

A year ago the bank issued 4.5year call warrants, exercisable every six months into the stock at a price schedule (appendix A) that varies over time

the relationship between the warrant (which settles physically) and the stock price is:

[current stock price (0.69) - next exercise price of warrant (0.4686)] x leverage ratio 7.408 = intrinsic warrant px = 1.64.

Now, the warrant is offered at 1.83. The value here is that the difference between 1.83 and 1.64, in my view, doesnt compensate for the optionality you get holding the warrant compared to just holding the stock.

### Warrant price



Were the stock to rise 10% over the next month the warrant would rise in value from 1.83 by approx 22%. Conversely if the stock were to fall the warrants would also fall - but its unlikely the warrant price trades at zero anytime soon due to the 3.5years of remaining time value.

The warrants are quoted several thousand up 1tick wide on exchange.

Any qns shout.

### Appendix A

WARRANT ENTITLES HOLDER TO ACQUIRE NEW COMMON SHARES HELD BY HFSF AT A RATIO

OF 7.408683070. ISSUE AMOUNT: 1,233,503,482. STEP-UP STRIKE:0.4488 12/10/2013, 0.4576 06/10/2014, 0.4686 12/10/2014, 0.4796 06/10/2014, 0.4928 12/10/2015, 0.506 06/10/2016, 0.5214 12/10/2016, 0.5368 06/10/2017, 0.5544 12/10/2017

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