/2014. The movement of the cash balances during 2015 pertains to outflows of €560.9m and inflows of €240.1m. Outflows include a) the transfer of € 555.9m to the Hellenic Republic according to the article 35 L. 4320/2015 and b) an amount of €5.0m for operating expenses. The inflows derive from a) coupons amounting to € 13.2m received from the EFSF FRNs, b) collections from banks under liquidation amounting to € 208.7m, c) proceeds from warrants exercise amounting to €0.184 m, d) proceeds from the cash management account amounting to €9.2m and e) the amount of € 8.8m received from Eurobank due to the finalization of a contingency from the sale of New HPB. Further information on the above is provided in the statement of cash flows and Note 5 to the financial statements.

Investment securities: The balance included the carrying amount of the EFSF FRNs which was nil as of 31/12/2015 after the re-delivery of all unused EFSF FRNs on 27/02/2015 versus € 10,937m, including accrued interest amounting to € 4m, as of 31/12/2014. Further information on the above is provided in Note 6 to the financial statements.

Financial assets at fair value through profit or loss: The balance includes the Fund's investments in the four systemic banks and the CoCos issued by NBG and Piraeus. As of 31/12/2015 the market value of shares amounted to €2,384.2m versus € 11,622.1m as of 31/12/2014. The valuation of CoCos amounted to € 4,061.5m as of 31/12/2015. Further information on the above is provided in Note 7 to the financial statements.

Receivables from banks under liquidation: The balance pertains to the estimated recoverable amount of the funding gap, which has been covered by the Fund instead of the HDIGF, and amounted to €2,052.3 m as of 31/12/2015 versus € 2,542.5m as of 31/12/2014. During 2015 the Fund recognized in the statement of comprehensive income an impairment loss of €281.5m while HFSF collected from the banks under liquidation a total amount of € 208.7m. It is noted that the final liquidation proceeds may vary from the estimated recoverable amount as the liquidation process is a dynamic process and the proceeds are subject to factors beyond the liquidators control such as the macroeconomic outlook. Further information on the above is provided in Note 10 to the financial statements.

Derivative financial liability: The balance includes the warrants' market value, which were issued by HFSF in connection to the shares held by the Fund in the three out of four systemic banks following their recapitalization. The balance as of 31/12/2015 amounted to € 4.4m versus € 1,272.0m as of 31/12/2014. Further information on the above is provided in Note 12 to the financial statements.

Capital: Following the re-delivery of the unused EFSF Notes to the EFSF on 27/02/2015, HFSF proceeded with the reduction of its paid in capital by the amount of € 10,933m. In the context of the HFSF's participation in the recapitalization of Piraeus with an amount of € 2,720m on 02/12/2015 and in the recapitalization of NBG with an amount of € 2,706m on 8/12/2015, Hellenic Republic contributed to the HFSF the necessary capital in the form of ESM notes disbursed, increasing equally HFSF's capital. Consequently, the HFSF's capital amounted to € 44,193m as of 31/12/2015 versus € 49,700m as of 31/12/2014. Further information on the above is provided in Note 14 to the financial statements.

Equity: During 2015, the loss amounted to €10,158m and the accumulated loss increased to € 35,353m from € 25,195m in 2014. Given the capital decrease due to the redelivery of EFSF notes, the capital increase and the increase of the accumulated loss the total equity decreased to €8,839m in 2015 from € 24,505m in 2014.

Systemic banks' overview and performance

Alpha Bank S.A.

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

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

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

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

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

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

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

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

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

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

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

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

Following the decision by EFSF on 14/04/2016 to allow the Banks to sell EFSF notes to the members of the Eurosystem in the context of the Public Sector Asset Purchase Programme (the "PSPP") established by ECB Governing Council Decision 2015/774, Alpha during the period from 14 April to 27 May sold to members of the Eurosystem EFSF notes of nominal amount € 350m.

On 10/5/2016, the sale of all shares of the Bank's subsidiary, Alpha Bank A.D. Skopje was completed.

On 13/5/2016, the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd with the amount of € 11.9m.

On 17/05/2016 Alpha Bank, Eurobank and KKR Credit have reached a binding agreement by which the banks agree to assign the management of credit and equity exposures to a selected number of Greek companies into a platform managed by Pillarstone. Subject to final Board approval, the European Bank for Reconstruction and Development (EBRD) is considering co-investing in partnership with KKR and the banks.

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

Extracts from Statement of Financial Position	**31/12/2015**	**31/12/2014**	**Δ**
Loans and advances to customers	46,186	49,557	-6.8%
Due to Customers	31,434	42,901	-26.7%
Total Assets	69,296	72,935	-5.0%
Total Liabilities	60,242	65,229	-7.6%
Total Equity	9,054	7,707	17.5%
Extracts from Income Statement for the 12 month period ended	**31/12/2015**	**31/12/2014**	**Δ**
Total Income	2,268	2,360	-3.9%
Operating expenses	-1,305	-1,554	-16.0%
Profit / (loss) before tax, provisions and negative goodwill	**963**	**806**	19.5%
Credit Provisions and other impairment charges	-3,020	-1,847	63.5%
Negative goodwill from the acquisition of Emporiki Bank	0	40	-100.0%
Share of profit/(loss) of associates and joint ventures	-10	-11	-8.7%
Profit / (loss) before tax	**-2,067**	**-1,011**	104.3%
Tax benefit / (Expense)	807	696	15.8%
Profit / (loss) for the period from continuing operations	**-1,260**	**-315**	300.0%
Profit / (loss) for the period from discontinuing operations	**-112**	**-15**	656.0%
Profit / (Loss) for the period	**-1,372**	**-330**	316.0%
Capital Adequacy	**31/12/2015**	**31/12/2014**	
Common Equity Tier 1	17.0%	14.7%	
Tier 1	17.0%	14.7%	
Total	**17.1%**	**14.9%**	
Rating Agencies	**Moody's**	**S&P**	**Fitch**
Ratings	Caa3	SD	RD

Information on Alpha's financials is available at http://www.alpha.gr/page/default.asp?la=2&id=14560

Eurobank Ergasias S.A.

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

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

Significant events during 2015 and up to the issuance date of the Fund’s financial report for the financial year 2015
In January 2015, Eurobank announced the sale of the entire share capital of Cardlink S.A., formerly held by Alpha and Eurobank at 50% each.

In October 2015, ECB announced the results of its comprehensive assessment on the Greek systemic banks based on which the Eurobank’s capital shortfall amounted to € 339m and € 2,122m under the baseline and adverse scenario respectively. Taking into account the positive impact stemming from the third quarter results, the capital needs under both the baseline and the adverse scenarios decreased by €83m. Consequently, the amount that Eurobank needed to raise has been reduced to €2,039m for the adverse scenario.

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

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

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

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

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

Following the decision by EFSF on 14/04/2016 to allow the Banks to sell EFSF notes to the members of the Eurosystem in the context of the PSPP established by ECB Governing Council Decision 2015/774, EFG has sold during the period from 14 April to 16 May to members of the Eurosystem EFSF notes of nominal amount € 570m.

In April and May 2016, the Group acquired, through its subsidiaries Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. 0.19% of GRIVALIA PROPERTIES R.E.I.C., and thus the total Group participation to GRIVALIA subgroup amounts to 20.92%.

On 17/05/2016, Alpha Bank, Eurobank and KKR Credit have reached a binding agreement by which the banks agree to assign the management of credit and equity exposures to a selected number of Greek companies into a platform managed by Pillarstone. Subject to final Board approval, the European Bank for Reconstruction and Development (EBRD) is considering co-investing in partnership with KKR and the banks.

On 20/05/2016, Eurobank announced that its Romanian subsidiaries Bancpost and ERB Retail Services, and its Dutch subsidiary ERB New Europe Funding, have entered into a binding agreement with ProsperoCapital, funded by a consortium of investors consisting of IFC and Kruk, regarding the assignment of a portfolio of NPLs of €170m gross book value (€597m of total unpaid balances).

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

Extracts from Statement of Financial Position	**31/12/2015**	**31/12/2014**	**Δ**
Loans and advances to customers	39,893	42,133	-5.3%
Due to Customers	31,446	40,878	-23.1%
Total Assets	73,553	75,518	-2.6%
Total Liabilities	66,421	69,214	-4.0%
Total Equity	7,132	6,304	13.1%
Extracts from Income Statement for the 12 month period ended	**31/12/2015**	**31/12/2014**	**Δ**
Total Income	**1.762**	**1.796**	-1,9%
Operating expenses	-1.017	-1.035	-1,7%
Profit / (loss) before tax and provisions	**745**	**761**	**-2,1%**
Credit Provisions and other impairment charges	-2.752	-2.569	7,1%
Other non recurring income/(expenses)	-79	57	-238,6%
Profit / (loss) before tax	**-2.086**	**-1.752**	**19,1%**
Income tax and non recurring tax adjustments	1.036	730	41,9%
Profit / (loss) for the period from continuing operations	**-1.050**	**-1.021**	**2,8%**
Net profit/(loss) from discontinued operations	-105	-175	-40,0%
Net profit/(loss)	**-1.155**	**-1.196**	**-3,4%**
Capital Adequacy	**31/12/2015**	**31/12/2014**	
Common Equity Tier 1	17,0%	16.2%	
Tier 1	17,0%	16.2%	
Total	17,4%	**16.6%**	
Rating Agencies	**Moody's**	**S&P**	**Fitch**
Ratings	Caa3	SD	RD

Information on Eurobank's financials is available at:https://www.eurobank.gr/online/home/generic.aspx?id=1466&mid=360&lang=en

National Bank of Greece S.A.

Bank overview

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

Board of Directors

Louka katseli (Non-Executive Chairman), Executive Members: Leonidas Fragkiadakis (Chief Executive Officer), Dimitrios G. Dimopoulos (Deputy Chief Executive Officer), Paul K. Mylonas (Deputy Chief Executive Officer), Independent Non-Executive Members: Petros K. Sabatacakis, Dimitrios N. Afentoulis, Spyridon J. Theodoropoulos, Marianne Økland, Mike Aynsley, Non-Executive Members: Stavros A. Koukos, Efthymios C. Katsikas, Panagiotis Leftheris (HFSF representative).

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

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

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

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

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

In November 2015, NBG raised € 458m through a book building process by offering new common shares to institutional investors and in December raised a further € 300m through a public offering in Greece. Combining the aforementioned amounts with the capital of € 695m resulted from LME and the capital of € 544m resulted from the implementation of burden sharing measures and the mandatory conversion of liabilities to common shares, NBG covered more than its capital needs of € 1,456m, as determined under the baseline scenario of the overall rating of the SSM.

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

In December 2015, the HFSF provided its consent to NBG for the sale of NBG's 99.81% stake in Finansbank A.Ş. together with other minor direct and indirect interests to Qatar National Bank (QNB). The agreed consideration for the transaction amounts to €2,750m. In addition, QNB repaid the $910m of subordinated debt that NBG has extended to Finansbank, increasing the liquidity position of the NBG Group by approximately €3.6bn. In June 2016, NBG announced the completion of sale, the proceeds of which will be utilized, following approval by the SSM, to repay the 2bn CoCos given to HFSF.

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

Following the decision by EFSF on 14/04/2016 to allow the Banks to sell EFSF notes to the members of the Eurosystem in the context of the PSPP established by ECB Governing Council Decision 2015/774, NBG has sold during the period from 14 April to 26 May to members of the Eurosystem EFSF notes of nominal amount € 1,025m.

On 22/07/2016, the securities issued by NBG under Hellenic Republic guarantees, as per L.3723/2008, have been fully paid up and written off. Following the definitive expiry of these guarantees, NBG is no longer subject to the provisions of L. 3723/2008 and the representation of the Hellenic Republic on NBG's BoD has been ceased.

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

Extracts from Statement of Financial Position	**31/12/2015**	**31/12/2014**	**Δ**
Loans and advances to customers	45,375	68,109	-33.4%
Due to Customers	42,959	64,929	-33.8%
Total Assets	111,232	115,212	-3.5%
Total Liabilities	101,408	104,746	-3.2%
Total Equity	9,824	10,466	-6.1%
Extracts from Income Statement for the 12 month period ended	**31/12/2015**	**31/12/2014**	**Δ**
Total Income	1,972	2,064	**-4.5%**
Operating expenses	-1,301	-1,357	-4.1%
Profit / (loss) before tax and provisions	**674**	**708**	**-4.8%**
Credit Provisions and other impairment charges	-4,263	-2,523	69.0%
Profit / (loss) before tax	**-3,589**	**-1,815**	**97.7%**
Tax benefit / (Expense)	997	1,606	-37.9%
Profit/(Loss) for the period from continuing operations	**-2,592**	**-209**	**1,140.2%**
Net profit/(loss) for the period from discontinued operations	-1,606	315	609.8%
Profit/(Loss) for the period	**-4,198**	**-4,504**	**-7.5%**
Capital Adequacy	**31/12/2015**	**31/12/2014**	
Common Equity Tier 1	14,60%	13.5%	
Tier 1	14,60%	13.5%	
Total	**14,60%**	**13.6%**	
Rating Agencies	**Moody's**	**S&P**	**Fitch**
Ratings	Caa3	SD	RD

Information on NBG's financials is available at https://www.nbg.gr/en/the-group/investor-relations/financial-information/annual-interim-financial-statements

Piraeus Bank S.A.

Bank overview

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

Board of Directors

Charikleia Apalagaki (Non-Executive Chairman), Apostolos Tamvakakis (Independent Non-Executive A' Vice-Chairman), Stavros Lekkakos (Non-Executive B' Vice-Chairman) Executive Members: George Poulopoulos (Deputy Managing Director and Acting Chief Executive Officer), Independent Non-Executive Members: Chariton Kyriazis, David Hexter, Arne Berggren, Karel De Boeck, Non-Executive Members: Eftichios Vassilakis, Vasileios Fourlis, Iakovos Georganas, Alexander Blades, Aikaterini Beritsi (HFSF Representative).

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

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

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

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

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

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

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

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

On 28/4/2016, Piraeus redeemed the last remaining guarantees of the Hellenic Republic under Pillar II issued under the framework of L.3723/2008 and used by the bank for liquidity purposes. Upon redemption of Pillar II, the Bank no longer has any reliance on L.3723/2008, and therefore it will no longer be subject to the restrictions of the program.

Following the decision by EFSF on 14/04/2016 to allow the Banks to sell EFSF notes to the members of the Eurosystem in the context of the PSPP established by ECB Governing Council Decision 2015/774, Piraeus has sold during the period from 14 April to 26 May to members of the Eurosystem EFSF notes of nominal amount € 1.3bn.

On 11/5/2016, Piraeus disposed to European Bank for Reconstruction and Development (EBRD) a 15% stake in the share capital of European Reliance General Insurance Co. S.A. The stake is part of the 28.7% previously held by Piraeus and sold as part of the Bank's disposal of non-core assets in the implementation framework of its Restructuring Plan following the successful recapitalization in December 2015. The remaining stake will be acquired by the insurer's management and two other legal entities.

On 08/06/2016, Piraeus announced that, in the context of implementation of its restructuring plan, it has entered into an agreement with Wert Red Sarl, a Luxembourg company wholly owned by Värde Partners, for the sale of 18,551,880 shares in its subsidiary, Trastor R.E.I.C, corresponding to a 33.8% of the share capital of the company.

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

Extracts from Statement of Financial Position	**31/12/2015**	**31/12/2014**	**Δ**
Loans and advances to customers	50,591	57,143	-11.5%
Due to Customers	38,952	54,733	-28.8%
Total Assets	87,528	89,290	-2.0%
Total Liabilities	77,508	81,967	-5.4%
Total Equity	10,021	7,322	36.9%
Extracts from Income Statement for the 12 month period ended	**31/12/2015**	**31/12/2014**	**Δ**
Total Income	**2,393**	**2,452**	**-2.4%**
Operating expenses	-1,473	-1,443	2.1%
Profit / (loss) before tax and provisions	**920**	**1,009**	**-8.8%**
Credit Provisions and other impairment charges	-3,850	-4,023	-4.3%
Profit / (loss) before tax	**-2,930**	**-3,014**	**-2.8%**
Tax benefit / (Expense)	1,069	1,069	0.0%
Profit/ (loss) for the period from continuing operations	**-1,861**	**-1,945**	**-4.3%**
Profit/ (loss) after income tax from discontinued operations	-35	-27	29.4%
Profit / (loss) for the period	**-1,896**	**-1,972**	**-3.9%**
Capital Adequacy	**31/12/2015**	**31/12/2014**	
Common Equity Tier 1	17.5%	12.4%	
Tier 1	17.5%	12.4%	
Total	**17.5%**	**12.5%**	
Rating Agencies	**Moody's**	**S&P**	**Fitch**
Ratings	Caa3	SD	RD

Information on Piraeus's financials is available at http://www.piraeusbankgroup.com/en/investors/financials/financial-statements#2015|1

The Fund's activities after the reporting date

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

Warrants exercise
In January 2016 and July 2016, Piraeus' fifth and sixth warrants exercise took place. No warrant has been exercised. In June 2016, Alpha's and NBG's sixth exercise took place. No warrant has been exercised.

Formation of Selection Panel
Following the Minister of Finance's decision (Government Gazette 10/15.01.2016), the Selection Panel of the Fund's members of the General Council and the Executive Board has been formed. The Selection Committee is composed of the Chairman Francesco Papadia and the members Júlia Király, Eric Rajendra, Panagiotis Doumanoglou, Emilios Avgouleas and Peter Yngwe. On 04/04/2016 Mr. Lars Nyberg was appointed as a member of the Selection Panel, following the Minister of Finance's decision (Government Gazette 182/05.04.2016) and the resignation of Mr. Eric Rajendra on 18/03/2016. By a decision of Minister of Finance, the following persons have been appointed as observers to the Selection Panel: Peter Basch (EC's representative), Panagiotis Strouzas (ECB's representative), Mike Hesketh (ESM's representative), Aggeliki Mitsolidou (BoG's representative), Adam Karaglanis (MoF's representative).

General Council composition
On 02/06/2016, Mr. Maetze Christof Gabriel was appointed by the Minister of Finance as non-executive member of the General Council following the resignation of Mr. Pierre Mariani on 01/03/2016.
Mr. Elias Karakitsos, non-executive member of HFSF's General Council, resigned on 05/07/2016.
On 18/07/2016, Mrs. Dagmar Valcarcel was appointed by the Minister of Finance as non-executive member of the General Council, replacing Mr. Wouter Devriendt who resigned on 30/04/2016.

Collections from liquidations
From the beginning of 2016 and up to the issuance of the annual financial report the Fund received €30 million from ATE under liquidation.

Systemic Banks' Board of Directors evaluation
In accordance with the MoU, signed on 19/08/2015, between the European Commission, acting on behalf of the ESM, the Hellenic Republic and the BoG, the HFSF with the help of an independent international consultant with proven experience and know how introduced a program to review the Boards and the Committees of the systemic banks. This review is in line with prudent international practices and the current European and national compliance and legal framework by applying criteria that go beyond the minimum supervisory requirements. Among others, the HFSF evaluated the size, operation, organization, structure and the allocation of powers and responsibilities within the Board of Directors and the Board Committees and proposed improvements and amendments to each institution's current corporate governance framework. In order to fulfil this project the HFSF was assisted, on a technical basis, by the European Bank for Reconstruction and Development (EBRD) and has conducted a tendering process according to which Spencer Stuart was selected as the preferred consulting firm. The evaluation of the Boards and Committees of the systemic banks was completed in July 2016 and the results have been communicated to all parties involved.

Appointment of a Special Liquidator for banks under special liquidation
Following the provisions of Law 4336/2015, the BoG appointed PQH Single Special Liquidation S.A. as Special Liquidator for the banks under special liquidation, aiming to ensure a more efficient management of their assets and a higher performance against the operational targets. PQH Single Special Liquidation S.A., jointly owned by PwC Business Solutions S.A., Qualco S.A. and Hoist Kredit Aktiebolag, replaces the existing liquidators and takes up the management of all the banks under special liquidation.

Hellenic Corporation of Assets and Participations
The Hellenic Corporation of Assets and Participations was founded under the Law 4389/2016 (Government Gazette 94/27.05.2016). Although HFSF is its direct subsidiary, the administrative autonomy and independence of the HFSF is not affected according to the provisions of Law 4389/2016.

NPL resolution action plan
In accordance with the MoU, signed on 19/08/2015, between the European Commission, acting on behalf of the ESM, the Hellenic Republic and the BoG, the HFSF would present and implement an NPL resolution action plan to enhance coordination among banks and accelerate the restructurings of the large corporate loans, and if needed jointly tackle entire economic sectors. For this purpose the HFSF selected a consultant, through a Request for Proposal, in order to deliver the aforementioned project. The project was completed and the relevant study was sent to the Institutions, Ministry of Finance, Ministry of Economy and BoG on 27/04/2016. The project's deliverables evolved around five main axes, as follows:

- Identification and prioritization of obstacles for Large Corporate NPLs' restructuring
- Suggestion for a coordination framework among banks
- Definition of a high-level perimeter of distressed companies & sectors
- Assessment of current relevant capabilities in the banking sector
- Suggestions to expand capital markets' involvement

Resignation of the Executive Board of the Fund
Having completed successfully an important scope of work, the Executive Board of the HFSF, namely Messrs. Aristides Xenofos, CEO, George Koutsos, Deputy CEO and Anastasios Gagales, executive member, have submitted their resignation with effective date as of 18/07/2016, with a view to facilitating choices regarding the future role and direction of the HFSF in the banking system and the Greek economy.

Prospects

Strategic objectives
With the recent recapitalization phase completed and the restructuring plans agreed, the HFSF is moving firmly into the stewardship phase of its mission. The key imperatives of this phase are:

- Managing for value via asset management/stewardship activities.
- Overseeing the implementation of the Restructuring Plans.
- Promoting best practice in Troubled Asset Management for systemic banks.
- Enhancing Corporate Governance arrangements of banks which received capital support.

Priorities for 2016
For the course of 2016, the Fund's strategic objectives (defined above) translate into a set of priorities and initiatives, the main of which are:

- Facilitate & assist the resolution of the volume of NPLs and the coordination of stakeholders.
- Drive improvements in Corporate Governance practices.
- Monitoring the Banks' implementation of and compliance with the RFAs (ongoing).
- Monitor Banks' performance and Restructuring Plans progress (ongoing).
- Oversee transactions & key corporate actions in line with managing for value principles (ongoing).
- Strengthening HFSF's human capital and infrastructure.

The operational strategy of the Fund is available at: http://www.hfsf.gr/files/OperationalStrategy.pdf

Risk Management

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

Financial Risk Management

During 2015, HFSF held the following financial assets, as presented in each relevant Note:

- Financial Assets at Fair Value through Profit or Loss – Equity shares of the four systemic banks, as a result of the HFSF's participation in the share capital increases that took place in May and June of 2013 and December of 2015.

- Investment securities - EFSF FRNs held by the HFSF,
- Contingent convertible bonds (CoCos), as a result of the HFSF's participation in the recapitalization of NBG and Piraeus that took place in December 2015.
- Receivables from banks under liquidation - Claims from the banks which have been placed under liquidation and the Fund has covered their funding gap, on behalf of the HDIGF,
- Cash in hand and balances with Banks
- Other receivables

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

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

**If the foreseen exercise date does not fall on a business day, it shall be carried over to the immediately following business date, adjusting accordingly the amount of interest*
***The last exercise date is the warrants' expiry date*
****After 36 months as of the issue of the HFSF Warrants, the HFSF is entitled, subject to certain requirements, to transfer the underlying common shares to third parties without any compensation to HFSF Warrants' holders who choose not to exercise the warrants.*

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

During 2015, the HFSF, was exposed to the following risks:

Interest Rate Risk
Interest rate risk is related to potential loss arising from adverse movements in interest rates.
The HFSF is exposed to interest rate risk, through the following:
- The valuation of CoCos, which is sensitive to interest rates movements.
- The coupon income expected from CoCos after the first seven years. The interest rate after the first seven years will be reset to mid-market rate plus margin.
- The interest income expected from cash management account and deposit account at the BoG. The amount in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State.

Coupon cancel risk
The payment of interest from CoCos (whether in whole or in part) is entirely at the discretion of the issuer's BoD. Any such interest elected not to be paid shall be cancelled and shall not accumulate or be payable at any time thereafter. Any interest payment shall be subject to the operation of any applicable Maximum Distributable Amount as stands pursuant to Article 141 of the Capital Requirements Directive. A mandatory interest cancellation exists if the payment would cause the maximum distributable amount, then applicable, to be exceeded.

Conversion risk
This is the loss absorption risk originating from the probability the CoCo conversion is triggered. In case a trigger event takes place, a loss of value for HFSF is expected. This risk driver is reflected in the CoCo valuation.

Equity Price Risk
Equity price risk is related to potential loss, arising from adverse movements related to shares owned in systemic banks, warrants and CoCos valuation. HFSF's price risk, is mainly attributable to:

- The value of the Fund's equity participations in the four systemic banks. These equity participations are recorded at fair value and the change in fair value is recorded in the Statement of Comprehensive Income. As of 31/12/2015, the fair values of the Fund's shareholdings in the 4 banks amounted to € 2,384m. A change at a range of +/- 10% in the share prices of these investments would lead to revaluation gains/(losses) of +/- € 238m in the Statement of Comprehensive Income.
- The value of the warrants that the HFSF has issued with the HFSF's shares in the three systemic banks as the underlying assets. The warrants are recorded at fair value and the change in their fair values is recorded in the Statement of Comprehensive Income. As of 31/12/2015 warrants amounted to € 4.4m. A change at a range of +/- 10% in the warrant prices would lead to (losses)/gains of -/+ € 435k in the Statement of Comprehensive Income.
- Because of the potential conversion of CoCos to equity, HFSF is exposed to variations in the share prices of the issuing banks, as this would influence the value of their claim when conversion occurs. The equity risk from the potential conversion is reflected in the CoCos valuation.

Therefore, the HFSF is exposed to downside equity risk, resulting from the possible decrease in the equity prices of the four systemic banks, in which the HFSF holds equity stakes and CoCos. Since the revaluations from both the warrants and the shares are recorded in the Statement of Comprehensive Income, the losses from the appreciation in the warrants' value (liability) are offset by gains from the appreciation of the underlying share and vice versa. However, in case of imperfect correlation between the warrant price and the respective share price, the HFSF may incur net losses. In case the price of the warrant is close or equal to zero, the HFSF is exposed to equity price risk, arising from its participation in the underlying equity. It is noted that the shares of NBG and Piraeus acquired by HFSF in the recapitalization of 2015, as well as the Piraeus' shares held by the Fund as part of the share capital increase which pertained to the Cypriot banks in 2013, are not attached to warrants.

Recoverability risk

Recovery risk is related to a reduction in the value of the Fund's claims against banks under liquidation. These claims arose due to HFSF's payment, on behalf of the HDIGF, of funding gap created, as a result of specific banks' resolution process. The HFSF's payment of funding gap was obligatory, according to Law 4051/2012, as amended by Law 4224/2015, and Law 4261/2014. The Fund has no involvement or control over the liquidation process and the recovery of any amounts, nevertheless the Fund monitors its recovery risk by maintaining its own independent valuation estimates over amounts to be recovered.

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

Liquidity risk

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

Foreign Exchange risk

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

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, from external events and includes legal and compliance risk. HFSF also assumes model risk, since CoCo security is not traded in a market and thus its price cannot be observed directly, therefore the fair value is estimated using a valuation technique. The mark-to-model value of CoCos is used only for financial reporting purposes and in that respect the HFSF is exposed to the risk that the model may be designed inappropriately and may produce inaccurate outputs.

Operational risk may lead to monetary losses such as write-downs of assets, legal liability, loss or damage to assets and reputational damage. HFSF is not exposed to any significant operational risk due to the nature of its activities and operations. Despite that, the Fund has developed control procedures to ensure that any operational risk inherent to its activities is well monitored and mitigated on a proactive basis. This is achieved through satisfactory segregation of duties, oversight functions and clearly defined processes and procedures, as well as the implementation of the "four eye principle". During 2016, the Fund updated its business continuity and disaster recovery plan to ensure its ability to operate on an ongoing basis and limit losses in the event of any business disruption.

Corporate Governance

Management

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

As of the date of the issuance of this annual financial report, the Executive Board and the General Council of the HFSF are comprised of the following members:

Executive Board*	**Position**
-	Chief Executive Officer
-	Deputy Chief Executive Officer
-	Executive Member
General Council**	**Position**
George Michelis	Non-Executive Chairman
Steven Franck	Non-Executive Member
Christoforos Stratos	Non-Executive Member
Jon Sigurgeisson	Non-Executive Member
Maetze Christof Gabriel	Non-Executive Member
Dagmar Valcarcel	Non-Executive Member
Kerasina Raftopoulou	Non-Executive Member, Representative of the MoF
Vasilios Spiliotopoulos	Non-Executive Member, appointed by the BoG

**The three members of HFSF's Executive Board, namely Messrs. Aristides Xenofos, CEO, George Koutsos, Deputy CEO and Anastasios Gagales, executive member, submitted their resignation with effective date as of 18/07/2016.*

***On 06/03/2015, Mrs. Kerasina Raftopoulou was appointed as non-executive member of the General Council replacing Mr. Abraam Gounaris who resigned on 27/02/2015.*

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

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

***On 02/06/2016, Mr. Maetze Christof Gabriel was appointed as non-executive member of the General Council following the resignation of Mr. Pierre Mariani on 01/03/2016.*

***On 05/07/2016, Mr. Elias Karakitsos resigned from the HFSF's General Council.*

***On 18/07/2016, Mrs. Dagmar Valcarcel was appointed as non-executive member of the General Council,* replacing Mr. Wouter Devriendt *who resigned on 30/04/2016.*

In accordance with HFSF's law the following persons have been appointed as observers and alternate observers to the BoD in the past and currently serve as such to the Executive Board and the General Council: Peter Basch from February 2011 (EC's representative), Panagiotis Strouzas from November 2010 (ECB's representative) and Mike Hesketh from November 2015 (ESM's representative). The alternates from the EC, ECB and ESM are Andreas Trokkos, Miha Leber and Efstathios Sofos respectively.

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 were 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. Following the amendments of the HFSF law, the members of the General Council and the Executive Board shall be selected, following a public call of interest, by the Selection Panel of article 4A, of the HFSF Law. Representatives from the European Commission, the ECB and the ESM may participate in the Executive Board as observers without voting rights. The members of the General Council and the Executive Board shall be appointed by a decision of the Minister of Finance, according to the procedure stipulated in article 4A.Their appointment cannot extend beyond the date set in paragraph 6 of article 2 of this Law. Any vacancy on the General Council or the Executive Board shall be filled within sixty (60) days, that can be extended if needed for another thirty (30) days, by the appointment of a new member, under the provisions of article 4A , to serve the remaining term of the departed member. With the exception of the representative of the Ministry of Finance and the nominee from the Bank of Greece in the General Council, all appointments, including renewal of appointments, of member of the General Council and the Executive Board shall require the prior agreement of the Euro Working Group, including their respective remuneration.
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 or upon justified proposal from the Selection Panel for the reasons and according to the procedures set out in article 4A.

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

- the Executive Board proposes and implements the decisions of the General Council, taken either upon or without proposal from the Executive Board;
- the Executive Board has the authority to take all actions required or deemed advisable for the administration or operations of the HFSF, including the HFSF's powers and responsibilities with respect to the procurement of goods and services, entering into contractual commitments on behalf of the HFSF, appointing the staff and advisors of the HFSF, and generally representing the HFSF;
- the Executive Board may delegate any of its powers or tasks to any of its members or to the HFSF's cadres, in accordance with the general terms and conditions adopted by the General Council, taking into account conflict of interest issues and provided that the Chief Executive Officer shall primarily exercise his powers pursuant to Greek Law 3864/2010. The Executive Board appoints a working group to assist the tasks of the member of the Executive Board who has been assigned the task to enhance the role of the Fund in facilitating the resolution of Non-Performing Loans;
- the Executive Board shall have such other powers and tasks as explicitly granted by this Law or any other law;
- the Executive Board represents the HFSF judicially and extra judicially and binds the Fund towards any third party; and
- the Executive Board exercises any other power not expressly granted to the General Council.

All powers under Greek Law 3864/2010 and any other law that are vested with 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 shall be called 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. Each member of the Executive Board shall have one vote. Save as otherwise provided in this Law, decisions shall be adopted by a majority of two (2) members present at the meeting. Executive Board meetings shall be convened by communicating the time, venue and

agenda of the meeting to all Executive Board members and the observers at least three (3) business days before the date set for the meeting, except in the event of an emergency, or by the mutual consent of all members, in which case a meeting may be convened at shorter notice as determined in the internal rules and organizational structure (IROS) of the Fund.

General Council

Up to April 2014 the General Council consisted of seven members. Following the amendment to the law on 07/04/2014 two additional independent members were added to the composition of the General Council. Members of the General Council are seven persons with international experience in banking matters (the Chairman included), a representative of the Ministry of Finance and a person nominated by the BoG. The members of the General Council are pre-selected, following a public call of interest, by the Selection Panel of article 4A. The members of the General Council are appointed by a decision of the Minister of Finance, according to the procedure stipulated in article 4A.; 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 or upon justified proposal from the Selection Panel for the reasons and according to the procedures set out in article 4A.

Any vacancy on the General Council shall be filled within sixty (60) days, that can be extended if needed for another thirty (30) days, by the appointment of a new member, under the provisions of article 4A, to serve the remaining term of the departed member. With the exception of the representative of the Ministry of Finance and the nominee from the Bank of Greece in the General Council, all appointments, including renewal of appointments, of member of the General Council and the Executive Board shall require the prior agreement of the Euro Working Group, including their respective remuneration.

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

- to oversee the Executive Board for its actions and to monitor the compliance of the Executive Board with the provisions of the present law and in particular with the principles enshrined in Article 2 of Greek Law 3864/2010;
- to decide on the related to the provision of capital support, the exercise of voting rights and the disposal of the Fund’s participation;
- to approve the general policies, the by-laws and internal rules and the organizational structure (IROS) applicable to the administration and operations of the HFSF, including the HFSF’s code of conduct for its members, the conflict of interest’s policy, the insider trading policy and the information barriers policy;
- to approve the appointment of the senior management of the HFSF, including among others the Chief Internal Auditor, the Chief Risk Officer, the Chief Investment Officer, the Chief Financial Officer and the Chief Legal Counsel;
- to approve the HFSF’s general terms and conditions of employment, including the remuneration policy. The remuneration policy has to be competitive so as to attract and retain high - quality and expert candidates. When approving the remuneration policy, the General Council shall take into account the remuneration levels of staff of similar qualification in the Greek banking system;
- 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 rules of procedure of the General Council and the Fund’s Procurement Regulation which regulates the procurement of goods and services, for any procurement falling within the values provided in article 23 par. 2 case I.a) and par. 4 of law 4281/2014, as an exception from the relevant provisions and subsequent procurement rules of the said law; 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 accountable to the General Council for the execution of the 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 replacing him/her, reports, as often as required by the General Council but not less than ten times each year, to the General Council.

The General Council meets as often as the business of the HFSF may require but not less frequently than ten times per calendar year. Meetings of the General Council called and chaired by its Chairman or in his absence by any other member of the General Council, other than the representative of the Ministry of Finance and the person appointed by the BoG. The member who replaces the Chairman is selected by the General Council in accordance with the internal rules and organizational structure (IROS) of the Fund. The representatives from the European Commission, the ECB and the European Stability Mechanism are entitled to request a meeting of the General Council from the Chairman. Additionally, meetings can be convened following a request from five Council members. A quorum at any meeting of the General Council consists of at least five members of the General Council. Each member of the General Council has one vote. Decisions are adopted by a majority of the members present at the meeting. In the event of a tied vote, the person chairing the meeting shall cast a tie-breaking vote.

Executive Board and General Council Remuneration

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

a) shall be determined by the a selection panel decision, shall be stated in the decision relating to their appointment and shall be disclosed in the Fund's annual report,

b) shall be such that qualified and expert persons can be recruited and retained by the Fund and

c) shall not be determined based on the Fund's profits or revenues.

The members of the General Council and the Executive Board, due to their relationship with the Fund, received remuneration for the year ended 31/12/2015, as listed in the table below. Furthermore, as far as executive members are concerned, the amount of € 58,627 has been paid by the Fund as social security contribution (not included in the following table):

Name	Position on the General Council during 2015	Period in the position	Remuneration 01/01 – 31/12/2015 (€)
Michelis George	Chairman	25/05/2015 - 31/12/2015	63.226
Mariani Pierre	Member	01/01/2015 - 31/12/2015	30.000
Franck Steven	Member	01/01/2015 - 31/12/2015	30.000
Stratos Christoforos	Member	01/01/2015 - 31/12/2015	30.000
Sigurgeisson Jon	Member	18/06/2015 - 31/12/2015	16.250
Raftopoulou Kerasina	Member, Representative of the MoF	06/03/2015 - 31/12/2015	25.000
Spiliotopoulos Vasilios	Member, appointed by the BoG	01/01/2015 - 31/12/2015	30.000
Karakitsos Elias	Member	18/06/2015 - 31/12/2015	16.250
Devriendt Wouter	Member	01/01/2015 - 31/12/2015	30.000
Sklavounis Christos	Chairman	01/01/2015 - 23/03/2015	43.750
Gounaris Avraam	Member, Representative of the MoF	01/01/2015 - 27/02/2015	5.000
Wilcke Stephan	Member	01/01/2015 - 24/03/2015	7.500
Zafiriou John	Member	01/01/2015 - 01/04/2015	7.500
Name	**Position on the Executive Board during 2015**	**Period in the position**	**Remuneration 01/01 – 31/12/2015 (€)**
Xenofos Aristides	Chief Executive Officer	15/7/2015-31/12/2015	62.300
Koutsos George	Deputy Chief Executive Officer	01/01/2015 - 31/12/2015	138.952
Gagales Anastasios	Member	01/01/2015 - 31/12/2015	125.895
Sakellariou Anastasia	Chief Executive Officer	1/1/2015 - 08/05/2015	97.883

Curriculum Vitae of the Members of the General Council as of the Date of Issuance of the Annual Report

George Michelis – Chairman of the General Council

Mr. George Michelis was appointed as Chairman of the General Council of the Hellenic Financial Stability Fund (HFSF) in May 2015.
Mr. Michelis has many years of banking experience having held senior positions in various organizations. From 2004 to 2007 he was the CEO of Bancpost, a subsidiary of Eurobank in Romania. From 1984 to 1990 he held senior positions in Commercial Bank, and served as General Manager from 1989 to 1990 and General Manager & Vice Chairman of the Board of Directors from 1996 to 2004. From 1990 to 1995 he was the Executive Vice President and the Chief Operating Officer at Egnatia Bank, of which he was a founding member.
He served as Administrative Director at the Onassis Cardiac Surgery Center and has been member of Boards and Executive Committees in many financial institutions and organizations in Greece and abroad, such as the Commercial Bank of Greece in Germany and in Cyprus, the Athens Stock Exchange SA, the Hellenic Bank Association, and the Visa International. He has also served as Mayor of Skopelos from 2011 to 2014.
He holds a M.A. in economics from Boston College, Chestnut Hill, USA and a Doctorate (Ph.D.) in Economics from Northeastern University in Boston, USA.
From 1978 to 1984 Mr. Michelis taught economics at various universities in the United States and has published many articles on the financial sector. His most recent publications are "The role of technology in the banking industry in the next decade" published in the Bulletin of the Hellenic Bank Association and the "Measuring customer satisfaction measurement in the private bank sector" published in the European Journal of Operational Research.

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

Mr. Spiliotopoulos is currently serving as the Head of the Monetary Policy Operations Section within the Financial Operations Department at the BoG, where he has been an employee since 2000.
His area of expertise is the implementation of monetary policy, while in recent years he has been heavily involved in the analysis and assessment of the liquidity profile and the funding needs of the Greek banks. He has also worked on risk management and crisis management issues. Since 2003 he has been representing the BoG in various Eurosystem task forces, working groups and committees. Prior to joining the BoG, he worked in different departments of commercial banks in Greece.
He is a graduate of the National and Kapodistrian University of Athens, Department of Mathematics and holds an MBA from the University of Newcastle upon Tyne.

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

Mrs. Raftopoulou is a Special advisor to the Vice President of the Government in Financial issues.
During her multi annual working experience she has held management positions and has worked in the private sector as Chief Accountant in a pharmaceutical company, as well as in the public sector as professor at the Technical High Schools of Megara and Anavryta, in the Directorate of Agriculture Ministry in Corinth, and since 1984 at the Agricultural Bank of Greece (ATE) in the credit application review and the risk management sectors. She was also Head of Corporate Division of ATE until February 2012.
She has participated in projects such as the reorganization and modernization of ATE Bank and the consultation on the Acts of the Governor of the BoG regarding the implementation of the new capital adequacy framework of Basel II, as a member of the Credit Risk Committee of the Greek Banks Association. She has also participated in the evaluation of the Operational Programme “Competitiveness and Entrepreneurship” in the sectors of energy and natural resources.
Mrs. Raftopoulou has graduated and has a Master of Science in Agricultural Economics from Agricultural University of Athens.

Steven Franck – Non-Executive Member of the General Council

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

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

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

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

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

Christoforos Stratos – Non-Executive Member of the General Council

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

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

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

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

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

Jon Sigurgeirsson – Non-Executive Member of the General Council

Mr. Sigurgeirsson is Director of the General Secretariat and International Relations at the Central Bank of Iceland and Chairman of the Central Bank Asset Holding Company. Prior to assuming his current responsibilities at the Central Bank of Iceland, he occupied, for more than fifteen years, several managerial positions as Economist, Deputy Director and Director of the International Department in the fields of debt management, foreign exchange reserves management, external debt of the Republic of Iceland and International Relations. Since January 2015 Mr. Sigurgeirsson is also a member on the Task Force for Lifting Capital Controls in Iceland.

During his career in the financial sector, he has been Assistant to the Executive Director from 2000 to 2002 and Alternate Executive Director, Nordic-Baltic Chair from 2005 to 2008, at the International Monetary Fund. Mr. Sigurgeirsson holds a Cand Oecon Degree from the University of Iceland, Faculty of Business Administration and Economics.

Christof Gabriel Maetze – Non-Executive Member of the General Council

Mr. Maetze has thirty (30) years of banking experience having held senior management positions in Commerzbank, Dresdner Bank and HypoVereinsbank (now UniCredit Bank AG) in Germany and Singapore. He is a proven expert in

Financial Institutions business, actively participated in the two (2) largest bank mergers in Germany, oversaw various business transformation exercises and the development as well as the implementation of successful business unit strategies during the financial crisis and in post-merger situations.
From 2007 to 2015 he was Member of Commerzbank’s Executive Management Board with responsibilities including the global Financial Institutions business of Commerzbank. Prior to this he was Global Head of Financial Institutions at Dresdner Bank.
Mr. Maetze has served/is serving on a number of Boards in Banking, Finance and Financial Technology (Financial Technology) as well as cultural foundations.
Mr. Maetze holds a BSc. from the Frankfurt School of Finance and Management and participated in various management programs at Harvard Business School, Institut Européen d'Administration des Affaires (INSEAD), International Institute for Management Development (IMD), Management School St. Gallen, as well as Baden-Badener Unternehmergespräche (BBUG).

Dagmar Valcárcel – Non-Executive Member of the General Council

Ms Dagmar Valcárcel is a Managing Director, Head of Strategic Resolution, Insurance Operations at Barclays Non-Core, the divestment division of Barclays Bank PLC. She leads the divestment of Barclays' life insurance operations across Western Europe.
Prior to taking up her current role, Ms Valcárcel was General Counsel Western Europe, responsible for the risk management and legal support to the Retail and Business Banking, Wealth and Investment Management and the Corporate and Investment Banking divisions of Barclays throughout Continental Europe.
Ms Valcárcel joined Barclays in January 2010 from Terra Firma Capital Partners, where she was a Director in the Legal, Tax and Structuring Team. Prior to Terra Firma, she worked at Freshfields Bruckhaus Deringer, Clyde & Co and General & Cologne Re.
Ms Valcárcel is Chairman of the Executive Committee of Barclays Vida y Pensiones Compañia de Seguros, S.A.U,, Madrid/Spain and a member of the Supervisory Board of amedes Holding GmbH, Hamburg/Germany.
Ms Valcárcel holds a PhD in Law from Rheinische Friedrich-Wilhelms-Universiät, Bonn/Germany and is qualified in England & Wales, Germany and Spain. She is a Fellow of Studienstiftung des deutschen Volkes.

Selection Panel

Following its most recent amendment on November 2015 HFSF law introduced in article 4A the establishment of a Selection Panel for the selection of the members of the General Council and the Executive Board of the HFSF, whose composition is endorsed by decision of the Minister of Finance. The Selection Panel is composed of six (6) independent expert members, of recognized integrity, of which three (3), including the Chairman, will be appointed by the European Commission, the ECB and the ESM, accordingly, two (2) by the Minister of Finance and one (1) by the Bank of Greece. The above five appointing institutions and authorities will each have an observer to the Selection Panel. The term of the Selection Panel is for two (2) years, which can be renewed.
The role of the Selection Panel is:
a) the pre-selection of the members of the HFSF’s General Council and the Executive Board, the proposal of their remuneration, as well as other conditions of employment.
b) the annual evaluation of the members of the General Council and the Executive Board, including the existing members of the two boards, based on criteria that will be determined by the Selection Panel and which shall ensure the proper implementation of the objectives of the Fund, in accordance with each body’s mandate. The evaluation will include an assessment under the eligibility criteria provided in HFSF law.
c) the removal of any member. The Selection Panel, following the review of the performance of the members, may propose to the Minister of Finance the removal of a member of the General Council or the Executive Board. In this case, the reasons for the dismissal of the members shall be defined in the proposal of the Selection Panel. The Minister of Finance shall adopt a decision for the dismissal of the member provided that an evaluation under the relevant provisions of HFSF law has been conducted by the Selection Panel and the reasons are defined in the proposal of the Selection Panel. Such dismissal is not compensated.

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 31/12/2015 the Audit Committee consisted of three members, Mr. Stratos (Chairman), Mr. Devriendt (member) and Mr. Kolokotronis (external expert). Mr Mariani remained as chairman of the Audit Committee until 16/06/2015 and Mr. Stratos was appointed by the General Council as chairman of the Audit Committee on 16/07/2015. During the transitional period, Mr. Devriendt acted as chairman. On 05/04/2016, Mr. Franck replaced Mr. Devriendt in the audit committee, following his resignation on 17/03/2015.
The Audit Committee meets regularly, at least 4 times per year, and occasionally whenever necessary. Following relevant invitation, at the meetings of the Audit Committee, the Executive Board or Chief Officers of the Fund may be present. Six (6) Audit Committee meetings were held in 2015.

The Audit Committee operates in accordance with article 14 of Law 3864/2010 and the Fund's Internal Regulations. In particular, the main responsibilities of the Audit Committee are the following:

- Supervise the internal audit function,
- Make recommendations on the appointment of external auditors, the audit fee and the scope of external audits,
- Reviewing and considering reports from the external auditors and the auditor's management letter
- Consult with the external auditors on the findings of their audits,
- Review the financial statements before submission to the General Council for approval,
- Submit reports to the General Council and the Executive Board on a regular basis, and
- Regulate any issue concerning its operation

Audit Committee	Role in the Audit Committee	No of participations in Audit Committee
Total Number of Meetings during 2015		6
Christoforos Stratos	Chairman (since July 16th, 2015)	2/6
Pierre Mariani	Chairman (until June 16th, 2015)	3/6
Wouter Devriendt	Member	6/6
Kolokotronis Loizos	Member	6/6

Fund Personnel

Up to 31/01/2013 the Fund's personnel was appointed by a decision of the BoD following a call of interest invitation and an assessment of relevant qualifications. As of 01/02/2013, according to Law 3864/2010 as amended, the General Council approves the appointment of the Fund's senior management and the Fund's general terms and conditions of employment, including the remuneration policy. The staff of the Fund is hired by decision of the Executive Board following an invitation to express interest and an assessment of candidates' qualifications.
The majority of the Fund's personnel have a private law employment agreement of a definite period of three years, with a renewal option. There are also lawyers working on a "paid assignment" basis. Secondment of public servants is also allowed to the Fund, as well as of lawyers working on a "paid assignment" basis, staff working on a private law employment agreement for an indefinite period, either from the Public Sector or from Public Legal Entities or Private Legal Entities of the public sector, as well as employees from the BoG. The remuneration of the staff is determined by a decision of the Executive Board. On 31/12/2015 Fund's personnel (including Executive Board members) amounted to 32, of which 31 on payroll, whereas as of the date of approval of the financial statements the number of personnel amounted to 30.

System of Internal Controls

The General Council and Executive Board are responsible for the development of an efficient and effective System of Internal Controls (SICs) in order to ensure the achievement of the Fund's objectives. The SIC constitutes the totality of detailed key controls and processes which track continuously every activity, contributing to the effective operation of the Fund.
In 2015, the efforts were continued to enhance the system of internal control with the design and approval of the following procedures and practices by its governing bodies:

- Whistleblowing procedure
- Watch List procedure
- Building Evacuation plan

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

The SICs, the design of which is in a continuous development, aims at addressing risks to a reasonable level and not necessarily eliminating them.

The SICs of the Fund intends to safeguard the following objectives:

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

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

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

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

Statement of the General Council

Declarations of the Members of the General Council

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

1. The Financial Statements of the Hellenic Financial Stability Fund for the financial year ended 31/12/2015, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, present a true and fair view in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement of the Fund.
2. The General Council's and Executive Board's report presents in a true manner the evolution, the performance, the position of the Fund and the significant events that took place in the 12 month period ended 31/12/2015 that affected the Fund's annual financial statements.

Athens, July 28, 2016

The Chairman ofthe General Council

George Michelis

The Member of the General Council

Christoforos Stratos

The Member of the General Council

Steven Franck

The Member of the General Council

Jon Sigurgeisson

The Member of the General Council

Christof Gabriel Maetze

The Member of the General Council

Dagmar Valcarcel

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

Kerasina Raftopoulou

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

Vassilios Spiliotopoulos

Statement of the Executive Board

Declarations of the Members of the Executive Board

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

1. The Financial Statements of the Hellenic Financial Stability Fund for the financial year ended 31/12/2015, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, present a true and fair view in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement of the Fund.
2. The General Council's and Executive Board's report presents in a true manner the evolution, the performance, the position of the Fund and the significant events that took place in the 12 month period ended 31/12/2015 that affected the Fund's annual financial statements.

Athens, July 15, 2016

The Chief Executive Officer	The Deputy Chief Executive Officer	The Executive Board Member
Aristides Xenofos	George Koutsos	Anastasios Gagales

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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 Legal Entity, subject to Private Law, "Hellenic Financial Stability Fund" (Hellenic Financial Stability Fund), which comprise the statement of financial position as at December 31, 2015, 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, 2015, 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 confirmed that the information required by articles 43a (par. 3a) and 37 of Codified Company Law 2190/1920 has been incorporated in the General Council and Executive Board's Report and have agreed thus information to the accompanying financial statements. Furthermore, we have concluded that owing to the special nature and purpose of the Hellenic Financial Stability Fund, as described in the underlying founding law 3864/2010, although its total reported equity as of 31 December 2015 has fallen below one half (½) of the paid in capital, the provisions of article 47 of Codified Law 2190/1920 do not apply.

Athens, July 28, 2016

The Certified Public Accountant

Michalis Karavas
RN SOEL: 13371
Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou Str.
151 25 Maroussi
Reg. No. SOEL: E. 120

ΤΑΜΕΙΟ ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

Statement of Financial Position

Amounts in €	Note	31/12/2015	31/12/2014
ASSETS			
Cash and balances with Banks	5	349,303,992	670,061,078
Investment securities	6	-	10,937,104,252
Financial assets at fair value through profit or loss	7	6,445,659,710	11,622,072,637
Property and equipment	8	83,381	136,134
Intangible assets	9	19,707	25,808
Receivables from banks under liquidation	10	2,052,324,099	2,542,518,543
Other assets	11	296,063	9,135,084
Total Assets		**8,847,686,952**	**25,781,053,536**
LIABILITIES			
Derivative financial liability	12	4,355,834	1,272,010,914
Provisions and other liabilities	13	3,885,906	3,959,435
Total Liabilities		**8,241,740**	**1,275,970,349**
EQUITY			
Capital	14	44,192,757,748	49,700,000,000
Accumulated losses		(35,353,312,536)	(25,194,916,813)
Total Equity		**8,839,445,212**	**24,505,083,187**
Total Liabilities & Equity		**8,847,686,952**	**25,781,053,536**

The Notes from pages 37 to 68 form an integral part of these annual financial statements

Athens, July 15, 2016

The Chief Executive Officer	The Deputy Chief Executive Officer	The Chief Financial & Operating Officer
Aristides Xenofos	George Koutsos	Evangelia D. Chatzitsakou

TAMEIO ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΗΣ ΣΤΑΘΕΡΟΤΗΤΑΣ
HELLENIC FINANCIAL STABILITY FUND

Statement of Comprehensive Income

Amounts in €	Note	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Interest income	15	18,232,929	76,749,920
Personnel expenses	16	(2,796,535)	(2,751,402)
General administrative & other operating expenses	17	(3,486,154)	(17,397,600)
Impairment of receivables from banks under liquidation	10	(281,500,034)	(283,770,278)
Loss from financial instruments at fair value through profit or loss	18	(9,334,234,512)	(9,694,887,767)
Gain from disposal of investments	19	1,421,415	5,401,986
Depreciation and amortization of property, equipment and intangible assets	8,9	(84,884)	(85,882)
One-off expense	20	(555,886,748)	-
Other income/(expenses)		300	(26,568)
Loss for the period		**(10,158,334,223)**	**(9,916,767,591)**
Other comprehensive income/(expenses)		-	-
Total comprehensive income/(expenses) for the period		**(10,158,334,223)**	**(9,916,767,591)**

The Notes from pages 37 to 68 form an integral part of these annual financial statements

Athens, July 15, 2016

The Chief Executive Officer	The Deputy Chief Executive Officer	The Chief Financial & Operating Officer
Aristides Xenofos	George Koutsos	Evangelia D. Chatzitsakou

Statement of Changes in Equity

Amounts in €	Capital	Accumulated losses	**Total**
Balance as of 01/01/2014	**49,700,000,000**	**(15,278,149,222)**	**34,421,850,778**
Loss for the year from 01/01/2014 to 31/12/2014	-	(9,916,767,591)	(9,916,767,591)
Balance as of 01/01/2015	**49,700,000,000**	**(25,194,916,813)**	**24,505,083,187**
Capital decrease	(10,932,903,000)	-	(10,932,903,000)
Capital Increase	5,425,660,748	-	5,425,660,748
Capital increase expenses	-	(61,500)	(61,500)
Loss for the year from 01/01/2015 to 31/12/2015	-	(10,158,334,223)	(10,158,334,223)
Balance as of 31/12/2015	**44,192,757,748**	**(35,353,312,536)**	**8,839,445,212**

The Notes from pages 37 to 68 form an integral part of these annual financial statements

Statement of Cash Flows

Amounts in €	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Cash flows from operating activities		
Loss for the period	**(10,158,334,223)**	**(9,916,767,591)**
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	**9,614,398,015**	**9,969,140,689**
Interest income	-	(4,201,252)
Impairment of receivables from banks under liquidation	281,500,034	283,770,278
(Gain)/loss from financial instruments at fair value through profit or loss	9,334,234,512	9,694,887,767
(Gain)/Loss from disposal of investments	(1,421,415)	(5,401,986)
Depreciation and amortization of property, equipment and intangible assets	84,884	85,882
Net (increase)/decrease in operating assets:	**212,920,513**	**(128,451,784)**
Change in receivables from banks under liquidation	208,694,410	(134,329,165)
Change in accrued interest receivable	4,201,252	5,129,977
Change in other assets	24,851	747,404
Net increase/(decrease) in operating liabilities:	**1,286,386**	**(57,462)**
Change in other liabilities	1,286,386	(57,462)
Net cash from operating activities	**(329,729,309)**	**(76,136,148)**
Cash flows from investing activities		
Proceeds received from warrants exercised	184,083	257,462,484
Proceeds/(payments) for disposal of investments	8,814,170	-
Purchase of property, equipment and intangibles assets	(26,030)	(31,751)
Net cash from investing activities	**8,972,223**	**257,430,733**
Cash flows from financing activities		
Net cash from financing activities	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	**(320,757,086)**	**181,294,585**
Cash and cash equivalents at beginning of period	**670,061,078**	**488,766,494**
Cash and cash equivalents at end of period	**349,303,992**	**670,061,079**

The Notes from pages 37 to 68 form an integral part of these annual financial statements

Notes to the Annual Financial Statements

Note 1 General Information

The Hellenic Financial Stability Fund (hereinafter the Fund or HFSF) was founded on 21/07/2010 under Law 3864/2010 as a private legal entity and does not belong to the public sector, neither to the broader public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as in force. On a supplementary basis, the provisions of company codified Law 2190/1920 are applied as in force, provided they are not contrary to the provisions and the objectives of the founding law of the Fund. The purely private nature of the Fund is neither affected by the fact that its entire capital is subscribed solely by the Greek State, nor by the issuance of the required decisions by the Minister of Finance (hereinafter MoF). The Fund shall comply with the obligations arising from the Master Financial Facility Agreement (hereinafter MFAFA) signed on 15/03/2012 and the new FAFA signed on 19/8/2015. According to Law 4340/2015, the Fund's tenor has been extended from 30/06/2017 to 30/06/2020. By decisions of the MoF, the duration of the Fund may be extended further, if deemed necessary for the fulfilment of its scope.

The Fund began its operation on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) by the Ministry of Finance according to the decision 44560/B. 2018 on 30/09/2010 of the MoF. On 30/01/2013 the BoD was substituted by the Executive Board and the General Council. The purpose of the Fund is to maintain the stability of the Greek banking system, through the strengthening of the capital adequacy of credit institutions, including subsidiaries of foreign credit institutions, provided they legally operate in Greece under the authorization of the Bank of Greece (hereinafter BoG). The Fund according to Law 4051/2012, as amended by Law 4224/2013, was liable to pay until 31/12/2014 the amount that the Hellenic Deposits and Investments Guarantee Fund (hereinafter HDIGF) would have paid for the process of the resolution of the credit institutions in accordance to Law 4261/2014, acquiring the right and the privilege of the HDIGF in accordance to paragraph 4 of Article 13A of the Law 3746/2009. According to Law 4340/2015 and Law 4346/2015 the Fund may grant a resolution loan as defined in the new FAFA of 19/08/2015 to the HDIGF for the purposes of funding bank resolution costs, subject to the provisions of the aforemention facility agreement and in line with the European Union's (hereinafter "EU") State aid rules. Furthermore the Fund can provide guarantees to states, international organisations or other recipients and take any action required for the implementation of decisions of euro area bodies concerning the support of the Greek economy. It facilitates the management of the non-performing loans (hereinafter NPLs) of the credit institutions and operates under a comprehensive strategy for the banking sector and the NPLs management, which is agreed between the MoF, the BoG and the Fund.

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

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

Executive Board*	**Position**
Xenofos Aristides	Chief Executive Officer
Koutsos George	Deputy Chief Executive Officer
Gagales Anastasios	Executive Member
General Council**	**Position**
Michelis George	Non-Executive Chairman
Franck Steven	Non-Executive Member
Stratos Christoforos	Non-Executive Member
Sigurgeisson Jon	Non-Executive Member
Maetze Christof Gabriel	Non-Executive Member
Kerasina Raftopoulou	Non-Executive Member, Representative of the MoF
Vasilios Spiliotopoulos	Non-Executive Member, appointed by the BoG

** On 15/07/2015, Mr. Aristides Xenofos was appointed CEO of HFSF, replacing Mrs. Anastasia Sakellariou, who resigned on 08/05/2015.*
** The three members of HFSF's Executive Board, namely Messrs. Aristides Xenofos, CEO, George Koutsos, Deputy CEO and Anastasios Gagales, executive member, have submitted their resignation with effective date as of 18/07/2016.*
*** On 06/03/2015, Mrs. Kerasina Raftopoulou was appointed as non-executive member of General Council replacing Mr. Abraam Gounaris who resigned on 27/02/2015.*
*** On 25/05/2015, Mr. George Michelis was appointed Chairman of the General Council, replacing Mr. Christos Sclavounis, who resigned on 23/03/2015.*
*** On 18/06/2015, Mr. Elias Karakitsos and Mr. Jon Sigurgeisson were appointed as non-executive members of the General Council following the resignations of Mr. Stephan Wilcke on 24/03/2015 and Mr. John Zafiriou on 01/04/2015.*
*** On 30/04/2016, Mr.* Wouter Devriendt resigned from the HFSF's General Council.
** *On 02/06/2016, Mr. Maetze - Engelhardt Christof Gabriel was appointed as non-executive member of the General Council following the resignation of Mr. Pierre Mariani on 01/03/2016.*
***On 05/07/2016, Mr. Elias Karakitsos resigned from the HFSF's General Council.*

The statutory auditor of the financial statements is Mr. Michael Karavas, RN SOEL 13371.
The annual financial statements have been approved by the Fund's General Council on July 28, 2016.

Note 2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The Fund's financial statements for the year ended 31/12/2015 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the European Union ("E.U."). The amounts are presented in Euro rounded to the first decimal, unless otherwise stated. Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss and derivative liabilities (warrants) which have been measured at fair value. The preparation of financial statements in conformity with the IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of available information and the application of judgment and assumptions are inherent in the formation of estimates in the following areas: impairment of investment securities, assessment of the recoverability of receivables from entities under liquidation, valuation of financial instruments not quoted in active markets 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 1/1/2015 up to 31/12/2015. The Fund's Management has reviewed the accounting policies and believes that the accounting policies adopted are the most appropriate for the circumstances of the Fund.

The Fund does not prepare consolidated financial statements as these do not represent the substance of the investments of the Fund, which according to the law are aiming to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest and do not meet the needs of their users.

Following the participation of HFSF in the recapitalizations of the four systemic banks that took place in 2013 and 2015, the Fund obtained common shares in Alpha Bank S.A. (hereinafter "Alpha", Eurobank Ergasias S.A.'s (hereinafter "Eurobank") National Bank of Greece S.A. (hereinafter "NBG") and Piraeus Bank S.A. (hereinafter "Piraeus").

More specifically, under the recapitalization of 2013, the Fund obtained the majority of the common shares with restricted voting rights in Alpha, NBG and Piraeus, given that the private sector participation was above the minimum requirement as provided by the Law. Following that, private shareholders retained their right to appoint the management of the bank, which in turn has the power to manage the financial and operating policies of the bank. The Fund could exercise its voting rights in specific decisions under the legislation in force and had the rights provided in the Relationship Framework Agreements, as were in force. In contrast, the Eurobank's share capital increase was subscribed solely by the Fund as the Bank was not able to attract private sector participation and the Fund was able to fully exercise its voting rights. However, Eurobank's management preserved its independence to determine its commercial and day-to-day decisions as provided in the Relationship Framework Agreement, as was in force. In line with the aforementioned, Eurobank was re-privatized in May 2014 with the Fund retaining only restricted voting rights thereafter.

Under the recapitalization of 2015, the Fund, participated in the share capital increase of NBG and Piraeus covering the additional share capital that was not covered by private investors, whereas Eurobank and Alpha covered its capital needs solely from private investors. Consequently, the Fund became the major shareholder with full voting rights in NBG and Piraeus and HFSF's participation in Alpha and Eurobank decreased further.

Nevertheless, HFSF exercises its rights as a shareholder in the four systemic banks under the terms of Relationship Framework Agreements, as amended, in November and December of 2015. HFSF acts in line with the obligations assumed according to the MFAFA signed between the European Stability Mechanism, the Hellenic Republic, the BoG and HFSF. In pursuing its objective, HFSF among others, (i) monitors and assess how the credit institutions, to which capital support is provided by the HFSF, comply with their restructuring plans, (ii) exercises its shareholding rights in compliance with the rules of prudent management of its assets and in compliance with State aid and Competition rules of the European Union, (iii) ensures that the Bank operates on market terms, and (iv) that in due time the Bank returns to private ownership in an open and transparent manner. HFSF retains temporary control, aiming to stabilize the Greek Banking Sector. In this context, the NBG's and Piraeus financial statements' consolidation is exempted and instead the Fund measures its investments at fair value through profit or loss.

2.2 Adoption of International Financial Reporting Standards (IFRS)

New standards, amendments and interpretations to existing standards applied from 1 January 2015

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

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

IFRS 13 (Amendment) - Clarify that the scope of the portfolio exception in paragraph 48 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities in IAS 32 "Financial Instruments: Presentation".

IFRS 13 and IAS 40 (Amendment) - Clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Consequently, an entity acquiring investment property must determine whether (a) the property meets the definition of investment property in IAS 40 and (b) the transactions meets the definition of a business combination under IFRS 3.

The adoption of these amendments had no impact on the HFSF's annual financial statements.

New standards, amendments and interpretations to existing standards effective after 2015.

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018 as issued by the IASB). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended (a) in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and (b) in November 2013 to include the new general hedge accounting model. In July 2014, the final version of IFRS 9, which supersedes all previous versions, was issued mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments. Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI, unless the asset is designated at "fair value through profit or loss under the fair value option. All other debt instruments 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 FVTPL, 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. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.
- Put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. With the exception of purchased or originated credit-impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:
  - the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
  - full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).
- A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15. Purchased or originated credit-impaired financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, an entity would recognise changes in lifetime expected losses since initial recognition as a loss allowance with any changes recognised in profit or loss. Under the requirements, any favourable changes for such assets are an impairment gain even if the resulting expected cash flows of a financial asset exceed the estimated cash flows on initial recognition.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of risk components that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk

management activities have also been introduced.

The Fund has not applied this standard and is currently evaluating the impact of IFRS 9 on the financial statements.

- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018 as issued by the IASB). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Fund has not applied this standard and is currently evaluating the impact of IFRS 15 on the financial statements.

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Identifying a lease

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting by lessees

Upon lease commencement a lessee recognises a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment, except for certain cases for which fair value or the revaluation model applies.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Accounting by lessors

Lessors shall classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease.

Upon lease commencement, a lessor shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, on another systematic basis if more representative of the pattern in which benefit from use of the underlying asset is diminished.

Sale and leaseback transactions

To determine whether the transfer of an asset is accounted for as a sale an entity applies the requirements of IFRS 15 for determining when a performance obligation is satisfied. If an asset transfer satisfies IFRS 15's requirements to be accounted for as a sale the seller measures the right-of-use asset at the proportion of the previous carrying amount that relates to the right of use retained. Accordingly, the seller only recognises the amount of gain or loss that relates to the rights transferred to the buyer. If the fair value of the sale consideration does not equal the asset's fair value, or if the lease payments are not market rates, the sales proceeds are adjusted to fair value, either by accounting for prepayments or additional financing. The Fund has not applied this standard and is currently evaluating the impact of IFRS 16 on financial statements.

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

- **IFRS 10, IFRS 12 and IAS 28 (Amendment) "Investment entities: Applying the consolidation exception"** (effective for annual periods beginning on or after 1 January 2016). The amendment clarifies the application of the consolidation exception for investment entities and their subsidiaries. The Fund does not expect that this amendment will have an impact on it's financial statements.

- **IFRS 10 and IFRS 28 (Amendment) - Sale or Contribution of Assets between an investor and its Associate or Joint Venture** (effective for annual periods beginning on or after 1 January 2016). The amendment address an inconstistency between the requirements in IFRS 10 and IAS 28 dealing with the sale or contribution of assets an investor and its associate or joint ventures. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are in a subsidiary. The Fund does not expect that this amendment will have an impact on it's financial statements.

- **IAS 1 (Amendments) Disclosure initiative** (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 1 clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements. An entity need not provide a specific disclosure provided by an IFRS if the information resulting from that disclosure is not material. In the statement of comprehensive income, the amendments require separate disclosures for the share of other comprehensive income of associates and joint ventures accounted for using the equity method based on whether or not it will be reclassified subsequently to profit or loss. The Fund does not expect that this amendment will have an impact on it's financial statements.

- **Annual Improvements to IFRSs 2010-2012 Cycle** (effective for annual periods beginning on or after 1 February 2015 as endorsed EU). The amendments impact the following standards:

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

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

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

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

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

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

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

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

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

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

(1) Servicing contracts

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

(2) Interim financial statements

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

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

IAS 34 "Interim financial reporting". The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report".

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

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

- **IAS 12 (Amendments) Recognition of Deferred Tax Assets for Unrealised Losses** (effective for annual periods beginning on or after 1 January 2017, as issued by the EU). This amendment clarifies the following aspects: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

- IAS 7 (Amendments) Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017). The amendment requires that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Fund has not applied these amendments, but they are not expected to have a material impact on its financial statements.

- IAS 19 (Amendments) Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015, as endorsed by the EU). Amends the requirements in IAS 19 (2011) "Employee Benefits" for contributions from employees or third parties that are linked to service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of IAS 19 for the gross benefit (i.e. either using the plan's contribution formula or on a straight-line basis). The Fund has not applied these amendments, but they are not expected to have a material impact on its financial statements.

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

2.3 Financial assets at fair value through profit or loss

This category includes the shares and the contingent convertible bonds (CoCos) of the Banks obtained as a result of the recapitalization process which the Fund has designated at initial recognition as financial assets at fair value through profit or loss.

The shares are recognized in FVTPL to eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise since the related derivatives (i.e. warrants) issued by the Fund are designated as fair value through profit or loss. The fair value designation, once made, is irrevocable.

CoCos received under the recapitalization of NBG and Piraeus are hybrid securities which combine a host contract with an embedded derivative not closely related, causing the cash flows of the instrument to be modified according to a variable. The host contract behaves more like equity rather than debt, as there is no predetermined maturity and its economic characteristics and risks are those of an equity instrument. The embedded derivative is the issuer's option to redeem the instrument in cash, at any time, at 100% of the notional amount and is not clearly and closely related to the host contract's economic characteristics and risks. HFSF designates the entire contract at FVTPL at initial recognition and not bifurcate the host contract.

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

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

2.4 Derivative financial liabilities

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

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

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

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

2.5 Investment Securities

Investment securities are initially recognised at fair value (including transaction costs) and are classified as available-for-sale or loans-and-receivables based on the securities' characteristics and management intention on purchase date. Investment securities are recognized on the trade date, which corresponds to the date during which the Fund commits to buy or sell the asset.

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

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

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

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

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

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

Impairment of Available-for-sale financial assets: In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the Income statement) is removed from equity and recognized in the Statement of Comprehensive Income. Once an impairment loss has been recognized on an equity instrument, a reversal of that impairment is not permitted. For financial assets measured at 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".

2.6 Fair value of Financial Instruments

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

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

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

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

2.7 Receivables from Banks under liquidation

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

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

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

Impairment of Receivables from Banks under liquidation

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

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

(a) adverse economic and financial performance,

(b) existence of losses of the banks under liquidation,

(c) the existence of qualification of the audit opinion of the banks' under liquidation financial statements that might adversely affect the receivables and

(d) legal constrains raising from liquidation process, which proves that the receivables may not be recoverable.

The impairment loss is reported through financial line "Impairment of receivables from banks under liquidation" in the statement of comprehensive income. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the "Impairment of investments and receivables and provision charges for funding gap" account. The amount of the reversal is recognized in the Statement of Comprehensive Income. Subsequent recoveries are credited to the "Impairment of receivables from banks under liquidation" account in the Statement of Comprehensive Income.

2.8 Recognition of deferred profit or loss on the transaction date

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

Deferred Day 1 profit or loss is amortised over the life of the instrument. Any unrecognized Day 1 profit or loss is immediately recognized in the statement of comprehensive income if the fair value of the financial instrument in question can be determined either by using market observable model inputs or by reference to a quoted price for the same product in an active market or upon settlement. After entering into a transaction, the Fund measures the financial instrument at fair value, adjusted for the deferred Day 1 profit or loss. Subsequent changes in fair value are recognized immediately in the statement of comprehensive income without reversal of deferred Day 1 profits and losses.

2.9 Derecognition

2.9.1. Financial assets

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

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

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

2.9.2 Financial liabilities

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

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

2.10 Interest income and expense

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

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

2.11 Fees and commissions

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

2.12 Property and Equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Fund for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which

includes all costs that are required to bring an asset into operating condition.
Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalized, only when it is probable that they will result in future economic benefits to the Fund beyond those originally anticipated for the asset, otherwise they are expensed as incurred.
Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognized. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful lives. The estimated useful life of property and equipment relating to leasehold improvements and transportation means is until 30/06/2020 and for furniture and equipment up to 3 years.
At each reporting date the Fund assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are recognized in profit / (loss) for the year.

2.13 Software
Software includes costs that are directly associated with identifiable and unique software products that are anticipated to generate future economic benefits beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.
Software is recognized under the F/S line “Intangible assets” and is amortized using the straight-line method over the useful life of the asset and up to 30/06/2020.

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

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

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

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

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

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

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

The preparation of financial statements in accordance with IFRS requires that the management makes judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the financial statements. The management believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31/12/2015.
The most significant areas, for which judgments, estimates and assumptions are required in applying the Fund's accounting policies, are the following:

Recoverability of receivables

The Fund assesses at each reporting date whether there is objective evidence that a receivable may not be recoverable. The Fund makes judgments as to whether there is any observable data indicating there is measurable variation 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 in the audit opinion on the financial statements of the banks' under liquidation financial statements that might adversely affect the receivables and legal constrains arising from the liquidation process, which proves that the receivables may not be recoverable. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimated and realized losses.
The liquidators of credit institutions under liquidation are nominated by the Bank of Greece ("BoG") and are subject to its monitor and control. The officers and the staff of the credit institutions under liquidation have to cooperate with the liquidator and follow the instructions of the BoG. Further to that, L. 4172/2013 provides for a Special Liquidation Committee responsible for deciding upon major issues on the liquidation process which is nominated by the BoG. Besides, the recent L. 4254/2014 explicitly states that the monitoring and supervision of the actions and decisions of the bodies of the special liquidation of the credit institutions do not fall within the responsibility of the Fund and the decision making bodies of the Fund shall have no authority with respect to acts or omissions of the bodies accountable for the special liquidation proceedings of credit institutions. Therefore, the Fund has no involvement or control over the liquidation process and the recovery of any amounts, but nevertheless maintains its own independent valuation estimates over amounts to be recovered.

Fair value of financial instruments

For financial assets and financial liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. Valuation techniques were used for the determination of the fair value of the EFSF and ESM Notes either disclosed in the financial statements of the Fund or contributed in kind in the context of banks recapitalization process. Similarly, CoCos received by the Fund in the context of NBG's and Piraeus bank's recapitalization were valued using an option-style valuation technique in accordance with IFRS 13. Under this approach the expected cash flows are projected by developing multiple scenarios that reflect on the specific underlying characteristics of CoCos and applying decisions as if these were made by rational investors. Both market and unobservable inputs have been used in the valuation approach and several variables were taken into account as relevant. Management believes that the fair value assessment is prudent and reflective of the underlying economics.

Note 4 Segment Reporting

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

Systemic Banks: This segment includes all the financial institutions which had received capital advances and were eventually recapitalized by the Fund in 2013 and 2015 as per capital requirements, i.e. Alpha Bank (Alpha), Eurobank Ergasias (Eurobank), National Bank of Greece (NBG) and Piraeus Bank (Piraeus).

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

Other: This segment includes the Fund's results relating to internal operations and procedures which ensure the appropriate design and implementation of the Fund's policies and principles. It also includes the cash and balances with banks and the interest income derived from both cash balances as well as European Financial Stability Facility floating rate notes (EFSF FRNs).

Analysis by Operating Segment

Amounts in €	1/1/2015-31/12/2015			
	Systemic Banks	TCIs & Banks under Liquidation	Other	Total
Interest income	-	-	18,232,929	**18,232,929**
Personnel expenses	(1,485,663)	(492,217)	(818,655)	**(2,796,535)**
General administrative & other operating expenses	(1,822,145)	(209,665)	(1,454,345)	**(3,486,155)**
Impairment of receivables from banks under liquidations	-	(281,500,034)	-	**(281,500,034)**
Loss from financial instruments at FVTPL	(9,334,234,512)	-	-	**(9,334,234,512)**
Gain from disposal of investments	-	1,421,415	-	**1,421,415**
Depreciation and amortization of property, equipment and intangible assets	(59,419)	(16,977)	(8,488)	**(84,884)**
One-off expense	(555,600,000)	-	(286,748)	**(555,886,748)**
Other income			300	**300**
Profit/(Loss) for the period	**(9,893,201,739)**	**(280,797,478)**	**15,664,993**	**(10,158,334,224)**
		31/12/2015		
Total segment assets	6,445,659,710	2,052,324,099	349,703,143	**8,847,686,952**
Total segment liabilities	(5,792,589)	(1,991,272)	(457,878)	**(8,241,739)**

Amounts in €	01/01/2014 - 31/12/2014			
	Systemic Banks	TCIs & Banks under Liquidation	Other	Total
Interest income	-	-	76,749,920	**76,749,920**
Personnel expenses	(1,467,159)	(475,697)	(808,546)	**(2,751,402)**
General administrative & other operating expenses	(15,563,130)	(203,452)	(1,631,018)	**(17,397,600)**
Impairment of receivables from banks under liquidations	-	(283,770,278)	-	**(283,770,278)**
Loss from financial instruments at FVTPL	(9,694,887,767)	-	-	**(9,694,887,767)**
Gain from investment securities	-	5,401,986	-	**5,401,986**
Depreciation and amortization of property, equipment and intangible assets	(60,117)	(17,176)	(8,589)	**(85,882)**
Other income/(expenses)			(26,568)	**(26,568)**
Profit/(Loss) for the period	**(9,711,978,173)**	**(279,064,617)**	**74,275,199**	**(9,916,767,591)**
		31/12/2014		
Total segment assets	11,622,072,637	2,551,332,713	11,607,648,186	**25,781,053,536**
Total segment liabilities	1,272,233,203	3,494,538	242,609	**1,275,970,349**

Note 5 Cash and Balances with Banks

Amounts in €	31/12/2015	31/12/2014
Cash and balances with banks	16,843	10,958
Balances with Central Bank	2,077,526	670,050,120
Cash management account in BoG	347,209,623	-
Total	**349,303,992**	**670,061,078**

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

The "Balances with Central Bank" account pertain to balances, which are compulsory deposited and maintained in a special interest account at BoG for the Fund's day-to-day obligations.

Pursuant to the provisions of par. 4 art.3 of L.3864/2010, as amended by the art. 35 L.4320/2015, the Fund was obliged until 31/12/2015 to place 90% of its available cash in a cash management account with BoG. Cash management account in Central Bank includes cash which was transferred from balances with Central Bank.

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

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

Note 6 Investment Securities

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

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

Amounts in €				31/12/2015		31/12/2014	
ISIN	Issue Date	Interest Rate	Maturity Date	Nominal Value	Fair Value	Nominal Value	Fair Value
EU000A1G0A57	19/12/2012	6M Euribor + 34 b.p.	19/12/2022	-	-	1,524,900,000	1,558,920,519
EU000A1G0A65	19/12/2012	6M Euribor + 35 b.p.	19/12/2023	-	-	1,069,394,000	1,096,043,298
EU000A1G0A73	19/12/2012	6M Euribor + 36 b.p.	19/12/2024	-	-	1,138,609,000	1,169,636,095
EU000A1G0BE6	31/5/2013	6M Euribor + 33 b.p.	30/5/2024	-	-	3,600,000,000	3,724,344,000
EU000A1G0BD8	31/5/2013	6M Euribor + 34 b.p.	30/5/2025	-	-	3,600,000,000	3,735,468,000
Subtotal				-	-	10,932,903,000	11,284,411,912
Plus: Accrued Interest				-	-	4,201,252	4,201,252
Total				**-**	**-**	**10,937,104,252**	**11,288,613,164**

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

The movement of the EFSF FRNs during the year ended 31/12/2015 and 31/12/2014 is as follows:

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

Note 7 Financial Assets at Fair Value through Profit or Loss

The balance includes the Fund's participations in the four systemic banks and the CoCos issued by NBG and Piraeus.

Shares in systemic banks

The Fund has classified under this F/S line the shares received from its participation in the share capital increases (SCI) of the four systemic banks that took place within 2013 and the share capital increases of NBG and Piraeus that took place in December of 2015. The Fund has designated these shares at initial recognition at fair value through profit or loss and subsequently the gains or losses are recognized in the statement of comprehensive income.

Fair value of shares

The following table presents the fair value of the shares per bank as well as the Levels of the fair value hierarchy. The fair value of the shares was determined based on the market prices in the Athens Exchange at the reporting date. The Level 1 classification is based on the fact that the market prices are unadjusted quotes in an active market.

	Fair value	Fair value hierarchy			Fair value
Amounts in €	31/12/2015	Level 1	Level 2	Level 3	31/12/2014
Alpha	421,246,114	421,246,114	-	-	3,958,746,283
Eurobank	54,163,900	54,163,900	-	-	973,908,596
NBG	1,267,278,389	1,267,278,389	-	-	2,972,814,566
Piraeus	641,487,307	641,487,307	-	-	3,716,603,192
Total	**2,384,175,710**	**2,384,175,710**	**-**	**-**	**11,622,072,637**

Movement of shares

The movement of the Fund's participations in systemic banks during 2015 is presented in the table below:

No of Shares	Alpha	Eurobank*	NBG	Piraeus**
Shares held as of 31/12/2014	8,458,859,579	5,208,067,358	2,022,322,834	4,084,179,332
Disposal of shares due to warrants exercise (pre reverse split)	(102,239)	-	(15,174)	(15,969)
Shares held pre reverse split	8,458,757,340	5,208,067,358	2,022,307,660	4,084,163,363
Multiplier of reverse split	50-to-1	100-to-1	15-to-1	100-to-1
Shares held post reverse split	169,175,146	52,080,673	134,820,510	40,841,633
Share capital increase	-	-	2,254,869,160	2,266,666,667
Conversion from preference shares	-	-	1,305,000,000	-
Disposal of shares due to warrants exercise (post reverse split)	-	-	(488)	-
Shares held as of 31/12/2015	**169,175,146**	**52,080,673**	**3,694,689,182**	**2,307,508,300**

	Alpha	Eurobank*	NBG	Piraeus**
of which:				
Shares with restricted voting rights	169,175,146	52,080,673	134,820,022	40,841,633
Shares with full voting rights	-	-	3,559,869,160	2,266,666,667
Participation with restricted voting rights	**11.01%**	**2.38%**	**1.47%**	**0.47%**
Participation with full voting rights	**0.00%**	**0.00%**	**38.92%**	**25.95%**

*The total number of shares are free transferrable (no warrants issued).
**Out of the total number of shares held by the Fund, 3,082,353 shares correspond, after the reverse split, to the part of the share capital increase which pertained to the Cypriot banks (€ 524m) and are freely transferrable (no warrants issued).

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

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

In December 2015, NBG's fifth warrants exercise took place. There were 890 warrants exercised and 488 shares exchanged, resulting to the Fund receiving €35,182. The Fund realized gain amounting to € 3,779 from the exercise of warrants reflecting the difference between the warrant's exercise price (€ 72.0935) and the share's issue price (€64.35 as adjusted after the reverse split). In the context of the fifth warrant's exercise of Alpha and Piraeus, no warrant has been exercised.

According to the Cabinet Act 45/5.12.2015, the preference shares issued by NBG under the article 1 of Law 3723/2008 were converted into common shares, the ownership of which was transferred to the Fund in line with par.1, article 3 of its founding Law 3864/2010. After the completion of this transaction in December 2015, HFSF acquired 1,305,000,000 common shares with nominal value €0.30 per share with no consideration paid, resulting to a total value of € 391.5m.

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

	Percentage Participation	
	31/12/2015	31/12/2014
Alpha	11.01%	66.24%
Eurobank	2.38%	35.41%
NBG	40.39%	57.24%
Piraeus	26.42%	66.93%

Credit rating of the four banks
The long term credit ratings of the four banks as of the date of the approval of the financial statements, per international credit rating agencies, are provided in the table below:

Banks	Fitch	S&P	Moodys
Alpha	RD	SD	Caa3
Eurobank	RD	SD	Caa3
NBG	RD	SD	Caa3
Piraeus	RD	SD	Caa3

Contingent Convertible bonds (CoCos)

Following the recapitalization of NBG and Piraeus in December 2015 and in accordance with par.2 and 5c of Law 3864/2010 and Cabinet Act No 36/2015, HFSF contributed ESM notes and in return received common shares (25% of the capital support) and CoCos (75% of the capital support). HFSF acquired from NBG the principal amount of € 2,029,200,000 denominated in 20,292 bonds of a nominal value of €100,000 each and from Piraeus the principal amount of € 2,040,000,000 denominated in 20,400 bonds of a nominal value of €100,000 each. CoCos were issued by Piraeus and NBG on 02/12/2015 and 09/12/2015 respectively at par and are perpetual without a fixed repayment date. CoCos are governed by Greek law, do not carry rights and constitute direct, unsecured and subordinated investments in the two banks, ranking at all times pari passu with common shareholders.

CoCos are hybrid securities that exhibit characteristics of both debt and equity. They are essentially another capital raising option, which will enable the banks to meet regulatory capital requirements, through strengthening their capital ratios. CoCos issued by NBG and Piraeus were classified as Common Equity Tier 1 (CET1) ratio. The key features of CoCos are outlined below.

Key features of CoCos

Maturity and interest

The CoCos do not have a maturity date (perpetual securities). They bear return at 8% per annum for the first seven years and thereafter the interest rate is set to 7-year Mid-Swap Rate plus margin. Payment of interest (whether in whole or in part) is entirely at the discretion of the bank's BoD. Any such interest elected not to be paid is cancelled and does not accumulate. However, if the bank does not pay all or any part of any scheduled interest payments more than once, then the CoCos are automatically converted into ordinary shares of the bank. The bank's BoD has the option, at its full discretion, to pay interest in the form of newly issued ordinary shares, the number of which shall be equal to the interest payment divided by the share's current price on the interest payment date. Any interest payment shall be subject to the operation of any applicable Maximum Distributable Amount as stands pursuant to Article 141 of the Capital Requirements Directive. A mandatory interest cancellation exists if the payment would cause the maximum distributable amount, then applicable, to be exceeded. If the bank decides not to pay the interest on CoCos, no dividend shall be paid.

Conversion upon a trigger event

If the CET1 ratio of the bank, calculated on a consolidated or a solo basis, is lower than 7% or the bank misses a second coupon payment, the CoCos are automatically converted into ordinary shares. The number of ordinary shares is determined by dividing 116% of the nominal value of the then outstanding CoCos by the subscription price (€ 0.30) in the 2015 recapitalization. The same rule applies if the HFSF decides to exercise its option on the 7th annual anniversary from the issuance date. In the event of the conversion, HFSF would receive the amount of 7,846,240,000 common shares of NBG and of 7,888,000,000 common shares of Piraeus.

Embedded Optionalities

The following options are embedded into CoCos:

- The bank's option to redeem the CoCos in cash, in whole or in part, at any time, at 100% of the principal, together with any accrued but unpaid interest, provided that all necessary regulatory approvals are obtained.
- The HFSF's option to convert the CoCos into the bank's ordinary shares in December 2022 .
- The Bank's option to cancel interest payment once, without resulting in a trigger event.
- The Bank's option to pay interest in common shares instead of cash.

Fair value of CoCos

The fair value of CoCos per bank is presented as follows:

	Fair value	
Amounts in €	31/12/2015	31/12/2014
CoCos issued by NBG	2,026,805,000	-
CoCos issued by Piraeus	2,034,679,000	-
Total	**4,061,484,000**	**-**

The valuation technique uses significant unobservable inputs and therefore the valuation of CoCos is categorized as Level 3 instrument within the fair value hierarchy.

Description of the valuation technique and inputs used

CoCos are not traded in a market, therefore according to IFRS 13 the fair value must be estimated using a valuation technique that is appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

CoCos were valued using an option-style valuation technique which is considered the most appropriate and preferable methodology in order to value derivative instruments such as CoCos and is applied according to IFRS 13. Under this approach, the expected cash flows are projected under different sets of conditions to yield a range of possible outcomes, using a multivariate Monte Carlo Simulation ("MSC"). The multivariate MCS technique is considered an appropriate methodology for developing multiple scenarios that reflect the specific underlying characteristics of CoCos and applying decisions, as if rational investors made these, in order to derive the expected cash flow or value.

The key parameters of the valuation technique selected are CET1 ratio, share price and market interest rates. The valuation technique was calibrated so that the fair value of the CoCos equals the transaction price at initial recognition.

CoCos' Fair Value movement

Amounts in €	CoCos of NBG	CoCos of Piraeus
Balance 1 January 2015	-	-
Acquisition of CoCos	2,029,200,000	2,040,000,000
Unrealized Loss recognized in the income statement	(2,395,000)	(5,321,000)
Balance 31 December 2015	**2,026,805,000**	**2,034,679,000**

Significant unobservable inputs and sensitivity analysis of CoCos fair value

Both market and unobservable inputs have been used in the valuation approach and several variables were taken into account as relevant. The quantitative information about the significant unobservable inputs as of 31/12/2015 is presented in the following table:

Unobservable Inputs	NBG	Piraeus
Volatility of CET1 ratio	47%	42%
Long-term volatility of share price	50%	50%
Correlation between CET1 and share prices	90%	90%
Correlation between interest rates and share prices	40%	40%

An increase/(decrease) in the volatility of CET1 ratio would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the volatility of CET1 ratio would not result in a significant change of the fair value of CoCos as of the reporting date.

An increase/(decrease) in the long-term volatility of share price would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the volatility of share price would not result in a significant change of the fair value of CoCos as of the reporting date.

An increase/(decrease) in the correlation between share price and CET1 ratio would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the correlation between share price and CET1 ratio would not result in a significant change of the fair value of CoCos as of the reporting date.

An increase/(decrease) in the correlation between market interest rates and CET1 ratio would result in a decrease/(increase) in the fair value of CoCos. A reasonable change in the correlation between market interest rates and CET1 ratio would not result in a significant change of the fair value of CoCos as of the reporting date.

The combined effect of a reasonable change in the CET1 volatility and the share price volatility would not result in a material change in the fair value of the CoCos.

Valuation process

The valuation of the CoCos was performed by an independent appraisal using the assumptions approved by the HFSF's Management. HFSF reviewed the valuation method and the inputs used in accordance with the HFSF relative control procedures.

Note 8 Property and Equipment

Amounts in €	Vehicles & equipment	Leasehold improvements	Total
Balance 1 January 2014	**161,656**	**157,209**	**318,865**
Additions	20,562	-	20,562
Disposals and write-offs	-	-	-
Balance 31 December 2014	**182,218**	**157,209**	**339,427**
Accumulated depreciation	**(67,125)**	**(63,974)**	**(131,099)**
Depreciation charge	(46,061)	(26,133)	(72,194)
Balance - 31 December 2014	**(113,186)**	**(90,107)**	**(203,293)**
Net book value 31 December 2014	**69,032**	**67,102**	**136,134**
Balance 1 January 2015	**182,218**	**157,209**	**339,427**
Additions	9,609	-	9,609
Disposals and write-offs	(59)	-	(59)
Balance 31 December 2015	**191,768**	**157,209**	**348,977**
Accumulated depreciation	**(113,186)**	**(90,107)**	**(203,293)**
Depreciation charge	(36,154)	(26,149)	(62,303)
Balance - 31 December 2015	**(149,340)**	**(116,256)**	**(265,596)**
Net book value 31 December 2015	**42,428**	**40,953**	**83,381**

Note 9 Intangible Assets

Amounts in €	Software
Balance 1 January 2014	**49,739**
Additions	11,189
Disposals and write-offs	-
Balance 31 December 2014	**60,928**
Accumulated depreciation	**(21,432)**
Depreciation charge	(13,688)
Balance - 31 December 2014	**(35,120)**
Net book value 31 December 2014	**25,808**
Balance 1 January 2015	**60,928**
Additions	16,480
Disposals and write-offs	-
Balance 31 December 2015	**77,408**
Accumulated depreciation	**(35,120)**
Depreciation charge	(22,581)
Balance 31 December 2015	**(57,701)**
Net book value 31 December 2015	**19,707**

Note 10 Receivables from Banks under Liquidation

According to par. 15 of article 9 of the Law 4051/2012, as amended by the Law 4224/2013, the Fund became liable to pay until 31/12/2014 the amount that the HDIGF would have covered, in the context of the resolution of the financial institutions, as foreseen by par. 13 of art. 141 and par. 7 of art. 142 of Law 4261/2014. In this case the Fund took over the rights of HDIGF as per par. 4 of art. 13A of Law 3746/2009. The liquidators of credit institutions under liquidation have been nominated and are being monitored by the BoG.

Further to that, the Fund's founding law, as amended by Law 4254/2014, explicitly states that the monitoring and supervision of the actions and decisions of the bodies of the special liquidation of the credit institutions do not fall within the functions of the Fund and therefore, the Fund has no involvement or control over the liquidation process and consequently over the recovery of any amounts, nevertheless the Fund maintains its own independent valuation estimates over amounts to be recovered. In this context, HFSF's receivables are a combination of its contribution of EFSF FRNs and cash, instead of the HDIGF, in order to cover the funding gap of financial institutions, which were resolved.

Up to 31/12/2015 the total amount provided by the Fund to cover funding gap reached the amount of € 13,489m, out of which € 486m were recovered and € 10,950.7m were assessed as non-recoverable. During the 12 month period ended 31/12/2015 the Fund collected a total amount of €208.7m from the banks under liquidation.

The funding gap, the cumulative impairment and the collections per bank under liquidation as of 31/12/2015 are presented in the following table:

Amounts in €

Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,473,992	(107,300,654)	(48,000,000)	54,173,338
ATEbank	7,470,717,000	(5,646,004,771)	(315,000,000)	1,509,712,229
Dodecanese Cooperative Bank	258,547,648	(148,159,788)	(49,000,000)	61,387,860
Evia Cooperative Bank	105,178,136	(85,464,522)	(2,000,000)	17,713,614
First Business Bank (FBB)	456,970,455	(414,178,813)	(7,500,000)	35,291,642
Hellenic Post Bank	3,732,554,000	(3,425,634,177)	(15,000,000)	291,919,823
Lamia Cooperative Bank	55,493,756	(30,221,547)	(10,000,000)	15,272,209
Lesvos-Limnos Cooperative Bank	55,516,733	(38,664,778)	(12,000,000)	4,851,955
Probank	562,733,502	(519,769,011)	(5,500,000)	37,464,491
Proton Bank	259,621,860	(244,760,837)	(5,018,676)	9,842,347
T-Bank	226,956,514	(224,944,714)	(2,011,800)	0
Western Macedonia Cooperative Bank	95,244,475	(65,549,884)	(15,000,000)	14,694,591
Total	**13,489,008,071**	**(10,950,653,496)**	**(486,030,476)**	**2,052,324,099**

The movement of the Fund's receivables, including impairments and collections, from the banks under liquidation for the 12 month period ended 31/12/2015 is presented in the following table:

Amounts in €	01/01/2015-31/12/2015				
Bank under Liquidation	**Opening balance**	**Additions**	**Collections**	**Impairment charges**	**Closing balance**
Achaiki Cooperative Bank	83,260,542	-	(10,000,000)	(19,087,204)	54,173,338
ATEbank	1,700,030,040	-	(95,000,000)	(95,317,811)	1,509,712,229
Dodecanese Cooperative Bank	117,531,421	-	(49,000,000)	(7,143,561)	61,387,860
Evia Cooperative Bank	28,252,922	-	(2,000,000)	(8,539,308)	17,713,614
First Business Bank (FBB)	60,975,626	-	(7,500,000)	(18,183,984)	35,291,642
Hellenic Post Bank	367,047,367	-	(15,000,000)	(60,127,544)	291,919,823
Lamia Cooperative Bank	23,692,931	-	(4,000,000)	(4,420,722)	15,272,209
Lesvos-Limnos Cooperative Bank	20,548,979	-	(5,000,000)	(10,697,024)	4,851,955
Probank	96,954,709	-	(5,500,000)	(53,990,218)	37,464,491
Proton Bank	11,684,928	-	(694,410)	(1,148,171)	9,842,347
T-Bank	-	-	-	-	-
Western Macedonia Cooperative Bank	32,539,078	-	(15,000,000)	(2,844,487)	14,694,591
Total	**2,542,518,543**	**-**	**(208,694,410)**	**(281,500,034)**	**2,052,324,099**

The movement of the Fund's receivables, including impairments and collections, from the banks under liquidation for the 12 month period ended 31/12/2014 is presented in the following table:

Amounts in €	01/01/2014 - 31/12/2014				
Bank under Liquidation	**Opening balance**	**Additions**	**Collections**	**Impairment charges**	**Closing balance**
Achaiki Cooperative Bank	147,868,800	-	(38,000,000)	(26,608,258)	83,260,542
ATEbank	1,750,678,850	-	-	(50,648,810)	1,700,030,040
Dodecanese Cooperative Bank	166,008,901	-	-	(48,477,480)	117,531,421
Evia Cooperative Bank	63,939,049	-	-	(35,686,127)	28,252,922
First Business Bank (FBB)	80,274,457	-	-	(19,298,831)	60,975,626
Hellenic Post Bank	380,271,150	-	-	(13,223,783)	367,047,367
Lamia Cooperative Bank	39,967,991	-	-	(16,275,060)	23,692,931
Lesvos-Limnos Cooperative Bank	26,908,340	-	-	(6,359,361)	20,548,979
Probank	128,782,552	-	-	(31,827,843)	96,954,709
Proton Bank	11,684,928	-	-	-	11,684,928
T-Bank	2,011,800	-	(2,011,800)	-	-
Western Macedonia Cooperative Bank	54,681,344	13,222,459	-	(35,364,725)	32,539,078
Total	**2,853,078,162**	**13,222,459**	**(40,011,800)**	**(283,770,278)**	**2,542,518,543**

Note 11 Other Assets

The balance as of 31/12/2014 includes an additional gain from the sale of New HPB that took place in 2013, due to the finalization of a contingency included in the SPA signed between HFSF and Eurobank in the third quarter of 2014 amounting to € 8.8m. The amount was received from Eurobank on 13/03/2015.
The balance as of 31/12/2015 includes receivables from prepaid expenses and guarantees, which are expected to be recovered within twelve months after the reporting period.

Note 12 Derivative Financial Liability

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

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

	Fair value	
Amounts in €	31/12/2015	31/12/2014
Alpha's warrant	2,283,468	1,073,243,089
NBG's warrant	1,228,729	39,319,753
Piraeus' warrant	843,637	159,448,072
Total	**4,355,834**	**1,272,010,914**

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

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

	Alpha	NBG	Piraeus
Warrants outstanding as of 31/12/2014	1,141,747,967	245,748,459	843,640,590
Warrants exercised pre reverse split	(13,800)	(1,844)	(3,568)
Warrants exercised post reverse split	-	(890)	-
Warrants outstanding as of 31/12/2015	**1,141,734,167**	**245,745,725**	**843,637,022**
Multiplier (pre reverse split)	7.40868307	8.22923881005499	4.47577327722
Multiplier (31/12/2015)	0.148173663047785	0.54861592129144	0.044757733395671

Exercise of warrants
The warrants may be exercised semiannually with the first exercise date being six (6) months following the issuance and the expiry date being after fifty-four (54) months following the issuance.
In January 2015 the Fund received an amount of € 28,912 following the third exercise of 3,568 of Piraeus' warrants. In June 2015 the Fund received the amounts of € 49,034 and € 70,955 following the fourth exercise of Alpha's and NBG's warrants respectively. In December 2015 NBG's fifth warrants exercise took place. There were 890 warrants exercised and 488 shares exchanged, resulting to the Fund receiving €35,182. Following the exercise, HFSF's shareholding in NBG amounted to 40.39%. In the context of the fifth warrant exercise of Alpha and Piraeus no warrant has been exercised. The Fund's cumulative gain from all warrants' exercises that have taken place amounted to € 11.9m as of 31/12/2015.

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

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

Note 13 Provisions and Other Liabilities

Amounts in €	31/12/2015	31/12/2014
Provisions	1,990,770	3,412,185
Creditors and suppliers	389,162	145,488
Taxes payable	208,939	237,822
Contributions payable to social security funds	96,051	114,498
Other expenses payable	1,200,984	49,442
Total	**3,885,906**	**3,959,435**

The provision recognized regarding an obligation arising from the sale of New HPB to Eurobank that took place in 2013 has been finalized at an amount lower than previously estimated, resulting to the recognition of a gain of € 1.4m from the reversal of the provision (see note 19). The relative amount was paid in February 2016. The significant increase of the other expenses payable is due to the increased advisors' fees as a result of recent the recapitalization, which were paid in April of 2016.

Note 14 Capital

Following a ministerial decision (Government Gazette B' 292/26.02.2015) issued on 26/02/2015, in accordance with the Master Financial Assistance Facility Agreement signed on 15/03/2012 as amended and in alignment with the Eurogroup statement of 20/02/2015, HFSF proceeded with the re-delivery of the unused EFSF Notes, with nominal value of € 10,932,903,000 to the EFSF on 27/02/2015. Additionally, the HFSF proceeded with the reduction of its paid in capital by the amount of € 10,932,903,000.
In the context of the HFSF's participation in the recapitalization of Piraeus and NBG, Hellenic Republic following the approval of ESM contributed to HFSF ESM notes at a fair value of € 2,720,000,000 and € 2,705,660,748, increasing equally HFSF's capital.

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**
Capital increase - EFSF FRNs contributed on 31/05/2013	7,200,000,000
Balance as of 31 December 2013	**49,700,000,000**
-	-
Balance as of 31 December 2014	**49,700,000,000**
Capital decrease - EFSF FRNs returned on 27/02/2015	(10,932,903,000)
Capital increase - ESM FRNs contributed on 01/12/2015	2,720,000,000
Capital increase - ESM FRNs contributed on 08/12/2015	2,705,660,748
Balance as of 31 December 2015	**44,192,757,748**

Note 15 Interest Income

A breakdown of the Fund's interest income for the year ended 31/12/2015 and 31/12/2014 is provided in the table below:

Amounts in €	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Interest income from EFSF FRNs	9,033,084	76,464,995
Interest income from deposits	-	284,925
Interest income from cash management account	9,199,845	-
Total	**18,232,929**	**76,749,920**

The payment of coupon from CoCos lies to the banks' sole discretion, therefore the amount of € 23.9m corresponding to the interest up to 31/12/2015 is not recognized.
The decrease in interest income from EFSF FRNs is due to the re-delivery of all the unused notes held by the Fund to the EFSF on 27/02/2015.
The cash in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with paragraph 11 (g) of the article 15 of the law 2469/1997.

Note 16 Personnel Expenses

The number of directors and employees under payroll was 31 and 33 as of 31/12/2015 and 31/12/2014 respectively. The total personnel expenses for 2015 and 2014 are analysed as follows:

Amounts in €	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Salaries	(2,393,673)	(2,365,873)
Employer's contribution	(402,862)	(385,529)
Total	**(2,796,535)**	**(2,751,402)**

The average number of employees, including directors, during the year ended 31/12/2015 and 31/12/2014 was 31 and 29 respectively.

Note 17 General Administrative and Other Operating Expenses

Amounts in €	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Utilities and rentals	(327,104)	(354,625)
General Council remuneration	(334,476)	(365,000)
Lawyers' fees	(586,431)	(400,706)
Audit firms' fees	(50,369)	(150,386)
Advisors' fees	(1,197,251)	(14,441,881)
Professionals' fees	(115,026)	(139,725)
Custody fees	(184,660)	(796,389)
Insurance fees	(387,807)	(238,649)
Fees to bank representatives	-	(76,545)
Other fees	(111,592)	(103,433)
Other expenses	(191,438)	(330,261)
Total	**(3,486,154)**	**(17,397,600)**

The increased operating expenses in 2014 are due to a) the fees for services rendered by investment banks for the systemic banks' SCIs which amounted to € 14.4m, in compliance with the legal requirement to obtain two fairness opinions per SCI per bank and b) the decrease by € 0.6m in custody fees due to the re-delivery of HFSF notes and the decrease of the Fund's participations value in systemic banks.

Note 18 Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The figure includes the gains or losses resulting from the revaluation of the shares held in systemic banks and the warrants issued, the results from the disposals of the shares upon the exercise of the warrants and the revaluation of the CoCos issued by NBG and Piraeus.

The breakdown of the gain or loss by financial instrument during the 12 month period ended 31/12/2015 and 31/12/2014 is presented in the table below.

Amounts in €	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Gain/(loss) from equity instruments		
Alpha	(3,537,451,136)	(1,459,501,780)
Eurobank	(919,744,696)	(1,906,152,653)
NBG	(2,381,890,787)	(4,813,127,738)
Piraeus	(3,755,086,973)	(2,526,366,112)
Subtotal	**(10,594,173,592)**	**(10,705,148,283)**
Gain/(loss) from warrants		
Alpha	1,070,959,621	276,024,104
NBG	38,091,025	245,748,599
Piraeus	158,604,434	488,487,813
Subtotal	**1,267,655,080**	**1,010,260,516**
Gain/(loss) from CoCos		
NBG	(2,395,000)	-
Piraeus	(5,321,000)	-
Subtotal	**(7,716,000)**	**-**
Total	**(9,334,234,512)**	**(9,694,887,767)**

According to the Cabinet Act 45/5.12.2015, the preference shares issued by NBG under the article 1 of Law 3723/2008 were converted into common shares, the ownership of which was transferred to the Fund in line with par.1, article 3 of Law 3864/2010. After the completion of this transaction in December 2015, HFSF acquired 1,305,000,000 common shares with nominal value €0.30 per share with no consideration paid. HFSF recognized from the transaction a day 1 gain of €391.5 million in the statement of comprehensive income, which is included in the gain/(loss) from NBG's equity instruments in the table above.

Note 19 Gain/(Loss) from Disposal of Investment

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

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

As it is explained in Note 13, the aforementioned provision has been finalized in 2015 at an amount lower than previously estimated, resulting to the recognition of a gain of € 1.4m from the reversal of the provision as of 31/12/2015. The relative amount was paid in February 2016.

Note 20 One-off Expense

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

Note 21 Commitments and Contingent Liabilities

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

Amounts in €	31/12/2015	31/12/2014
No later than 1 year	162,473	253,688
Later than 1 year and no later than 5 years	81,236	380,532
Total	**243,709**	**634,220**

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

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

Note 22 Related Party Transactions

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

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

Transactions with key management personnel
The members of the Executive Board and the General Council, as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The gross remuneration paid in 2015 amounted to € 759.5k (2014: €931k). Furthermore, for the executive members an amount of € 58.6k (2014: € 65k) had been paid for social security contributions.

Transactions and balances with systemic banks
Following the contribution of EFSF FRNs to the systemic banks in the context of the pre-subscription agreements and subsequently due to the participation of the HFSF in the recapitalization of the banks in 2013 and 2015, the Fund considers the systemic banks to be related parties as defined in IAS 24.
In the context of NBG's and Piraeus' recapitalization in 2015, HFSF contributed to the banks's share capital ESM notes in order to fully cover the capital needs under the adverse scenario of NBG and Piraeus. The fair value of the ESM notes amounted to € 2,706m and € 2,720m for NBG and Piraeus respectively. In return, the Fund received the amount of € 677m and € 680m in NBG's and Piraeus' common shares respectively and the amount of € 2,029m and € 2,040m in the form of Contingent Convertible bonds ("CoCos"), issuance of NBG and Piraeus respectively. HFSF

also received the amount of € 391.5m in common shares of NBG, after the mandatory conversion of the bank's preference shares.
The fair value of the shares held of the Fund as of 31/12/2015 amounted to € 2,384.2m (31/12/2014: € 11,622.1m) and the fair value of CoCos amounted to € 4,061.5m as of 31/12/2015.
The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the year of 2015 and 2014 amounted to € 138.3k and € 467.5k respectively.

Transactions and balances relating to transitional credit institutions
In the first half of 2015 the Fund received the amount of € 8.8m from Eurobank following the finalization of a contingency from the sale of New HPB. Moreover, a provision regarding an obligation arising from the sale of New HPB to Eurobank that took place in 2013 amounted to € 1.99m, which was paid in February 2016. The provision has been finalized at an amount lower than previously estimated, resulting to the recognition of a gain of € 1.4m from the reversal of the provision in the statement of comprehensive income for the current period.

Note 23 Independent Auditor's Fees

Deloitte Certified Public Accountants S.A. has served as the independent statutory auditor for the year ended 31/12/2015. The following table presents the aggregate fees (excluding VAT) for professional audit and other services rendered to the Fund by the auditing firm Deloitte Certified Public Accountants S.A.

Amounts in €	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
Audit and review fees for statutory audit of financial statements	40,000	45,500
Other audit related fees	-	43,200
Total	**40,000**	**88,700**

In 2015, following the amendment of Law 3864/2010 according to which HFSF prepares quanterly accounts, the 6 months financial statements were reviewed by Deloitte Certified Public Accountants S.A.

Note 24 Risk Management

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

Financial Risk Management

During 2015, HFSF held the following financial assets, as presented in each relevant Note:

- Financial Assets at Fair Value through Profit or Loss – Equity shares of the four systemic banks, as a result of the HFSF's participation in the share capital increases that took place in 2013 and 2015
- Investment securities - EFSF FRNs held by the HFSF,
- Contingent convertible bonds (CoCos),
- Receivables from banks under liquidation - Claims from the banks which have been placed under liquidation and the Fund has covered their funding gap, on behalf of the HDIGF,
- Cash in hand and balances with Banks,
- Other receivables

All of the financial assets above are denominated in Euros.

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

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

**If the foreseen exercise date does not fall on a business day, it shall be carried over to the immediately following business date, adjusting accordingly the amount of interest*
***The last exercise date is the warrants' expiry date*
****After 36 months as of the issue of the HFSF Warrants, the HFSF is entitled, subject to certain requirements, to transfer the underlying common shares to third parties without any compensation to HFSF Warrants' holders who choose not to exercise the warrants.*

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

During 2015, the HFSF, was exposed to the following risks:

Interest rate risk
Interest rate risk is related to potential loss arising from adverse movements in interest rates.
The HFSF's is exposed to interest rate risk, through the following:

- The valuation CoCos, which is sensitive to interest rates movements.
- The coupon income expected from CoCos after the first seven years. The interest rate after the first seven years will be reset to mid-market rate plus margin.
- The interest income expected from cash management account and deposit account at the BoG. The amount in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State.

Coupon cancel risk
Payment of Interest from CoCos (whether in whole or in part) is entirely at the discretion of the issuer's BoD. Any such interest elected not to be paid shall be cancelled and shall not accumulate or be payable at any time thereafter. Any interest payment shall be subject to the operation of any applicable Maximum Distributable Amount as stands pursuant to Article 141 of the Capital Requirements Directive. A mandatory interest cancellation exists if the payment would cause the maximum distributable amount, then applicable, to be exceeded.

Conversion risk
This is the loss absorption risk originating from the probability the CoCo conversion is triggered. In case a trigger event takes place, a loss of value for HFSF is expected. This risk driver is reflected in the CoCo valuation.

Equity price risk
Price risk is related to potential losses, arising from adverse movements related to shares owned in systemic banks, warrants and CoCos valuation. HFSF's price risk, is mainly attributable to:

- The value of the Fund's equity participations in the four systemic banks. These equity participations are recorded at fair value and the change in fair value is recorded in the Statement of Comprehensive Income. As of 31/12/2015, the fair values of the Fund's shareholdings in the 4 banks amounted to € 2,384m. A change at a range of +/- 10% in the share prices of these investments would lead to revaluation gains/(losses) of +/- € 238m in the Statement of Comprehensive Income.

- The value of the warrants that the HFSF has issued with the HFSF's shares in the three systemic banks as the underlying assets. The warrants are recorded at fair value and the change in their fair values is recorded in the Statement of Comprehensive Income. As of 31/12/2015 warrants amounted to € 4.4m. A change at a range of +/- 10% in the warrant prices would lead to (losses)/gains of -/+ € 435k in the Statement of Comprehensive Income.
- Because of the potential conversion to equity, HFSF is exposed to variations in the share prices of the issuing banks, as this would influence the value of their claim when conversion occurs. The equity risk from the potential conversion is reflected in the CoCos valuation.

Therefore, the HFSF is exposed to downside equity risk, resulting from the possible decrease in the equity prices of the four systemic banks, in which the HFSF holds equity stakes. Since the revaluations from both the warrants and the shares are recorded in the Statement of Comprehensive Income, the losses from the appreciation in the warrants' value (liability) are offset by gains from the appreciation of the underlying share and vice versa. However, in case of imperfect correlation between the warrant price and the respective share price, the HFSF may incur net losses. In case the price of the warrant is close or equal to zero, the HFSF is exposed to equity price risk, arising from its participation in the underlying equity. It is noted that the shares of NBG and Piraeus acquired by HFSF in the recapitalization of 2015, as well as the Piraeus' shares held by the Fund as part of the share capital increase which pertained to the Cypriot banks in 2013, are not attached to warrants.

Recoverability risk

Recovery risk is related to a reduction in the value of the Fund's claims against banks under liquidation. These claims arose due to HFSF's payment, on behalf of the HDIGF, of funding gap created, as a result of specific banks' resolution process. The HFSF's payment of funding gap was obligatory, according to Law 4051/2012, as amended by Law 4224/2015, and Law 4261/2014. The Fund has no involvement or control over the liquidation process and the recovery of any amounts, nevertheless the Fund monitors its recovery risk by maintaining its own independent valuation estimates over amounts to be recovered.

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

Liquidity risk

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

Foreign Exchange risk

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

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, from external events and includes legal and compliance risk. HFSF also assumes model risk, since CoCo security is not traded in a market and thus its price cannot be observed directly, therefore the fair value is estimated using a valuation technique. The mark-to-model value of CoCos is used only for financial reporting purposes and in that respect the HFSF is exposed to the risk that the model may have fundamental errors and may produce inaccurate outputs. Operational risk may lead to monetary losses such as write-downs of assets, legal liability, loss or damage to assets and reputational damage. HFSF is not exposed to any significant operational risk due to the nature of its activities and operations. Despite that, the Fund has developed control procedures to ensure that any operational risk inherent to its activities is well monitored and mitigated on a proactive basis. This is achieved through satisfactory segregation of duties, oversight functions and clearly defined processes and procedures, as well as the implementation of the "four eye principle". During 2016 the Fund updated its business continuity and disaster recovery plan to ensure its ability to operate on an ongoing basis and limit losses in the event of any business disruption.

Note 25 Post Balance Sheet Events

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

Warrants exercise
In January 2016, and July 2016 Piraeus ' fifth and sixth warrants exercise took place. No warrant has been exercised. In June 2016, Alpha's and NBG's sixth exercise took place. No warrant has been exercised.

Formation of Selection Panel
Following the Minister of Finance's decision (Government Gazette 10/15.01.2016), the Selection Panel of the Fund's members of the General Council and the Executive Board has been formed. The Selection Committee is composed of the Chairman Francesco Papadia and the members Júlia Király, Eric Rajendra, Panagiotis Doumanoglou, Emilios Avgouleas and Peter Yngwe. On 04/04/2016 Mr. Lars Nyberg was appointed as a member of the Selection panel, following the Minister of Finance's decision (Government Gazette 182/05.04.2016) and the resignation of Mr. Eric Rajendra on 18/03/2016. By a decision of Minister of Finance, the following persons have been appointed as observers to the Selection Panel: Peter Basch (EC's representative), Panagiotis Strouzas (ECB's representative), Mike Hesketh (ESM's representative), Aggeliki Mitsolidou (BoG's representative), Adam Karaglanis (MoF's representative).

General Council composition
On 02/06/2016, Mr. Maetze Christof Gabriel was appointed by the Minister of Finance as non-executive member of the General Council following the resignation of Mr. Pierre Mariani on 01/03/2016.
Mr. Elias Karakitsos, non-executive member of HFSF's General Council, resigned on 05/07/2016.
On 18/07/2016, Mrs. Dagmar Valcarcel was appointed by the Minister of Finance as non-executive member of the General Council, replacing Mr. Wouter Devriendt who resigned on 30/04/2016.

Collections from liquidations
From the beginning of 2016 and up to the issuance of the annual financial report the Fund received €30 million from ATE under liquidation.

Systemic Banks' Board of Directors evaluation
As per the MoU signed on 19/08/2015, between the European Commission, acting on behalf of the ESM, the Hellenic Republic and BoG, the HFSF, with the help of an independent international consultant with proven experience and know how, introduced a program to review the Boards and the Committees of the systemic banks. This review is in line with prudent international practices and the current European and national compliance and legal framework by applying criteria that go beyond the minimum supervisory requirements. Among others, the HFSF evaluated the size, operation, organization, structure and the allocation of powers and responsibilities within the Board of Directors and the Board Committees and proposed improvements and amendments to each institution's current corporate governance framework. In order to fulfil this project the HFSF was assisted, on a technical basis, by the European Bank for Reconstruction and Development (EBRD) and has conducted a tendering process according to which Spencer Stuart was selected as the preferred consulting firm. The evaluation of the Boards and Committees of the systemic banks was completed in July 2016 and the results have been communicated to all parties involved.

Appointment of a Special Liquidator for banks under special liquidation
Following the provisions of Law 4336/2015, BoG appointed PQH Single Special Liquidation S.A. as Special Liquidator for the banks under special liquidation, aiming to ensure a more efficient management of their assets and a higher performance against the operational targets. PQH Single Special Liquidation S.A., jointly owned by PwC Business Solutions S.A., Qualco S.A. and Hoist Kredit Aktiebolag, replaces the existing liquidators and takes up the management of all the banks under special liquidation.

Hellenic Corporation of Assets and Participations

The Hellenic Corporation of Assets and Participations was founded under the Law 4389/2016 (Government Gazette 94/27.05.2016). Although HFSF is its direct subsidiary, the administrative autonomy and independence of the HFSF is not affected according to the provisions of the Law 4389/2016.

NPL resolution action plan

In accordance with the MoU, signed on 19/08/2015, between the European Commission acting on behalf of the ESM, the Hellenic Republic and the BoG, the HFSF would present and implement an NPL resolution action plan to enhance coordination among banks and accelerate the restructurings of the large corporate loans, and if needed jointly tackle entire economic sectors. For this purpose the HFSF selected a consultant, through a Request for Proposal, in order to deliver the aforementioned project.

The project was completed and the relevant study was sent to the Institutions, Ministry of Finance, Ministry of Economy and BoG on 27/04/2016. The project's deliverables evolved around five main axes, as follows:

- Identification and prioritization of obstacles for Large Corporate NPLs' restructuring
- Suggestion for a coordination framework among banks
- Definition of a high-level perimeter of distressed companies & sectors
- Assessment of current relevant capabilities in the banking sector
- Suggestions to expand capital markets' involvement

Resignation of the Executive Board of the Fund

Having completed successfully an important scope of work, the Executive Board of the HFSF, namely Messrs. Aristides Xenofos, CEO, George Koutsos, Deputy CEO and Anastasios Gagales, executive member, submitted their resignation with effective date as of 18/07/2016, with a view to facilitating choices regarding the future role and direction of the HFSF in the banking system and the Greek economy.