2020
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31/12/2020

SEPTEMBER 2021

HELLENIC FINANCIAL STABILITY FUND

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CHAIRMAN'S FOREWORD

The breakout of the unprecedented global pandemic of coronavirus in 2020 underlined the valuable and critical role of HFSF for the stability and the sustainable growth of the Greek systemic banks.

For 10 years now, HFSF has acted as a pillar of stability for the Greek economy in pursuit of sustainable growth. Throughout the period of the pandemic, HFSF remained focused on its mandate, supporting the four systemic banks in Greece to weather the challenges arisen from such an unprecedent crisis. At the same time, HFSF, as a responsible shareholder of the four systemic banks in Greece, worked together with them on continuing to implement their strategies with emphasis on their transformation and de-risking initiatives.

Committed to its mission of contributing to financial stability for the sake of public interest combined with the facilitation of the transition of systemic banks to the private sector, HFSF fully supported Piraeus Bank in strengthening its balance sheet, reducing materially NPEs and laying the basis for sustainable future profitability. Following the decision of the ECB Governing Council back in November 2020 not to allow payment of interest on Piraeus Bank's Contingent Convertible Bond held by the Fund, this was converted into common shares and HFSF became the majority shareholder of the bank.

Subsequently in the course of 2021, taking advantage of favorable market conditions, HFSF supported the bank's initiative to raise equity. At the same time, HFSF, acting under a March 2021 amendment of its founding, participated on a pari-passu basis with other shareholders and/or investors in the successful share capital increase of Piraeus Financial Holdings S.A. Thereby, HFSF 'followed its money' by maintaining its previous stake in the capital of the bank with the aim of preserving and/or creating value for its holding. In this context, HFSF successfully carried out in 2020 its key activities as a responsible and active shareholder, ensuring the implementation of strategic plans and the adoption of best practices in corporate governance.

Starting in 2020, systemic banks are utilizing the Finance Ministry's Hercules scheme to materially reduce non-performing exposures in order to focus on the financing of households and corporations. HFSF is happy to note the successful implementation of the Hercules scheme and proud to have been at the origin of this strategic initiative. It constantly explores or supports industry-wide and structural measures in cooperation with banks and other stakeholders.

Dedicated to serving the public interest and ensuring the application of best ESG-standards, in March 2020, HFSF became a signatory of the Principles for Responsible Banking of the United Nations Environment Program Finance Initiative to encourage and cooperate with the Greek banks to improve banking activities' environmental impact, increase banks' funding to support socially and environmentally sustainable economic activities and enhance banks' corporate governance. In addition, by inciting the banks to establish an Ethics and Sustainability Committee in their Board of Directors, the Fund has helped raise to the highest level the issues of ethics and social responsibility facing banks.

With a strong sense of responsibility during these challenging times, HFSF participated actively in the national effort to deal with the pandemic, donating at the outset of the Covid-19 crisis three modern and fully equipped intensive care units to strengthen the National Health System.

Recognizing that banks are the main source of financing and liquidity of the Greek economy, the Fund is looking forward to actively cooperating with all systemic banks in discussing and supporting their plans to improve their efficiency and provide the financing required for substantial economic growth in the post-pandemic era.

Chairman of HFSF
Andreas Verykios

GENERAL COUNCIL AND EXECUTIVE BOARD REPORT

BUSINESS OVERVIEW

HFSF'S MANDATE

HFSF'S FOUNDING LAW

The Hellenic Financial Stability Fund (Fund or HFSF) was founded in July 2010 under Law 3864/2010 ("HFSF Law") as a private-law 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 HFSF 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 (MoF).

The Fund's Headquarters are in Athens and its duration is up to December 31st, 2022. By decisions of the Minister of Finance, the duration of the Fund may be extended, if deemed necessary for the fulfilment of its scope.

OBJECTIVE OF THE FUND

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 acts in line:

i. with the relevant commitments under the Memorandum of Understanding (MoU),

ii. in compliance with the obligations arising from the Master Financial Facility Agreement (MFAFA) signed on 15/03/2012 and

iii. the new Financial Assistance Facility Agreement (new FAFA) signed on 19/08/2015.

THE FUND'S SCOPE OF WORK

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 such a way, as to protect the value of such assets, to minimize the risks for the Greek public and neither prevent nor distort 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 Fund may provide guarantee to the credit institutions of article 2 of HFSF Law and grant security over its assets for the fulfillment of its obligations under such guarantee. A decision of the Minister of Finance may regulate any necessary detail for the implementation of the present paragraph.

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 Bank of Greece. 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.

THE FUND'S TASKS

In pursuing this objective, the HFSF:

a. Provides capital support to credit institutions according to the provisions of the present Law in compliance with EU state aid rules.

b. 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 on the EU legislation on state aid.

c. Exercises its shareholding rights deriving from its participation in the credit institutions to which capital support is provided by the Fund, as these rights are defined in this law and in relationship framework agreements entered into with such credit institutions, according to paragraph 4 of Article 6 of HFSF Law in compliance with the rules of prudent management of the assets of the Fund and in line with the rules of the European Union with respect to State aid and competition.

d. Disposes in whole or partially, of financial instruments issued by the credit institutions in which it participates, according to the provisions of Article 8 of HFSF Law.

e. Provides loan to the Hellenic Deposit and Investment Guarantee Fund (HDIGF) for resolution purposes according to the provisions of article 16 of HFSF Law.

f. Facilitates the management of the non-performing loans of the credit institutions.

g. Enters into Relationship Framework Agreements (RFAs) or amended relationship framework agreements, as provided in paragraph 4 of article 6 of HFSF Law, with all credit institutions that are or have been beneficiaries of financial assistance by the European Financial Stability Fund (EFSF) and the European Stability Mechanism (ESM) in order to provide for the implementation of its objectives and rights, including special rights as defined in article 10 of HFSF Law, as long as the Fund hold shares or other capital instruments or the Fund monitors the restructuring plans of the above said credit institutions.

h. Exercises its shareholding rights deriving from the transfer to it of the common shares or cooperative shares in credit institutions, according to the last subpar. of par. 6 of art. 27A of L.4172/2013 (A' 167), as these rights are defined in this Law and in the relationship framework agreements of the previous subparagraph g, in compliance with the rules of prudent management of the assets of the Fund and in line with the rules of the European Union with respect to State aid and competition. The previous subparagraph g is applicable proportionally also for the common shares or cooperative shares of this subparagraph.

i. Exercises the voting rights deriving from the participation of entities of the General Government in the share capital of credit institutions, which is assigned to it either by virtue of legislative or regulatory provisions, or by virtue of decisions of the competent each time administrative bodies of the said entities, according to this Law and special agreements entered into with the above entities for this purpose.

j. Exercises its rights deriving from L. 3864/2010 in an absorbing or demerged entity which emerged pursuant to a corporate transformation of law 4601/2019 (A’ 44) of a credit institution to which the Fund has provided capital support to which it participates as a result of the corporate transformation.

k. Exercises the special rights of L. 3864/2010 and those stemming from the relationship framework agreements of par. 4 of article 6 in the beneficiary credit institution which emerged through the transfer of the banking sector, via partial demerger or spin off, in the context of a corporate transformation provided in law 4601/2019 of the credit institution that has received capital support from the Fund.

l. Grants the right to participate in share capital increases of the systemic banks, with the same rights as a shareholder holding common shares and the ability to operate on market terms. These new rights facilitate the HFSF in safeguarding its investment in the long-term and the gradual disengagement from the banks, which within the context of its divestment strategy constitutes the Fund’s ultimate objective.

HFSF's resolution loan to HDIGF

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 (HDIGF) would have paid for the process of the resolution of the credit institutions in accordance with 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.

Formation of the Hellenic Company of Assets & Participations SA

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.

BUSINESS HIGHLIGHTS IN 2020

KEY MILESTONES

Pinnacle Initiative - "Shareholder Expectations and Business Strategy"

In the context of the Pinnacle initiative, commenced in 2019, HFSF continued to be engaged pro-actively in the strategic objective setting of the systemic banks and work closely with them to ensure that shareholders' value is significantly enhanced. The framework was affected by the coronavirus pandemic outbreak and the emphasis was directed on the transformation plans and the acceleration of digital footprint.

During 2020, HFSF's Pinnacle team, has delivered the following activities:
In February, before the outbreak of the pandemic, shareholder expectations have been communicated to NBG and initial shareholder expectations have been communicated to Alpha Bank, together with an analysis of the banking landscape in terms of demand, supply & impact from disruptors in 2022.

Following the pandemic outbreak and its significant repercussions in the economic landscape, HFSF communicated to Piraeus management its findings and set the ground rules for a transformation effort linked with a wider scope of work which led to an acceptance of an overall transformational program of the Bank.

In November of 2020, HFSF assessed the post covid banking landscape and formulated a first view on the credit growth prospects of the next 3 years for the Greek economy.
In December of 2020, shareholder expectations being communicated to NBG in February were updated on the basis of the aforementioned credit growth exercise and the strategic priorities of the bank in a post covid environment.

Systemic Initiatives

Following the shift of HFSF's mission towards a more pro-active role, one of its key strategic initiatives, is to become one of the key enablers in order to enhance competitiveness through industry-wide initiatives.

The HFSF has decided to leverage the attempts of the Banks to lead this transformative era, by unlocking any potential value and detecting key strategy initiatives that move towards this goal. These initiatives aim to support the balance sheet of the Banks and augment competitiveness by identifying systemic opportunities.

The HFSF's analysis of the systemic Banks' business plans, following the announcement of the FY2019 results, turned up a need for cross Banks' transformation to address operational challenges and costs through synergies and co-action. After appraising and reviewing a broad variety of utility banking initiatives, which target in optimizing Banks' Profit & Loss and Balance Sheets' impact and efficiency, based on a thorough analysis where best practices from other countries, experts' judgement and data from both internal and external sources have been considered. HFSF configured a final short list of initiatives, based mainly on cost efficiencies but also some potential revenue generating capabilities.

Following the pandemic and its consequences, HFSF re-evaluated a handful number of systemic initiatives to be compatible in a post COVID-19 business environment. HFSF has prioritized these initiatives based on the business value and complexity during implementation and communicated those to the systemic banks and all pertinent stakeholders with the aim to pursue due in course the most relevant for the Banking Sector.

Corporate transformation of the Banks and HFSF Law Amendment

In March 2020, the demerger of Eurobank Ergasias S.A. has been completed through the spin-off of its banking activities and the establishment of a new (beneficiary) entity under the name Eurobank S.A. according to the existing provisions of laws 4601/2019 and 2515/1997. Following completion of the demerger Eurobank Ergasias S.A. ceased to exist as a banking entity and has been renamed to Eurobank Ergasias Services and Holding SA while at the same time it became the sole shareholder of the (beneficiary) Eurobank Bank S.A. In order to safeguard its interests and be in a position to continue exercising to both entities the rights and obligations deriving from the HFSF Law and the Relationship Framework Agreement ("RFA") which has been signed on December 4th, 2015 between HFSF and Eurobank Ergasias S.A, a Tripartite Agreement was signed on March 23rd 2020 between the HFSF, Eurobank S.A. and Eurobank Ergasias Services and Holdings S.A., following approval of HFSF's General Council on March 20th 2020.

Taking into account the realized hive-down of Eurobank and the imminent corporate transformations through hive-downs of other banks during 2020, the HFSF assessed that in order to safeguard its interests a respective amendment of its Law (Law 3864/2010) was required. Thus, it submitted on its own initiative to the Ministry of Finance (MinFin) a proposal for the respective amendment of HFSF Law, which would cover the hive-down implications, as well as an explanatory note explaining the legal rationale of the proposed amendments. Law 4701/2020 "Microfinance framework, financial sector regulations and other provisions" (GG A' 128/30.06.2020) proceeded to the said amendment of the HFSF Law, safeguarding the Fund's position in case of hive-downs (with a retroactive effect as of 01/01/2020).

On the same legal basis of Article 16 of Law 2515/1997 and Articles 57 (par.3) & 59-74 of Law 4601/2019, the BoD of Piraeus Bank S.A (PB) approved on August 27th 2020 all transformation documents related to PB's Hive-Down. The demerger was realized following PB's Extraordinary General Meeting resolution dated December 10th 2020. Similarly, Alpha Bank (AB) approved during its extraordinary BoD meeting of September 15th 2020 the respective hive-down documentation which has been finally decided by AB's General Meeting in April 2nd 2021. In both cases, the HFSF voted in favor of the demergers, supporting the said corporate transformations of PB and AB.

Project Phoenix – “Investors’ feedback on the Greek banking sector”

The HFSF organized a virtual roadshow in July 2020 in order to discuss with a list of investors, past and upcoming challenges on the Greek Banking sector. More specifically, the key objectives of the investor meetings were:

- Understand investors’ perception of Greek macroeconomic outlook in the light of Covid crisis and its aftermath
- Gain insights on investors’ perception of the major Greek banks’ financial performance, business model and governance
- Discuss various transaction perimeters / structures, mechanisms, governance and parameters that would foster private investments in the Greek banks and tackle the key structural issues of Greek banks
- Positioning HFSF as the key coordinator between private, public, Greek & European stakeholders to define and implement market led solutions

Most of the investors participate already in the Greek market either through equity participations or NPL transactions.

HFSF has no longer voting rights in Attica Bank

On 25.08.2020, 63.758.540 common shares of Attica Bank corresponding to a 13.82% of its total share capital were transferred from the Electronic Unified Social Security Fund's [e-EFKA] (ex EFKA) portfolio to the Greek Engineers and Public Works Contractors Fund's (TMEDE) portfolio, pursuant to the Ministerial Decision no. Fin. 7023/491/27.08.2019 (Official Government Gazette no. B’ 3399/05.09.2019).

Following this transfer, the percentage of the shares owned by e-EFKA dropped from 46.16% to 32.34% of the total share capital of Attica Bank (i.e. below 33% of the total share capital), while the percentage of the shares owned by TMEDE in the bank corresponds to 46.32 % of its total share capital.

The HFSF since 31.07.2018 and pursuant to the Special Agreement signed with EFKA exercised voting rights for shares of EFKA only for the percentage exceeding the 33% of the Bank’s total share capital, namely for 13.161% (60,704,203 shares).

As a result of the aforementioned transfer and given that the participation of e-EFKA in the bank's share capital is now lower than 33%, as from the date of the transfer (25.08.2020) the HFSF has no longer any voting rights in the bank and the Special Agreement signed between EFKA (now e-EFKA) on 31.07.2018 is automatically deemed terminated.

On 27.08.2020, the HFSF made the notification required by law to the Hellenic Capital Market Commission regarding the aforementioned change and the termination of the Special Agreement.

Business continuity during the COVID-19 pandemic

The HFSF remaining fully committed to safeguard the health and safety of its Staff, and to comply with all COVID-19 related laws and guidelines, provided for all its employees the Work from Home (WFH) option throughout the period since March 2020. During the COVID-19 pandemic, the HFSF has been fully operational via teleworking without any disruption on normal course of business. The HFSF putting in place additional safety measures and using updated technology ensured at any given time its business continuity and the undisrupted communication among its personnel.

Development of NPE Forecasting Model

The sudden economic slowdown due to the COVID-19 pandemic, required to reconsider the effective NPE management in the Greek banking system. Anticipating future levels of NPEs being key for formulating NPE resolution strategies, it is considered that timely and effective resolution actions, may partially offset the adverse impact of current crisis on the outstanding NPEs. For this reason the HFSF has developed an NPE Forecasting Model in order to provide estimations of the Greek banking system's NPEs' future evolution taking into account the impact of COVID-19 pandemic crisis. The respective analysis aims to shed light on the impact of the current crisis, on NPE levels, through the development of specific causal econometric model. Moreover, the said analysis will provide useful insights based on robust empirical evidence and assist HFSF in its constructive dialogue with the systemic banks on their NPE strategy and targets in the context of COVID-19 pandemic.

Monitoring of COVID-19 Moratoria and Systemic Credit Institutions' related developments

In the context of the COVID-19 pandemic, with the aim to ensure visibility on Systemic Credit Institutions' credit risk identification and measurement and being prepared to assess their ability to absorb the potential impact of adverse credit risk developments, the HFSF monitored the Government COVID-19 relief measures implemented by the Systemic Credit Institutions' on a monthly basis and reported to the Ministry of Finance. The COVID-19 report includes information on Systemic Credit Institutions' initiatives regarding loans denominated under said "Moratoria" measures, State guaranteed loans & subsidized working capital loans, other guaranteed facilities and support measures and EU Structural Funds Deployed.

The HFSF on a bi-weekly basis received information on Systemic Credit Institutions' new disbursements and delinquencies of loans in and out the Moratoria perimeter. Also, the HFSF closely monitored:

- the development of Systemic Credit Institutions' new modification products (step-up solutions) designed to mitigate any potential cliff effect post the expiration of the Moratoria,
- the Systemic Credit Institutions' updated segmentation strategies and decision trees to offer the right solution,
- the Systemic Credit Institutions' processes and strategies aiming to address early identification and classification of borrowers' unlikeliness to pay and
- the adequacy and effectiveness of their early warning systems, which is an evolving and on-going process.

Extension of HFSF’s divestment period

Following an initiative of the HFSF and a proposal made to the Minister of Finance, Ministerial decision No. 121476 ΕΞ 2020/23.10.2020 has been issued (published in the Government Gazette B’ 4739/2020) extending the deadline for the disposal of shares the Fund owns at the four systemic banks which was due on October 31st, 2020 for another two years, i.e. until 01.11.2022.

Shareholding in Cairo Mezz Plc

Eurobank Ergasias Services and Holdings S.A. (“Eurobank”) announced that the Annual General Meeting of its shareholders held on 28.07.2020, approved inter alia (i) the decrease of the share capital with the decrease in the nominal value of each ordinary share issued by Eurobank by €0.0155 and the distribution to its shareholders of shares issued by Eurobank under the corporate name Cairo Mezz Plc, registered in Cyprus (“Cairo Mezz”), with a value corresponding to the value of the share capital decrease, at a ratio of 1 share of Cairo Mezz for every 12 shares of the bank already held and (ii) the capitalization of taxed reserves amounting to €20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the bank. Following the aforementioned decision, the Eurobank’s total share capital amounts to €816,015,607.44 and the total number of shares remains unchanged, i.e. 3,709,161,852 common voting shares of a nominal value of 0.22 euro each. Subsequently, HFSF holding 52,080,673 shares of Eurobank, received 4,340,056 shares of Cairo Mezz.

As of September 29, 2020, the 309,096,827 (CR) shares of the Company “CAIRO MEZZ PLC” are admitted to trading on the “Alternative Market” of ATHEX, under the “Financial Services” sector and the start price of trading was set at €0.19 (the nominal value is €0.10).

CoCo Conversion

On 23 November 2020, Piraeus Bank announced that its Board of Directors, following a decision of the ECB Governing Council and considering the available options, decided to exercise its discretion under the relevant terms of the CoCo Issuance Programme to cancel the 2020 interest payment, in the amount of €165 million to the HFSF, due on 2 December 2020. This eventuality led to an increase of the HFSF's shareholding in the bank's share capital from the level of 26.42% to 61.34% following the mandatory conversion of the CoCo principal at 04/01/2021, in accordance with the instrument’s terms agreed in 2015.

The difference between the CoCos fair value and the market value of the Conversion shares was recorded as a loss in line “Gain/(Loss) from financial instruments at fair value through profit or loss” of HFSF’s statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the year in p&l of HFSF). Based on the bank’s share price as of 4 January 2021 (€1.241), the value of the Conversion shares amounted to c. €490 million at 04/01/2021 and the total cumulative loss from the conversion amounted to € 1,550 million.

SIGNIFICANT EVENTS OCCURRED IN 2021

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

RISK INCIDENT INVENTORY DUE TO COVID - 19

In the aftermath of year 2020, during which unprecedented challenges were faced mainly

due to the COVID-19 pandemic, new business realities were established, shifts in day-to-day operations at "workplace" and forced adaption to new working conditions. The HFSF, acknowledging that all these assume some level of inherent risk, whether expressed in monetary terms or not, established a risk incident inventory. All HFSF Units/ Divisions were asked to report any risk incident which was identified in the course of work resulting to actual and/or near loss. This initiative is undertaken in order to promote risk awareness across the HFSF and provide the grounds for improvements to its operations, revision of processes and shifts to major workflows where necessary, all aiming to have a positive impact on its operating model overall.

COVID – 19 IMPACT ASSESSMENT FRAMEWORK FOR BANKS

The HFSF developed a COVID-19 Impact Assessment Framework to estimate potential NPE inflows over the period 2021 - 2022 under different stressed Scenarios (Stressed, Base, Adverse). The HFSF's methodology was based on bottom-up estimates for the moratoria perimeter, which is expected to be largely informed by SCIs' expert judgement and exhibit higher default rates due to limited behavioral data that underlie traditional modeling-based methodologies. For the Retail portfolios, the analysis was based on Risk/ Business joined-up segmentation and specific decision tree. For the Wholesale portfolios it was based on sectoral assessment in line with SSM's guidance accounting for sector trends/ challenges, such as deeper contractions, faster recovery and policy response targeting specific sectors. On top of that, the HFSF deployed macro econometric modeling methodologies for NPE forecasting under discrete scenarios of real GDP growth and NPE transactions' evolution.

ANALYZING DATA OF NPLS

The HFSF updated its NPL data management and reporting system, in order to further enhance the existing reporting infrastructure and explore improved data management capabilities. The enhanced Data Base scheme provides for updated Peers' benchmarking analysis with the inclusion of additional "smart" Key Performance Indicators in the respective reports.

The HFSF developed an analytical framework for a Risk Adjusted Performance Benchmarking analysis using Systemic Banks' performing and non-performing loans' information. Currently, the HFSF is in the process of addressing data quality issues in order to ensure aligned and comparable information.

HFSF’S NEW CORPORATE GOVERNANCE PRINCIPLES AND STEWARDSHIP & VOTING POLICIES

HFSF initiated a dedicated project in March 2020 to revise its Corporate Governance Principles based on new European and Domestic legislation and international best practice. Furthermore, the Fund decided to launch a Stewardship and Voting and communicate them to the Investment Community and the Systemic Banks. HFSF is the only Greek shareholder that has such policies, which also incorporate SRD II Directive. These policies were broadly communicated in December 2020.

CONCLUSION OF THE TRIPARTITE RFA BETWEEN HFSF, PFH, PB

Following the Demerger of Piraeus Bank S.A. on 30.12.2020 by virtue of the relevant EGM resolution of 10.12.2020 and in accordance with Article 2 para. 2 (k) and (l) as well as Article 10 par. 12 of Law 3864/2010 as amended and in force, it was agreed that the HFSF’s rights under the Existing RFA and HFSF Law shall not in any way be harmed, diminished, inactivated, reduced, impaired or otherwise adversely affected or enhanced because or on account of the Demerger. For this purpose, a Tripartite Relationship Framework Agreement (“TRFA”) was signed between the HFSF, Piraeus Financial Holdings S.A. (PFH) and the New Bank following the GC’s approval on 08.04.2021.

The TRFA ensured that the provisions of the Existing RFA shall remain unaffected and shall continue in full force and effect in accordance with the provisions thereof and nothing contained therein shall be construed as a waiver or modification of any provision of the Existing RFA which shall continue to apply in its entirety both towards the PFH and the New Bank. Moreover, neither the HFSF nor PFH or the New Bank may assign or transfer any of their rights and obligations thereunder to any third party. It was also explicitly agreed that the rights and liabilities of PFH and the New Bank under the TRPFA will be several and not joint.

SHARE CAPITAL INCREASE OF PIRAEUS FINANCIAL HOLDINGS S.A.

Following the amendment of HFSF Law by Law 4783/2021, which allowed the HFSF to participate in share capital increases (“SCI”) of the credit institutions, the Fund participated in the share capital increase of Piraeus Financial Holdings S.A. (the “Bank”), as announced and decided by the Bank’s BoD decision on the 16th of March 2021 and 16th of April 2021, respectively. The SCI took place via a Full Market Offering (“FMO”).

The total funds raised through the Combined Offering amount to €1,380 million. The HFSF acquired 306,703,672 shares at €1.15 per share. Following the completion of the SCI, the participation of the Fund in the Bank’s share capital amounts to 27%.

SHARE CAPITAL INCREASE OF ALPHA SERVICES & HOLDINGS S.A

The extraordinary General Meeting that was held on June 15th approved the Share Capital Increase of Alpha Holdings up to Euro 0.8 billion, as well as the abolition of the preemption rights of the existing Shareholders.

The total funds raised amount to € 800 million. The HFSF participated in the Share Capital Increase and acquired 41,964,132 shares at € 1,00 per share. Following the completion of the SCI, the participation of the Fund in the Bank’s share capital amounts to 9%.

SHAREHOLDING IN PHOENIX VEGA MEZZ PLC

On 04.08.2021, Piraeus Financial Holdings S.A. announced that the Annual General Meeting of its shareholders, held on 22.06.2021, approved inter alia the decrease of the share capital in kind by decreasing the nominal value of each ordinary share issued by the company by €0.05 and by distributing to its shareholders shares issued by the company under the corporate name "Phoenix Vega Mezz Plc", registered in Cyprus, with a value corresponding to the value of the share capital decrease, at a ratio of 1 share of Phoenix Vega Mezz Plc for every 1 share of the company already held by its shareholders.

Following the aforementioned decision, the total share capital of Piraeus Financial Holdings S.A. amounts to €1,187,848,861.85 and the total number of shares remains unchanged, i.e. 1,250,367,223 common voting shares of a nominal value of €0.95 each.

Subsequently, HFSF holding 337,599,150 shares of Piraeus Financial Holdings S.A. received an equal number of shares of Phoenix Vega Mezz Plc.

As of August 12, 2021, the 1,250,367,229 shares of the Phoenix Vega Mezz Plc are admitted to trading on the "Alternative Market" of ATHEX, under the "Financial Services" sector and the start price of trading was set at €0.05 (the nominal value is €0.05).

FINANCIAL OVERVIEW

KEY FINANCIAL INDICATORS

STATEMENT OF FINANCIAL POSITION		
AMOUNTS IN € MILLIONS	**31/12/2020**	**31/12/2019**
Cash and balances with Banks	1,435	1,355
Financial assets at fair value through profit or loss	1,690	3,706
Receivables from banks under liquidation	1,342	1,486
TOTAL ASSETS	**4,469**	**6,548**
Capital	42,164	42,164
TOTAL EQUITY	**4,466**	**6,546**

€ 80 MILLION INCREASE IN CASH AND BALANCES WITH BANKS AS COMPARED TO 31/12/2019 RESULTING FROM:

a. € 66million collections from banks under liquidation

b. € 25m relating to the proceeds of the cash management account

c. € 11m outflows relating to various payments

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OF LOSS:

The balance includes the Fund's investments in the four systemic banks and the CoCos issued by Piraeus Bank. As of 31/12/2020 the market value of shares amounted to € 1,177 million versus € 1,834 million as of 31/12/2019.

The value of Piraeus Bank CoCos, following its conversion (as described in Note 6) amounted to € 513 million as of 31/12/2020 versus € 1,871 million as of 31/12/2019.

RECEIVABLES FROM BANKS UNDER LIQUIDATION:

The balance includes the estimated recoverable amount of the funding gap, which has been covered by the Fund instead of the HDIGF, and amounted to € 1,342m as of 31/12/2020 versus €1,486m as of 31/12/2019.

EQUITY:

The loss for the year 2020 amounted to €2,080 and the accumulated loss increased to € 37,697 from € 35,617m as of 31/12/2019. **The capital amounted to € 42,164m as of 31/12/2020.**

STATEMENT OF COMPREHENSIVE INCOME		
AMOUNTS IN € MILLIONS	**01/01/2020 - 31/12/2020**	**01/01/2019 - 31/12/2019**
Interest income	25	30
Income from CoCos	-	165
Personnel expenses	(4)	(4)
General administrative & other operating expenses	(7)	(5)
Impairment of receivables from banks under liquidation	(78)	(74)
Gain/(Loss) from financial instruments at fair value through profit or loss	(2,016)	1,291
Profit/(Loss) for the period	(2,080)	1,403

€ 25 MILLION INTEREST INCOME:

Interest income amounted to €25m versus €30m in 2019. The interest income of 2020 represents the proceeds from the Fund's deposits in the cash management account.

Further information is provided in Note 12.

NO INCOME FROM COCOS:

The Fund did not receive the annual coupon of CoCos from Piraeus Bank, resulting to CoCos conversion.

Further information is provided in Note 13.

PERSONNEL EXPENSES:

During 2020, the personnel expenses amounted to €3.8m versus € 3.5m in 2019.

Further information is provided in Note 14.

GENERAL ADMINISTRATIVE AND OTHER OPERATING EXPENSES:

Based on Fund's business and operational framework it is mandatory to acquire the services of reputable and expert advisors (legal, financial, etc.) who will safeguard the decision-making process which will be in the benefit of the public. Given this point, HFSF had to proceed with general administrative and operating expenses €7.4m including the advisory fees in relation to the Piraeus's conversion and some additional projects undertaken by HFSF.

Further information is provided in Note 15.

IMPAIRMENT OF RECEIVABLES FROM BANKS UNDER LIQUIDATION:

The impairment Loss of receivables from banks under liquidation amounted to 78m at 31.12.2020 versus 74m at 31.12.2019.

Further information is provided in Note 9.

Losses from financial instruments at fair value through profit or loss

THE LOSS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AMOUNTED TO €2.0 BILLION:

The €2.0bn loss in 2020 corresponds to the financial result from the revaluation of bank's shares and CoCos held by the Fund.

The €2.0bn loss is mainly due to the revaluation loss of the Fund's participation in the four systemic banks and the CoCos conversion as follows:

a. the revaluation result of shares (2020: €657m loss, 2019: €1,116m gain)

b. the revaluation result from CoCos conversion (2020: € 1,359m loss, 2019: € 174m gain)

Further information is provided in Note 16.

OVERVIEW OF THE FUND'S PORTFOLIO

As of the end of December 2020, the HFSF participated in the systemic banks' share capital, holding a significant number of shares as per below:

NBG	PIRAEUS FINANCIAL HOLDINGS S.A	ALPHA SERVICES & HOLDINGS S.A.	EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A
40.39% Out of which 1.47% with restricted voting rights	26.42% Out of which 0.47% with restricted voting rights	10.96% In full restricted voting rights	1.40% In full restricted voting rights

Due to market volatility the stock prices were down by 57% for Piraeus Holdings, by 25% for NBG, by 50% for Alpha Bank Holdings and by 37% for Eurobank Holdings year on year.

The HFSF has appointed a Representative to each Bank under Law 3864/2010 in order to ensure the exercising of its rights that stem from its shareholding to banks' share capital, the implementation of the Restructuring Plans and the Relationship Framework Agreement as in force. The current Representatives for each Bank are presented in the below tables:

NBG	PIRAEUS FINANCIAL HOLDINGS S.A	ALPHA SERVICES & HOLDINGS S.A.	EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A
Mr. Periklis Drougas	Mr. Periklis Dontas	Mr. Frederic-Jan Umbgrove	Ms. Efi Deli

NATIONAL BANK OF GREECE

OVERVIEW

National Bank of Greece (NBG) is a Bank registered in Greece and its headquarters are located in Athens (www.nbg.gr). Its shares are listed on the Athens Exchange.

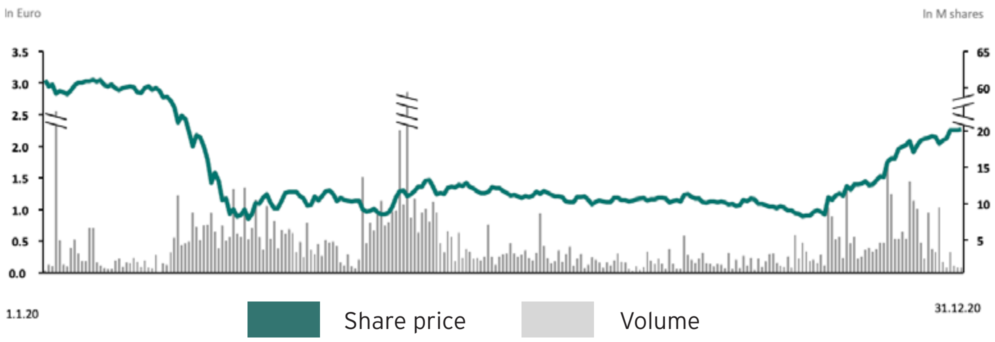
NBG and its subsidiaries provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, real estate and other services. The Group operates in Greece, United Kingdom, North Macedonia, Cyprus, Malta and Egypt. Currently only NBG's operations are monitored and limited to the operations included in the 2019 Revised Restructuring Plan, which aims to ensure the Bank's return to long term viability.

The 2019 Revised Restructuring Plan was approved on 10 May 2019, by the European Commission. The 2019 Revised Restructuring Plan includes a number of commitments to implement certain measures and actions that have to be completed during the period 2019-2020 (the "2019 Revised Restructuring Plan Commitments"). Piraeus Bank, Alpha Bank and Eurobank completed the implementation of their Restructuring Plans, the revised versions of which was approved by the DG Comp in 2015.

Key financial figures[1]	
Asset size figures	
Total assets (€ billion)	77.5
Gross Loans (€ billion)	29.5
Deposits (€ billion)	48.5
Equity (€ billion)	5.1
Liquidity	
Loans to Deposits Ratio (%)	55.3
Eurosystem Funding (€ billion)	10.5
Profitability	
NIM (%)	2.26
Recurring Cost to Income Ratio (%)	62.8
Asset quality	
NPE Ratio (%)	15.0
NPE Coverage (%)	63.3
Cost of Risk (bps)	403.0
Capital	
CET1 (%)	15.7

The table and the graph below provide an overview of the key financial results for NBG and its share price performance for 2020, respectively:

NBG'S SHARE PRICE PERFORMANCE[2]



[1] As included in Bank's published financial information for the year ended 31/12/2020
[2] Source: Bloomberg.

PIRAEUS
FINANCIAL HOLDINGS S.A

OVERVIEW

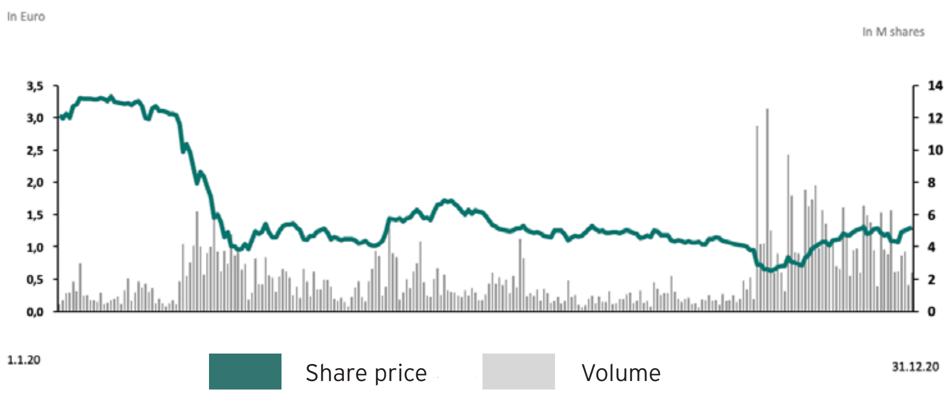
Piraeus Financial Holdings S.A. is an entity registered in Greece and its headquarters are located in Athens (www.piraeusholdings.gr).

Its shares are listed on Athens Exchange. Piraeus Financial Holdings S.A. 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 the following geographical areas: a) Greece, the home country of the Bank, b) Rest of Europe, which includes Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom, c) Other countries, which include Egypt.

Key financial figures[3]	
Asset size figures	
Total assets (€ billion)	71.6
Gross Loans (€ billion)	49.5
Deposits (€ billion)	49.6
Equity (€ billion)	7.2
Liquidity	
Loans to Deposits Ratio (%)	79.8
Eurosystem Funding (€ billion)	11.0
Profitability	
NIM (%)	2.26
Recurring Cost to Income Ratio (%)	49.5
Asset quality	
NPE Ratio (%)	45.3
NPE Coverage (%)	44.1
Cost of Risk (bps)	290.0
Capital	
CET1 (%)	13.8

The table and the graph below provide an overview of the key financial results for Piraeus Financial Holdings S.A and its share price performance for 2020, respectively:

PIRAEUS FINANCIAL HOLDINGS S.A. SHARE PRICE PERFORMANCE[4]



[3] As included in Bank's published financial information for the year ended 31/12/2020
[4] Source: Bloomberg.

ALPHA
SERVICES & HOLDINGS S.A.

OVERVIEW

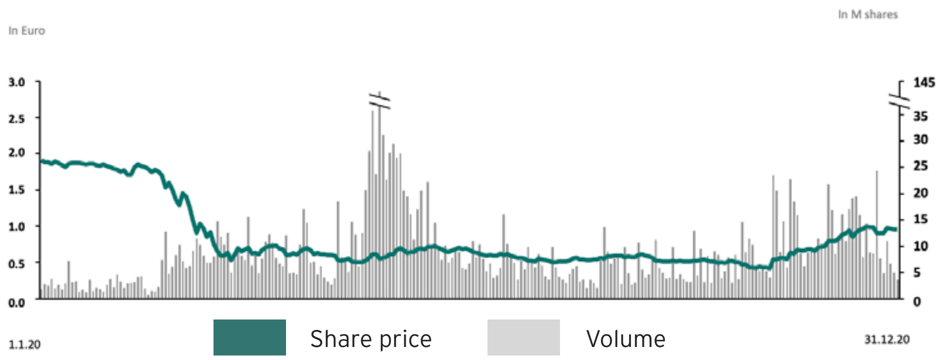
Alpha Services and Holdings S.A. is an entity registered in Greece and its headquarters are located in Athens (www.alpha.gr).

Its shares are listed in the Athens Exchange and in the form of American depositary receipts (ADRs) in the New York Stock Exchange. Alpha Services and Holdings S.A. 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, Albania and United Kingdom.

The table and the graph below provide an overview of the key financial results for Alpha Services and Holdings S.A. and its share price performance for 2020, respectively:

Key financial figures[5]	
Asset size figures	
Total assets (€ billion)	70.1
Gross Loans (€ billion)	49.2
Deposits (€ billion)	43.8
Equity (€ billion)	8.3
Liquidity	
Loans to Deposits Ratio (%)	89.8
Eurosystem Funding (€ billion)	11.9
Profitability	
NIM (%)	2.3
Recurring Cost to Income Ratio (%)	54.8
Asset quality	
NPE Ratio (%)	42.9
NPE Coverage (%)	47.0
Cost of Risk (bps)	332.0
Capital	
CET1 (%)	17.3

ALPHA SERVICES AND HOLDINGS S.A. SHARE PRICE PERFORMANCE[6]



[5] As included in Bank's published financial information for the year ended 31/12/2020
[6] Source: Bloomberg

EUROBANK ERGASIAS
SERVICES & HOLDINGS S.A.

OVERVIEW

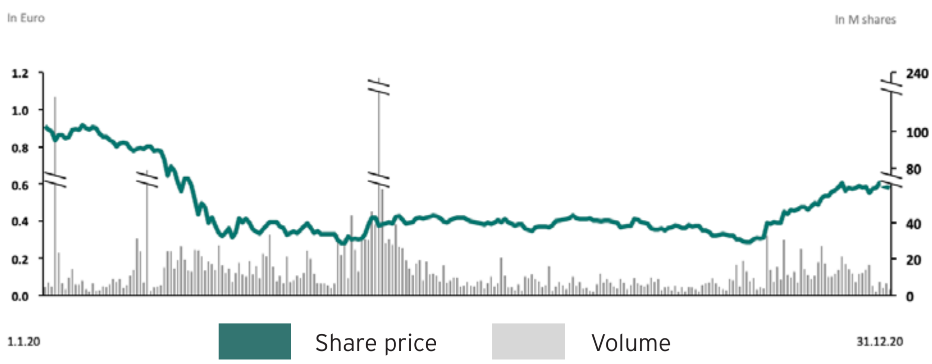
Eurobank Ergasias Services and Holdings S.A. is an entity registered in Greece and its headquarters are located in Athens (www.eurobank.gr).

Its shares are listed on the Athens Exchange. Eurobank Ergasias Services and Holdings S.A and its subsidiaries offer a wide range of services including: retail, corporate and private banking, asset management, insurance, treasury and capital markets services. The Group operates in Greece, Cyprus, Serbia, Bulgaria, Luxembourg and U.K.

The table and the graph below provide an overview of the key financial results for Eurobank Ergasias Services and Holdings S.A and its share price performance for 2020, respectively:

Key financial figures[7]	
Asset size figures	
Total assets (€ billion)	67.7
Gross Loans (€ billion)	40.9
Deposits (€ billion)	47.3
Equity (€ billion)	5.2
Liquidity	
Loans to Deposits Ratio (%)	79.1
Eurosystem Funding (€ billion)	8.0
Profitability	
NIM (%)	2.03
Recurring Cost to Income Ratio (%)	39.8
Asset quality	
NPE Ratio (%)	14.0
NPE Coverage (%)	61.8
Cost of Risk (bps)	556.0
Capital	
CET1 (%)	13.9

EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A. SHARE PRICE PERFORMANCE[8]



[7] As included in Bank's published financial information for the year ended 31/12/2020
[8] Source: Bloomberg

HFSF'S CORPORATE GOVERNANCE

DECISION-MAKING BODIES

The decision-making bodies of the Fund are the General Council and the Executive Board.

General Council	The General Council consists of seven (7) non-executive members, five (5) of which, including the Chairman, are selected as persons with international experience in banking matters, one member represents the Ministry of Finance (MoF) and one member is nominated by the Bank of Greece (BoG).
Executive Board	The Executive Board consists of three (3) members, two (2) of which, including the Chief Executive Officer, are selected as 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.

APPOINTMENTS

The members of the General Council, except for the representative of the Ministry of Finance and the nominee from the Bank of Greece, as well as the members of the Executive Board except for the nominee from the Bank of Greece are 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 Selection Panel is composed of six (6) independent expert members, of recognized integrity, of which:

- Three (3), including the Chairman, are appointed by the European Commission, the European Central Bank and the European Stability Mechanism, respectively
- Two (2) by the Minister of Finance and
- One (1) by the Bank of Greece.

The responsibilities of the Selection Panel are described in the art. 4a of Law 3864/2010.

AUTONOMY STATUS

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 or/and SSM.

With an aim of achieving its objective of contributing to the maintenance of stability in the Greek banking System for the sake of public interest, the Fund acts in line with the relevant commitments under the MoU of 15.3.2012 and of 19.8.2015 and in compliance with the obligations arising from the Master Financial Facility Agreement of 15.3.2012 and the Financial Facility Agreement of 19.8.2015.

OBSERVERS

In accordance with HFSF's law the following persons have been appointed as observers and alternate observers to the Executive Board and the General Council:

- Mr. Peter Basch, European Commission's (EC's) representative and his alternate Ms Fotini Dionyssopoulou.
- Until 14/11/2020 Mr. Panagiotis Strouzas, European Central Bank's (ECB's) representative and his alternate Mr. Maximilian Fandl, and since 15/11/2020 Mr. Maximilian Fandl European Central Bank's (ECB's) representative and Mr. Miha Cajnko as his alternate.
- Mr. Stathis Sofos European Stability Mechanism's (ESM) representative and Mr. Loukas Kaskarelis as his alternate.

GENERAL COUNCIL

RESPONSIBILITIES

The General Council decides 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.

In particular the General Council:

- Is informed by the Executive Board (EB) for its actions and monitors the compliance of the EB with the provisions of the present law and in particular with the principles enshrined in Article 2 of Law 3864/2010, as amended.
- Decides on the matters related to the provision of capital support, the exercise of voting rights and the disposal of the HFSF's participation.
- Approves the general policies and, 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.
- Approves the appointment of the senior management of the HFSF, including Chief Financial Officer, the Chief Internal Auditor, the Chief Risk Officer, the Chief Investment Officer, and the Chief Legal Counsel.
- Approves the HFSF's general terms and conditions of personnel's employment and the remuneration policy. The remuneration policy has to be competitive so as to attract and retain high-quality and expert candidates. The General Council takes into account the remuneration levels of staff of similar qualification in the Greek banking system.
- Approves the annual budget of the HFSF.
- Approves the annual report and other formal reports and the financial statements of the HFSF.
- Approves the appointment of the external auditors of the HFSF.
- Approves the establishment of one or more advisory bodies, determines their terms and conditions of appointment of their members, as well as the terms of reference of such bodies.
- Establishes one or more committees consisting of members of the General Council and/or other persons and defines their responsibilities.
- Adopts the rules of procedure for the General Council and the HFSF'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.
- Takes the decisions and exercises such other powers and tasks as explicitly granted to the General Council by Law 3864/2010 or any other law.

- Represents through its Chairman judicially and extra-judicially the Fund and binds it against third parties, except from the acts described in ar.4 para. 10 of L.3864/2010 as in force, for which the Fund is represented by the Executive Board.
- All the powers deriving from L. 3864/2010 or any other Law, which have been conferred to the Fund, are considered as conferred to the General Council, unless they explicitly referred to the Executive Board.

The Chief Executive Officer (CEO) is responsible to the General Council for the execution of General Council's decisions and for control of the administration and operations of the HFSF. The CEO or in his absence the other member that replaces him, reports, as often as required to the General Council and not less than ten times each year.

COMPOSITION OF THE GENERAL COUNCIL

As of the date of the issuance of the Fund's Annual Financial Statements, the General Council comprise of the following members:

GENERAL COUNCIL*	POSITION
Andreas Verykios	Chairman
Christof Gabriel Maetze	Member
Konstantinos Tsatsaronis	Member
Marco Giovanni Mazzucchelli	Member
Paul Anne F Bodart	Member
Panagiotis Tridimas	Member, Representative of the MoF
Vassilios Spiliotopoulos	Member, appointed by the BoG

* Mr. Panagiotis Kyriakopoulos, who was appointed by the Minister of Finance as non-executive member of the General Council, representative of Ministry of Finance, submitted his resignation which was effective as of 24/01/2020.

* On 17/02/2020, Mr. Panagiotis Tridimas was appointed by the Minister of Finance as non-executive member of the General Council, representative of Ministry of Finance, replacing Mr. Panagiotis Kyriakopoulos.

* On 10/04/2020, Mr. Paul Anne F Bodart was appointed by the Minister of Finance as non-executive member of the General Council, replacing the vacant position of Mr. Paul Arlman who submitted his resignation which was effective as of 31/12/2019.

MEETINGS

The General Council meets, as often as the business of the HFSF may require, but not less frequently than ten times per calendar year. Meetings of the General Council are called and chaired by its Chairman. In his absence, the meetings are called by a member of the General Council, other than the representative of the Ministry of Finance and the person nominated by the Bank of Greece.

A quorum for the conduct of business at any meeting of the General Council consists of at least five (5) members of the General Council. Each member of the General Council has one vote. Save as otherwise provided in Law 3864/2010, 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 casts a tie-breaking vote.

The General Council convened 32 times during 2020 and the participation of each member is presented in the following table:

GENERAL COUNCIL		
Total Number of Meetings during 2020		**32**
Member of the General Council	Role in General Council	N° of participations in the General Council Meetings*
Andreas Verykios	Chairman	32/32
Konstantinos Tsatsaronis	Member	30/32
Panagiotis Kyriakopoulos	Member, Representative of the MoF (until 23/01/2020)	2/2
Marco Giovanni Mazzucchelli	Member	32/32
Panagiotis Tridimas	Member, Representative of the MoF (since 17/02/2020)	30/30
Christof Gabriel Maetze	Member	32/32
Paul Anne F Bodart	Member (since 10/04/2020)	22/22
Vassilios Spiliotopoulos	Member, appointed by the BoG	32/32

*The total number of General Council meetings presented in the third column of the above table refers to the meetings that took place during the tenure of each member within 2020.

VACANCY

Any vacancy in 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 the article 4A of L.3864/2010, 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 and respective remuneration of member of the General Council, require the prior agreement of the Euro Working Group.

EXECUTIVE BOARD

RESPONSIBILITIES

The Executive Board is charged with the preparation of the HFSF's tasks and the implementation of its decisions its competent bodies and conduct of its operations necessary for the administration and operation, as well as for the fulfilment of its objective.

The Executive Board has indicatively the following powers and tasks:

i. Proposes to the General Council on the issues that the General Council decides according to Article 4 under the paragraph 9 of Law 3864/2010

ii. Implements the decisions of the General Council taken either upon or without proposal from the Executive Board

iii. Takes all actions required or deemed advisable for the administration or operations of the Fund, including the Fund's powers and responsibilities under Article 2 of Law 3864/2010, procurement of goods and services, entering into contractual commitments on behalf of the HFSF, appointing the staff and advisors of the Fund, and generally representing the HFSF

iv. Delegates any of his 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 and with due consideration to the avoidance of conflicts of interests, provided that the Chief Executive Officer shall primarily exercise his powers pursuant to the provisions of the HFSF Law. The Executive Board appoints a group to assist the tasks of the member of the Executive Board who has been assigned the task to enhance the role of the HFSF in facilitating the resolution of Non-Performing Loans

v. Has such other powers and tasks as explicitly granted by Law 3864/2010 or any other law

vi. Represents judicially and extra-judicially the HFSF and binds it against third parties for any act referred in the paragraph 10 of article 4 of L. 3864/2010.

COMPOSITION OF THE EXECUTIVE BOARD

As of the date of the issuance of this annual financial report, the Executive Board of the HFSF is comprised of the following members:

EXECUTIVE BOARD*	POSITION
Ilias E. Xirouhakis	Chief Executive Officer
Iordanis Aivazis	Executive Member

* On 15/02/2021, Mr. Martin Czurda resigned from his position as CEO and executive member of the Executive Board.

* On 06/04/2021, Mrs. Marica S. Ioannou - Frangakis resigned from her position as executive member of the Executive Board which was effective as of 13/04/2021.

* On 06/04/2021, Mr. Iordanis Aivazis was nominated by the BoG and assumed his responsibilities on 14/04/2021 as executive member of the Executive Board, replacing Mrs. Marica S. Ioannou - Frangakis.

* On 21/05/2021, Mr. Ilias E. Xirouhakis resigned from his position as Deputy CEO and executive member of the Executive Board and assumed his responsibilities as CEO and executive member of the Executive Board, replacing Mr. Martin Czurda.

MEETINGS

The Executive Board meets as often as the business of the HFSF may require but not less than once a week. Meetings of the Executive Board are called by the Chief Executive Officer or, in his absence, by the person replacing him, who is the other member of the Executive Board, referred to in the second sub-paragraph of paragraph 3 of Article 4 of Law 3864/2010, as amended.

Two members constitute a quorum for Executive Board meetings. Each member of the Executive Board has one vote. Save as otherwise provided in this Law, decisions are adopted by a majority of two (2) members present at the meeting. During 2020, the Executive Board convenedfifty-eight (72) times.

The participation of the EB members in these meetings is presented in the following table:

EXECUTIVE BOARD		
Total Number of Meetings during 2020		72
Member of Executive Board	Role in the Executive Board	Participations in the Executive Board Meetings
Martin Czurda	Chief Executive Officer	70/72
Ilias E. Xirouhakis	Deputy Chief Executive Officer	69/72
Marica S. Ioannou - Frangakis	Member	70/72

VACANCY

Any vacancy on 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. Any appointment and any renewal of the term of members of the Executive Board including their respective remuneration require the prior agreement of the Euro Working Group.

AUDIT COMMITTEE

The Audit Committee operates in accordance with article 14 of Law 3864/2010 and the Fund's Internal Regulation of Operators.

The audit committee consists of at least two (2) members of the General Council, one of which is the Chairman, and one external expert of recognized standing and experience in auditing.

As of the date of the issuance of the Fund's Financial Statements, the Audit Committee* consisted of the following members:

1. Mr. Christof Maetze, Chairman
2. Mr. Vassilios Spiliotopoulos, Member
3. Mr. Sotirios Drekos*, External Expert

* On July 1st, 2020, Mr. Sotirios Drekos was appointed by the General Council as External Expert of the Audit committee, replacing Mr. Marios Eleftheriadis.

The purpose of the Audit Committee is to assist the General Council in fulfilling its oversight responsibilities by providing advice and/or opinions for the:

- financial reporting process and integrity of financial information
- statutory audit process including audit scope, timing and audit results
- selection, appointment, compensation and dismissal of the statutory auditor
- independence of the statutory auditor and in particular the appropriateness of the provision of on audit services
- system of internal control
- Internal Audit Function's activity and performance
- compliance with applicable laws, regulations and the HFSF's code of conduct

MEETINGS

The Audit Committee meets regularly, at least four (4) times per year, and occasionally whenever necessary. Following relevant invitation, at the meetings of the Audit Committee, the Executive Board or executives of the Fund may be present. **Eight (8) Audit Committee meetings were held in 2020.**

The participation of the AC members during 2020 is presented in the following table:

AUDIT COMMITTEE		
Total Number of Meetings during 2020		8
Member of the Audit Committee	Role in the Audit Committee	Number of Participations in the Audit Committee*
Christof Maetze	Chairman	8/8
Vassilis Spiliotopoulos	Member	8/8
Sotiris Drekos	Member (from July 1st 2020)	4/4
Marios Eleftheriadis	Member (Until June 30rd 2020)	4/4

*The total number of Audit Committee meetings presented in the third column of the above table refers to the meetings that took place during the tenure of each member within 2020.

EXECUTIVE BOARD'S CURRICULUM VITAE

ILIAS E. XIROUHAKIS
IORDANIS AIVAZIS

ILIAS
E. XIROUHAKIS

Chief
Executive Officer

Mr. Ilias E. Xirouhakis has over 25 years of experience in the financial sector, in senior managerial positions of banks and other companies of the financial sector in Greece and abroad. Several of the companies he has worked for are Global Leaders in their areas of business activity.

In 1990's he held positions in Visa International (Europe, Middle East and Africa headquarters-London UK) and Thomson Reuters (UK). In Greece he has successfully served in several senior managerial and C-suite positions in banks (National Bank of Greece, Marfin Popular Bank, Geniki bank, Interbank etc.) and other companies of the financial sector (Interamerican Cards, General cards and financial services, Marfin collections services, Zeus Recovery Fund Luxembourg etc.)

He is a graduate of the London Metropolitan University (UK), holds a Bachelor of Arts (Honors) degree in Management, business forecasting and microeconomics. Furthermore, he holds a Master of science degree (MSc) in macroeconomics and economics of the European Union from Exeter University in the United Kingdom, specialized in the European Union's monetary policy and the common currency (Euro). He also holds a Master of Business Administration (MBA) in Banking Management, specialized in risk management (credit & operational risk) and the electronic/digital payment systems, also from the University of Exeter. Furthermore, he is a graduate of the International Directors Banking Program (IDBP - postgraduate Certificate) for executives and non-executives, of INSEAD University (France), with special focus on the International Corporate Governance of Banks and other Financial Institutions.

IORDANIS AIVAZIS

Member of the Executive Board

Mr. Iordanis Aivazis, distinguished executive, has over 25 years of significant experience in the wider financial sector having held senior managerial positions

Mr. Aivazis began his career in the 1990s in banking sector (Chios Bank-Piraeus Bank, Egnatia Bank) by assuming managerial positions. In 2001, he moved to telecommunications crucial industry (OTE-Cosmote S.A.), where he remained for about a decade, holding top senior management positions (Vice President, CFO, COO), while also being Executive Member of OTE BoD, as well as member of the distinguished Deutsche Telecoms Business Leadership Team, which included the top 50 Managers of DT Group. During his professional career, Mr. Aivazis participated and continues to participate as Member, Executive and Non-Executive, in BoDs of various companies, organizations and committees, namely HELPE, Special Liquidations Committee, etc.

Mr. Aivazis holds a Bachelor's degree (B.A.) in Political Science and Economics from University of Athens (Law School Division) and also a Master's in Industrial Economics from University of Lancaster in the United Kingdom. Additionally, he holds a Master of Arts (M.A.) in Marketing and Finance from School of Business Studies from University of Lancaster in the United Kingdom.

EXECUTIVE BOARD'S & GENERAL COUNCIL'S REMUNERATION

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

1. Is determined by a Selection Panel decision, is stated in the decision relating to their appointment and is disclosed in the Fund's annual report,
2. Is such that qualified and expert persons can be recruited and retained by the Fund and
3. Is not 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 31/12/2020, as listed in the tables below.

GENERAL COUNCIL			
NAME	POSITION DURING 2020	PERIOD IN THE POSITION	REMUNERATION* 01/01 - 31/12/2020 (€)
Andreas Verykios	Chairman	01/01/2020 - 31/12/2020	140,000
Panagiotis Kyriakopoulos	Member, Representative of the MoF	01/01/2020 - 23/01/2020	3,232
Marco Giovanni Mazzucchelli	Member	01/01/2020 - 31/12/2020	51,000
Panagiotis Tridimas	Member, Representative of the MoF	17/02/2020 - 31/12/2020	46,500
Christof Gabriel Maetze	Member	01/01/2020 - 31/12/2020	56,000
Paul Anne F Bodart	Member	10/04/2020 - 31/12/2020	36,000
Konstantinos Tsatsaronis	Member	01/01/2020 - 31/12/2020	0
Vassilios Spiliotopoulos	Member, appointed by the BoG	01/01/2020 - 31/12/2020	56,000

* As far as General Council members are concerned, the amount of € 46,289 has been paid by the Fund as social security contribution in accordance with the tax law (not included in the above table).

EXECUTIVE BOARD			
NAME	POSITION DURING 2020	PERIOD IN THE POSITION	REMUNERATION** 01/01 - 31/12/2020 (€)
Martin Czurda	Chief Executive Officer	01/01/2020 - 31/12/2020	271,205
Ilias E. Xirouhakis	Deputy Chief Executive Officer	01/01/2020 - 31/12/2020	190,848
Marica S. Ioannou – Frangakis	Member	01/01/2020 - 31/12/2020	140,625

* As far as Executive Board members are concerned, the amount of € 71,041 has been paid by the Fund as social security contribution (not included in the above table). The remuneration of the executive board members is cleared in order to reconcile with the approved remuneration according to the Government Gazette.

FUND'S WORKFORCE

As per the requirements of Law 3864/2010 and its amendments, the HFSF employs, on the basis of merit, talented individuals who possess relevant skills, experiences and attitude. The majority of the Fund's personnel have a private law employment fixed term contract. In accordance with article 5 of Law 3864/2010, the Fund's personnel is working under three types of employment arrangements: Definitive term private law employment contracts, paid assignment contracts for lawyers and secondment agreements. Those secondment agreements are possible for employees from the Public Sector, Public Legal Entities, Private Legal Entities of the public sector, as well as employees from Bank of Greece.

The recruitment process according to Law 3864/2010, requires for the General Council to approve the appointment of the Fund's Directors 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 open invitations to express interest and an assessment of candidates' qualifications. The remuneration of the staff is determined by decisions of the Executive Board in accordance to the approved remuneration policy in place. The policy is aligned with HFSF strategy and long-term interests as shareholder of Greek systemic banks with a specific mission to contribute to the improvement of stability in the Greek banking sector for the sake of public interest.

HFSF considers its employees as a major asset and actions and efforts are undertaken to create a good working environment based on the Fund's values which guide decisions and actions. Overall HFSF is an experts hub and all hirings meet the following minimum requirements of core skills and competences.

CORE SKILLS:

The individual meets the values of HFSF. Those are:

- Professional Excellence
  at least 8 years in relevant field
- Independence
  Objectivity and freedom from external influences in decision making
- Integrity
  Consistent, reliable and transparent behaviour and decision making

CORE COMPETENCES:

- Communication
- Working with people
- Drive for adapting and responding to change

THE FUND'S HEADCOUNT TOTALS

36 EMPLOYEES
(not including 3 Executive Board Member)

16 FEMALE **20** MALE
(with the average age of 45 years old)

83% HFSF PERSONNEL
HOLDING A POST GRADUATE DEGREE

HFSF'S RISK MANAGEMENT

The HFSF acknowledges its exposure to risks as a result of: (a) its participation in the credit institutions which received capital support (Supported Credit Institutions) and (b) its internal operations. The effective management[9] and control of risks are an integral part of the Fund's commitment to achieve its objectives.

The Risk Management Policy is approved by the HFSF's Executive Board (EB) and the General Council (GC). It is implemented by the HFSF's Chief Risk Officer and is reviewed regularly. The said Risk Policy is in accordance with all amendments following the HFSF's foundation Law and as currently in effect.

RISK MANAGEMENT PRINCIPLES

The HFSF actively manages the risks that it faces, internally as an organization and has put in place business and operational risk management arrangements so that the HFSF's stakeholders can be reassured that the HFSF is operating within a risk-controlled framework.

The HFSF's organizational structure aims at adopting best practices in terms of ensuring existence of clear lines of responsibilities, efficient segregation of duties and prevention of conflict of interests at all levels, including the General Council and the Executive Board, as well as among Units/Divisions, i.e. at an operational, tactical and strategic level.

RISK TAXONOMY

During 2020, the HFSF was exposed to the following risks:

a. Investment Risk

As a result of its participation in the SCIs, the HFSF undertakes (directly) investment risk and it is exposed (indirectly) to all banking risks that an SCI assumes. As such, the value of the HFSF's investment is directly related to the risk-return profile assumed by the SCIs.

b. Recovery Risk

Recovery risk is defined as the risk of the Fund not recovering its claims against Banks under liquidation. These claims arose due to the HFSF's payment, on behalf of the Hellenic Deposit Insurance Guarantee Fund (HDIGF), of funding gaps created as a result of specific credit Institutions' resolution process.

[9] Risk management comprises of the set of strategies, policies, processes, organizational structures & technological infrastructures that an institution shall develop in order to identify, estimate, monitor and control on an on-going basis its exposure to risks that arise from its activities.

c. Liquidity Risk

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

d. Operational Risk

As a result of its operations in the course of achieving its objectives, the Fund is also exposed to operational and reputational risk:

Operational risk is defined as the risk of direct or indirect financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events.

At the HFSF, operational risk definition includes Legal, Compliance and IT risks, in line with best practices. Legal and compliance risk is the risk of financial loss or reputational damage arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, internal by-laws, or ethical standards. IT risk is the risk of loss arising from inadequate information technology and processing in terms of manageability, exclusivity, integrity, controllability and continuity, or arising from an inadequate IT strategy and policy or from inadequate use of the institution's information technology.

Within the Fund it is acknowledged that, reputational risk may also be present, defined as the risk arising from adverse perception of the image of the HFSF, whether true or not, on the part of the HFSF's stakeholders, contractual counterparties, the public or regulatory authorities. At the HFSF, reputational risk could emerge from operational risk, investment risk and/or other external actions and events.

Note 20 of the financial statements includes a detailed description of HFSF's risks.

RISK GOVERNANCE FRAMEWORK

At the top of the pyramid, is the General Council which is charged with the ultimate responsibility and has the oversight for the proper operation and fulfilment of the objective of the Fund. The **General Council** has the responsibility of maintaining a sound system of governance and internal controls that supports the achievement of the HFSF's objectives. The **Executive Board** is charged with the implementation of the Fund's tasks and the conduct of its operations.

The **HFSF's senior management** is responsible for developing and maintaining processes, methodologies and systems to ensure effective and efficient operations, prompt identification and adequate control of risks, prudent conduct of business, accurate disclosures both internally and externally, and compliance with internal and external rules.

In order to mitigate its major risk, namely investment risk, the HFSF has developed appropriate "Relationship Framework Agreements" (RFAs) that officially govern the Fund's relationship and interaction with each particular SCI. These RFAs establish clear guidelines on when and how HFSF will proceed to agreed actions as a method of protecting its investment and fulfil its objectives.

The HFSF has designed and implemented an appropriate framework for the regular monitoring and assessment of the SCIs during the Stewardship phase of its involvement. During this phase, the HFSF regularly monitors and assesses:

a. The orderly implementation of the restructuring or business plan that the SCI submitted to HFSF.

b. The establishment by the SCI of a robust risk & capital management framework according to best banking practices, with special focus on risk governance, capital adequacy and liquidity management.

c. The SCI's risk & capital strategy implementation.

d. The actions undertaken by the SCI in order to comply with the targets and guidelines set by the HFSF.

e. The system of corporate governance and the organization structure of the SCI and its compliance with the RFA's corporate governance guidelines.

f. The enhancement of the SCI's internal control framework in line with best banking practices.

g. The SCI's NPE Management framework. More specifically, the HFSF:

   - Approves the SCI's Group Strategy, Policy and Governance for NPE management.
   - Monitors the SCI's performance against targets set for NPE resolution, as well as progress on key initiatives undertaken by it.
   - Holds regular meetings with SCI's Senior management in order to review its NPE strategy and objectives, as well as, the relevant operational targets.
   - Monitors Key Performance Indicators, in order to oversee effectiveness and efficiency of the SCI's NPE/NPL management framework and NPL resolution.

INTERNAL CONTROL ENVIRONMENT

FRAMEWORK

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.

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

AUDIT COMMITTEE - INTERNAL AUDIT

The Fund's Audit Committee is responsible to review the adequacy and the effectiveness of HFSF's corporate governance, compliance, internal quality control and risk management systems via the coordination and oversight of the audit efforts.

By decision of the General Council a person with specific competences and auditing experience is appointed as Head 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.

An external audit firm was appointed by the Audit Committee of HFSF, as a qualified, independent audit firm to perform a Quality Assessment of the Fund's internal audit activity in accordance with the Standards of Institute of Internal Auditors (''IIA'') for the period 2018-2019. Within the scope of the engagement, the audit firm assessed whether the internal audit activity conforms with the IIA Standards and whether the internal auditors apply the IIA's Code of Ethics. Upon conclusion of the quality review, the internal audit activity achieved the rating of ''Generally Conforms'' with the Standards and Code of Ethics of IIA. Further, opportunities for improvement were identified and action plans were considered in order for the internal audit activity to increase its performance and further raise the value added to Management and to the Audit Committee.

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 and disciplined approach in evaluating the effectiveness of risk management, control and governance processes

b. recommending appropriate measures to improve their efficiency and effectiveness

c. monitoring the implementation of corrective actions.

FINANCIAL REPORTING

The Audit Committee has the oversight of Internal Controls over Fincancial Reporting (ICFR) and monitors the adequacy and effectiveness of the ICFR 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 (IFRS) and advises the Fund's General Council accordingly.

The system of ICFR consists of all the accounting policies and procedures designed to prevent misstatements and safeguard the integrity of the input data, the accuracy and validity of the report output.

The ICFR include, inter alia, the following controls:

- Adequate segregation of duties
- Performance of appropriate reconciliations of systems, reports and accounts
- Review of the recorded transactions and the prepared financial reports for accuracy and completeness in compliance with the four eyes principle
- End of month processes and review of relative accounting entries
- Review of valuation of assets and liabilities
- Review of completeness and accuracy of disclosures and Preparation of IFRS checklists
- Procedures to identify related parties

Finance Division is responsible for the preparation of the financial statements in compliance with IFRS, regulatory and other ad hoc financial reporting requirements. The IFRS financial statements are approved by the Executive Board and the General Council, following the preapproval of the Audit Committee. Annual IFRS financial statements are audited and semi-annual IFRS financial statements are reviewed by the statutory Auditor.

The Internal Audit Department evaluates the design and operating effectiveness of ICFR by performing periodic and ad hoc risk-based audits.

ETHICAL STANDARDS

The importance of HFSF's mandate and its role in the banking system, requires for strict loyalty and confidentiality standards as well as adequate safeguards of independence standards for HFSF personnel. The HFSF has designed a system of **Internal Control over Ethical Standards** (hereinafter "ICES"), which include relevant policies, manuals and procedures.

These systems of Internal Controls enable the Fund to curry on its activities based on high ethical standards, and the Fund's current legislation.

HFSF taking into account the provisions of the establishing Law 3864/2010 has also adopted a strict **Code of Conduct**, which provides guidance and sets ethical conventions, standards and benchmarks. The Code of Conduct is applicable to all HFSF's personnel, which have the responsibility to contribute to the good governance of the Fund and to help maintain its reputation.

Based on the Code of Conduct **the HFSF personnel**, acts honestly, with integrity, independently, impartially, with discretion and without regard to self-interest, avoiding any situation liable to give rise to a personal conflict of interests.

HFSF COMMITMENT TO ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) ISSUES MANAGEMENT

The Fund recognizes the importance of enhanced performance in environmental, social and governance matters, both for itself and (even more importantly) for the four systemic banks, as it believes that this can contribute to a more sustainable development and therefore is beneficial for the economy and society at large. The Fund is therefore committed in practise to support the 4 systemic Banks in the implementation of both UN SDGs and UNEP FI Principles for Responsible Banking.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The SDGs, also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs are integrated—that is, they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. As a result, their aim is to address the major challenges faced by humanity worldwide, such as poverty, climate change, environmental protection, gender equality, hunger, provision of education etc. The HFSF supports the adoption of the SDGs not only through its operation but as well as by encouraging the systemic Banks' contribution towards the SDGs.

UNITED NATIONS ENVIRONMENT PROGRAM FINANCE INITIATIVE (UNEP FI) PRINCIPLES FOR RESPONSIBLE BANKING

The Principles for Responsible Banking (PRB) are a unique framework for ensuring that banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

The principles attach great importance to transparency regarding the way in which banking products and services create value for customers, investors, and society at large, while at the same time having a positive impact on the environment. HFSF as a strategic stakeholder of the four systemic banks with the endorsement of these principles as a "Stakeholder Endorser" was included in the list of 170+ bodies that have co-signed them to date and confirms in practice its active support to the Greek Systemic Banks for the implementation of these principles.

Environment

Even though the HFSF has limited impact to the environment because of the nature of its operations and limited size, the Fund always aims at continuously minimizing its environmental footprint to the degree that is possible.

HFSF ENERGY CONSUMPTION

The Fund takes the appropriate measures to reduce its environmental impact and focuses on adopting energy efficient technologies in its building whilst reducing its energy consumption.

An indicative example of energy saving measures which were incorporated is the replacement of 800 halogen bulbs (from the ceiling's spot lights) with led ones. This refurbishment is estimated to have brought a considerable reduction in energy use (estimated around 10.560 kWh annually) and the associated cuts in electricity costs.

Another important environmental initiative of the Fund is the promotion of the use of public transport for its employees commuting to work.

HFSF WASTE MANAGEMENT

The Fund tracks its internal consumption of paper used in its offices in order to mitigate its environmental impact and reduce the carbon footprint that came from its activities. Moreover, used/waste paper of the Fund is shredded and recycled. In addition, toners are recycled according to the manufacturer's instructions and we have also installed a battery recycling box in our premises in cooperation with a batteries recycling company (https://afis.gr/). Finally, all electrical and electronic equipment is recycled through the appropriate recycling company.

Social

The Fund contributes to a better world for all by respecting employment conditions, providing equal opportunities and support and improve the living conditions of vulnerable social groups.

EMPLOYMENT

We consider our employees as our major asset and therefore concentrate our actions and efforts towards creating a good working environment based on the Fund's Values, which form the general guidance transcending all its operations. The staff members of the Fund maintain the highest level of integrity and efficiency in all activities.

HFSF's employees have professional experience of at least 8 years in a relevant field and are characterized by independence, objectivity, freedom from external influences, integrity, consistency, transparent behaviour and decision making

DIVERSITY AND EQUAL OPPORTUNITIES

The Fund respects the diversity and provides equal opportunities to all of its employees. In particular, HFSF values difference, fosters inclusion and promotes a culture of collaboration regardless of gender or any other classification. At HFSF 44% of its staff are women, thus presenting a balanced approach between men and women.

HEALTH AND SAFETY

The Fund protects the health and safety of its staff and takes all the appropriate measures to ensure a healthy and safe workplace, aiming at preventing any injuries and occupational risks.

The Fund, as part of its emergency preparedness, has emergency exits on each floor fitted with slides, in order to provide quick and safe evacuation to all its personnel. Additionally, the appropriate training is provided, and tests are being performed at regular intervals. HFSF has also a defibrillator, and a number of people (11) are properly trained to provide their help in emergency situations. In addition, we have performed two first aid trainings, two automated external defibrillator (AED) trainings, one emergency evacuation training and one fire emergency training.

Finally, to address the Covid-19 emergency situation the Fund created a dedicated Steering Committee in order to plan and coordinate all necessary actions. These included the arrangement of multiple sessions of both internally and externally held PCR and rapid tests, as well as the distribution of facial masks and weekly disinfections of the premises. Furthermore, a flexible system of remote working from home has been established.

TRAINING AND EDUCATION

Education and personal development of our employees is important for the present and the future of the Fund. The acquisition and improvement of knowledge and skills aim at enhancing the performance of all employees, with the ultimate goal of maintaining and further developing their talents. HFSF focuses and invests on the development of its people through training programs and career management.

SOCIETY CONTRIBUTION

The Fund, apart from its primary purpose which is to contribute in maintaining the stability of the Greek banking system based on public interest, is an integral part of Greek society and could not be indifferent to anything that touches the wider society. In this framework, the Fund through a targeted Corporate Social Responsibility programme that is in line with its institutional role actively participates with specific actions that contribute in improving the quality of life of socially vulnerable groups.

For this purpose, 3 modern, fully equipped Intensive Care Units (ICUs) were immediately offered for the fight against Codiv-19, including beds, respirators, equal number of monitors and other equipment, to strengthen the National Health System.

Over the 2020 end of year Holidays Season, a donation to "Make a Wish" was extended, and festive cards were offered to all employees for distribution to their friends and families.

SOCIAL CONTRIBUTION		
BENEFICIARY	**MINISTRY OF HEALTH**	**MAKE A WISH GREECE**
Amount of contribution (Euro)	102,900	3,000
Kind of contribution	Donation of 3 ICUs	Grant donation

Governance

The Fund provides an environment of trust, transparency and accountability necessary for fostering financial stability, long-term investment and business integrity, thereby supporting stronger growth and more inclusive societies.

HFSF'S GOVERNANCE

The Governing Bodies of the Fund are the General Council (GC) and the Executive Board (EB). The General Council is responsible for approving and overseeing the implementation of the Fund's objective and tasks and of its internal procedures. The Executive Board is responsible for the management of the everyday functions of the Fund, the formulation of the appropriate proposals to the General Council and the implementation of the General Council decisions. In addition to the Governing Bodies the Fund has the Selection Panel, an Audit Committee and 13 operational and advisory divisions and units.

The Fund, in order to address issues in relation to Governance, has in place a set of core policies, codes and regulations, which ensure strong accountability, transparency and integrity towards both the HFSF's shareholder and its stakeholders. The HFSF Law and the Internal Rules and Organizational Structure (IROS) deploy the objectives and the organizational structure and operation of the Fund. In addition, the Fund's Code of Conduct and Anti-Fraud Policy, provide guidance to and set ethical conventions, standards and benchmarks. The HFSF personnel at all levels, have the responsibility to contribute to the good governance of the Fund and to help maintain its reputation for probity, integrity, and impartiality. Moreover, The Fund's Conflicts of Interest Policy, promotes a culture where conflicts of interest are properly identified and resolved/ managed in an appropriately transparent and timely manner. Finally, the Fund has also in place a set of policies, such as Remuneration Policy, Risk Management Policy and Procurement Policy which ensure a solid internal control framework. It is significant to mention that the Procurement Policy prior to its approval by the General Council and before any amendment, is submitted to the Hellenic Single Public Procurement Authority (H.S.P.P.A.) for its assent.

A more detailed analysis regarding the Fund's Governance is presented at the section "HFSF'S CORPORATE GOVERNANCE".

ENHANCING BANKS' CORPORATE GOVERNANCE AND ESG PRACTICES

As one of the strategic stakeholders of the four systemic banks in Greece, the HFSF has always strived to promote and, where needed, initiate reform in the form of progressive Corporate Governance and ESG initiatives.

This key strategic objective of the HFSF's mission, of improving the Corporate Governance and ESG framework, has been pursued by working with the banks, promoting awareness of systemic issues, and driving the establishment of an appropriate, transparent and accountable "Governance Culture".

This emphasis on effective Governance & Culture, along with Transparency and Accountability, which are two of the six UN Principles for Responsible Banking, has been instrumental in ushering a new era of solid and profitable growth for the banks, creating long term value for the economy at large, their clients, their employees, and their shareholders, post their recapitalization support and as part of their restructuring efforts.

Having in mind the above, the Fund has developed, the following codes, policies and initiatives which are focused on the banks, in line with its mission of driving the adoption of international Corporate Governance and ESG best practices and ethical standards:

- HFSF Corporate Governance Objectives and Standards
- HFSF Stewardship Policy
- HFSF Voting Policy
- Board Ethics & Sustainability Committee in Systemic Banks
- Sustainable finance - Endorsement of UNEP FI Principles for Responsible Banking
- Supporting ESG integration by Greek Systemic Banks

HFSF CORPORATE GOVERNANCE OBJECTIVES AND STANDARDS

One of the Corporate Governance initiatives have been the development of the Fund's Corporate Governance Objectives and Standards, based on international best practices, strengthening the composition, and functioning of the banks' Board of Directors, in order to underpin consistently robust, and value adding decision making at the highest level of the banks.

Furthermore, the Fund is continuously reviewing the implementation of a Governance best practices framework, along with specific recommendations for further improvement, establishing a Culture of evaluation and discipline for the benefit of all stakeholders, and ensuring full Transparency and Accountability of impacts and contribution to society's goals.

The corporate governance standards – specific practices that can help to protect the interests of the Fund and other shareholders – are grouped under ten governance objectives, as shown below. The intention is that the Fund's decision on whether a bank's governance arrangements were sufficiently robust for it to divest safely would be based on whether these objectives had been met, not only on whether the specific practices were being followed:

1. Board and committee composition
2. Board performance and appointment
3. Corporate culture
4. Risk management
5. Accounting, audit and compliance
6. Director remuneration
7. Related party transactions
8. Shareholder rights
9. Corporate structure
10. Environmental and social issues

Further details on HFSF's Corporate Governance Objectives and Standards can be found in Fund's webpage https://hfsf.gr/en/our-portfolio/principles-policies/corporate-governance-principles/

In line with its objectives the Fund launched the 3rd Corporate Governance Review of Greek Systemic Banks in December 2020 with the assistance of an independent expert consultant, as stipulated in HFSF's Law. Following the agreed methodology for the conduct of Board Evaluations for the four systemic banks, in-depth focused interviews backed by quantitative questionnaires were conducted, and bank assessment reports were completed by end February 2021, as planned.

HFSF STEWARDSHIP POLICY

Stewardship refers to engagement with stakeholders to promote strategic and corporate governance practices that are consistent with encouraging long-term value creation for shareholders. It enhances overall financial market stability and economic growth and is directly linked to sustainable benefits for the economy and society.

HFSF's Stewardship Policy outlines the Fund's current monitoring and engagement activities, as well as supporting the "stewardship phase" of its Divestment policy and aligning and strengthening the Fund's position with international investor community practices.

As part of the preparation for ultimately divesting its holdings, the HFSF recognizes that there is a need for transparency and clarity about its powers, objectives and actions. This requires it to engage not only with bank boards and management and EU and national regulators and supervisors, but also with current and potential future shareholders. The development and publication of the Stewardship Policy is part of that process.

Further details on HFSF's Stewardship Policy can be found in Fund's webpage https://hfsf.gr/en/our-portfolio/principles-policies/stewardship-policy/

HFSF VOTING POLICY

The HFSF seeks to establish a supportive and constructive relationship with the boards of the banks in which we invest, and in general will only intervene where the Fund believes that a bank's actions or practices might put at risk its ability to achieve the conditions necessary for divestment.

According to HFSF's Corporate Governance Framework and Voting Policy, the banks' board should incorporate in their duties the following Objectives:

- Have sufficient knowledge, industry experience, independence, competence and diversity of perspectives to enable it to exercise effective oversight and to make objective decisions in the best long-term interests of the company, its shareholders and other stakeholders.
- Drive responsible committees for strategy, ethics and sustainability, under the Banking Law 4261/20143 and regularly assess its own effectiveness and that of its committees and individual members and refresh its composition as necessary to ensure that it has the ability to deal with future challenges and opportunities, including those related with environmental, social and governance ones.
- Promote high ethical and professional standards and ensure that such standards are communicated and implemented throughout the company.
- Set the risk appetite and culture, while policies and processes should be in place that enable it to approve and oversee the approach to risk management and regularly review its effectiveness. The annual report should describe the main financial and non-financial risks that the bank faces and explain how they are being monitored and mitigated.
- The board should ensure that material environmental and social considerations are integrated into the company's strategy, business model and risk management system and addressed in its public disclosures.
- Reporting on climate-related financial risks and opportunities in the bank's annual report should be in line with the recommendations of the Task Force on Climate-related

Financial Disclosures.
- he bank's risk statement should identity the main environment and social risks to the bank's long-term sustainability and describe how they are being mitigated.
- Executive remuneration should be linked to the achievement of relevant environment and social targets.

Further details on HFSF's Voting Policy can be found in Fund's webpage https://hfsf.gr/en/our-portfolio/principles-policies/voting-policy/

HFSF INITIATIVE: BOARD ETHICS & SUSTAINABILITY COMMITTEE IN SYSTEMIC BANKS

The HFSF in 2018 has led in Greek Banks the establishment of a Board Ethics & Sustainability Committee, responsible for overseeing the effectiveness of the business ethics, environmental, corporate social responsibility, sustainable business issues. This is a way that boards can ensure that the ethical "temperature" of their organization is regularly monitored.

The HFSF has supported the introduction of Board Ethics & Sustainability Committees by including it as part of its Corporate Governance and ESG recommendations to the Banks, and by providing respective presentations to Boards of all four systemic Greek Banks.

Both NBG and Piraeus Bank have already established a Board level Ethics & Sustainability Committee to set and monitor the Bank's Sustainability Strategy, whereas in Alpha Bank and Eurobank it is under consideration.

SUSTAINABLE FINANCE - ENDORSEMENT OF UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

HFSF encourage Banks to demonstrate their positive contribution to society by adopting global standards, initiatives and principles. Additionally, the Fund itself, endorses external initiatives that promote the integration of the sustainability agenda to the banking system as it believes that enhanced ESG/sustainability performance will deliver value to the Greek banking system.

The Fund recognizes the significant progress that has been made by the banking sector as a whole regarding sustainability. However, there are still opportunities for further improvement of the sustainable banking practices, especially in funding low-carbon and climate-resilient projects and integration of their sustainability strategies to their overall business plans.

For this reason, in March 2020 the Fund endorsed the UNEP-FI's Principles for Responsible Banking, aiming to encourage Banks to:
- promote the financing of sustainable development and in particular of projects and new technologies that have a positive impact on the environment, whilst bearing in mind societal needs and priorities, as reflected in the Sustainable Development Goals, and the Paris Climate Agreement.
- communicate with all stakeholders, such as shareholders, customers, employees and local communities, and to advise and cooperate in solving society's evolving goals for a sustainable future with social responsibility and responsible entrepreneurship.
- continue with the implementation and continuous improvement of a sound and efficient corporate governance by applying international best practices, as well as responsible banking with transparency and accountability.

On the occasion of the 1st Anniversary of the signing of the UNEP FI Principles for Responsible Banking, HFSF organized in early September 2020 the 1st online discussion on the subject of "Environmental, Social & Governance (ESG) Practices in the Banking Sector", where representatives from the Hellenic Bank Association, Bank of Greece and the broader public and private industry have highlighted the fact that the focus of society and many businesses following the COVID crisis has shifted from profits to people and that ESG matters are becoming ever more relevant and present a critical operational impact for any business, while making investors become increasingly interested in those issues.

In the same context, at the end of September 2020, the Fund coordinated a special full page feature in the Kathimerini Newspaper regarding Sustainable Development and Principles of Responsible Banking. It included articles by all four systemic banks' CEO's or Senior Executives, as well as the Governor of Bank of Greece and the Chairs of Hellenic Bank Association and HFSF. The HFSF's Chairman Mr. Andreas Verykios, analysed HFSF's support and commitment of the United Nations Environment Program Finance Initiative.

SUPPORTING ESG INTEGRATION BY GREEK SYSTEMIC BANKS

HFSF realizes the importance of ESG issues and encourage the Greek banks to integrate them into their strategy, business models and management system, so that banks can be influential in supporting and promoting environmentally and/or socially responsible projects and enterprises. Sustainable banking implies carrying out banking operational and business activities, with conscious consideration for the environmental and social impacts of those activities. Innovative products and services that target certain populations or that encourage purchase of green products go a long way to promoting sustainable practices.

In this context, the Fund has also proceeded on the review of the four Greek systemic banks' ESG practices for the period 2018-2019, and is in the process of reviewing their 2020 reports as they are being issued, in order to monitor their sustainability performance and provide its recommendations for further improvement.

STATEMENT OF THE GENERAL COUNCIL & THE EXECUTIVE BOARD

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

1. The Financial Statements of the Hellenic Financial Stability Fund for the financial year ended 31/12/2020, 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 31/12/2020 that affected the Fund's annual financial statements for the year ended 31/12/2020.

Athens, 14 September 2021

The Chief Executive Officer Ilias E. Xirouhakis		The Member of the Executive Board Iordanis Aivazis
The Chairman of the General Council Andreas Verykios		The Member of the General Council Christof Gabriel Maetze
The Member of the General Council Konstantinos Tsatsaronis		The Member of the General Council Marco Giovanni Mazzucchelli
The Member of the General Council, Representative of the MoF Panagiotis Tridimas	The Member of the General Council Mr. Paul Anne F Bodart	The Member of the General Council, appointed by the BoG Vassilios Spiliotopoulos

KPMG Certified Auditors S.A.
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Independent Auditors' Report
(Translated from the original in Greek)

To the General Council of the Hellenic Financial Stability Fund,
Private Legal Entity

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying "Hellenic Financial Stability Fund, Private Legal" Entity (the "Fund") which comprise the Statement of Financial Position as at 31 December 2020, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of Hellenic Financial Stability Fund, Private Legal as at 31 December 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with L 3864/2010, as in force.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the ethical requirements that are relevant to the audit of the financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the General Council and Executive Board's Report, which is further referred to in the "Report on Other Legal and Regulatory Requirements", but does not include the Financial Statements and our auditors' report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with L. 3864/2010, as in force, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs which have been incorporated in Greek legislation will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1 General Council and Executive Board's Report

We verified that the contents of the General Council and Executive Board's Report are consistent and correspond with the Financial Statements with applicable laws and regulations.

Based on the knowledge acquired during our audit, relating to the Fund and its environment, we have not identified any material misstatements in the General Council and Executive Board's Report.

2 Net Assets and Relevant Requirements of L. 4548/2018

Total Equity of the Fund as of 31 December 2020 is less than the half (1/2) of the capital however due to the Fund's special nature and purpose as described in its founding Law 3864/2010, as in force the requirements of par. 4 of article 119 of L. 4548/2018 are not applicable.

Athens, 14 September 2021

KPMG Certified Auditors S.A.
AM SOEL 114

Nikolaos Vouniseas, Certified Auditor Accountant
AM SOEL 18701

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

Amounts in '000€	Note	31/12/2020	31/12/2019
ASSETS			
Cash and balances with Banks	5	1,435,104	1,354,557
Financial assets at fair value through profit or loss	6	1,690,172	3,705,995
Property and equipment	7	685	617
Intangible assets	8	41	28
Receivables from banks under liquidation	9	1,342,460	1,486,182
Other assets		645	310
Total Assets		**4,469,107**	**6,547,689**
LIABILITIES			
Other liabilities	10	2,989	1,370
Total Liabilities		**2,989**	**1,370**
EQUITY			
Capital	11	42,163,558	42,163,558
Accumulated losses		(37,697,440)	(35,617,239)
Total Equity		**4,466,118**	**6,546,319**
Total Liabilities & Equity		**4,469,107**	**6,547,689**

The Notes from pages 66 to 104 form an integral part of these annual financial statements

Athens, 14 September 2021

The Chairman of the General Council

Andreas Verykios

The Chief Executive Officer	The Executive Board Member	The Chief Financial Officer
Ilias E. Xirouhakis	Iordanis Aivazis	Evangelia D. Chatzitsakou

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

Amounts in '000€	Note	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Interest income	12	25,087	29,782
Income from CoCos	13	-	165,467
Personnel expenses	14	(3,811)	(3,532)
General administrative & other operating expenses	15	(7,406)	(5,050)
Impairment of receivables from banks under liquidation	9	(77,874)	(73,673)
Gain/(loss) from financial instruments at fair value through profit or loss	16	(2,015,824)	1,290,627
Depreciation and amortization of property, equipment and intangible assets		(384)	(295)
Other income/(expenses)		19	(44)
Finance costs		(9)	(8)
Profit/(Loss) for the period		**(2,080,201)**	**1,403,274**
Total comprehensive income/ (expenses) for the period		**(2,080,201)**	**1,403,274**

The Notes from pages 66 to 104 form an integral part of these annual financial statements

Athens, 14 September 2021

The Chairman of the General Council

Andreas Verykios

The Chief Executive Officer	The Executive Board Member	The Chief Financial Officer
Ilias E. Xirouhakis	Iordanis Aivazis	Evangelia D. Chatzitsakou

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

Amounts in '000€	Capital	Accumulated losses	Total
Balance as of 01/01/2019	**42,163,558**	**(37,020,513)**	**5,143,045**
Profit for the period from 01/01/2019 to 31/12/2019	-	1,403,274	**1,403,274**
Balance as of 31/12/2019	**42,163,558**	**(35,617,239)**	**6,546,319**
Loss for the period from 01/01/2020 to 31/12/2020	-	(2,080,201)	**(2,080,201)**
Balance as of 31/12/2020	**42,163,558**	**(37,697,440)**	**4,446,118**

The Notes from pages 66 to 104 form an integral part of these annual financial statements

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Cash flows from operating activities		
Profit/(loss) for the period	**(2,080,201)**	**1,403,274**
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	**2,070,455**	**(1,411,803)**
Income from CoCos	-	(165,467)
Interest Income	(25,087)	(29,782)
Impairment charges of receivables from banks under liquidation	77,874	73,673
(Gain)/loss from financial instruments at fair value through profit or loss	2,015,824	(1,290,627)
Gain from disposal of fixed assets	-	(7)
Payroll provisions and accruals	1,451	103
Depreciation and amortization of property, equipment and intangible assets	384	295
Finance costs	9	8
Net (increase)/decrease in operating assets:	**65,512**	**(69)**
Change in receivables from banks under liquidation	65,847	-
Change in other assets	(335)	(69)
Net increase in operating liabilities:	**151**	**109**
Change in other liabilities	151	109
Interest received	**25,087**	**29,782**
Net cash from operating activities	**81,004**	**21,294**
Cash flows from investing activities		
Income from CoCos	-	165,467
Purchase of property, equipment and intangibles assets	(212)	(75)
Net cash from/(used in) investing activities	**(212)**	**165,392**
Cash flows from financing activities		
Repayment of lease liabilities	(245)	(186)
Net cash used in financing activities	**(245)**	**(186)**
Net decrease in cash and cash equivalents	**80,547**	**186,499**
Cash and cash equivalents at the beginning of the year	1,354,557	1,168,057
Cash and cash equivalents at the end of the year	**1,435,104**	**1,354,557**

The Notes from pages 66 to 104 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). According to Law 4389/2016, HFSF is a direct subsidiary of the Hellenic Company of Assets and Participations, however the administrative autonomy and independence of the HFSF is not affected according to the provisions of the Law 4389/2016. 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 19/08/2015. According to Law 4549/2018, the Fund's tenure has been extended up to 31/12/2022. By decisions of the Minister of Finance, the duration of the Fund may be extended further, if deemed necessary for the fulfilment of its scope.

The Fund began its operations on 30/09/2010 with the appointment of the members of the Board of Directors (hereinafter BoD) according to the decision 44560/B. 2018 on 30/09/2010 of the Ministry of Finance. On 30/01/2013, the BoD was substituted by the Executive Board and the General Council. The purpose of the Fund is to contribute to the maintainance of 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). HFSF exercises its shareholding rights deriving from its participation in the credit institutions to which capital support is provided by the Fund, in compliance with the rules of prudent management of the assets of the Fund and in line with the rules of the European Union (hereinafter "EU") with respect to State aid and competition.

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 with 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 aforementioned facility agreement and in line with the European Union's State aid rules.

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

Executive Board*	Position
Ilias E. Xirouhakis	Chief Executive Officer
Iordanis Aivazis	Executive Member
General Council**	Position
Andreas Verykios	Chairman
Marco Giovanni Mazzucchelli	Member
Christof Gabriel Maetze	Member
Konstantinos Tsatsaronis	Member
Panagiotis Tridimas	Member, Representative of the MoF
Paul Anne F Bodart	Member
Vassilios Spiliotopoulos	Member, appointed by the BoG

* On 15/02/2021, Mr. Martin Czurda resigned from his position as CEO and executive member of the Executive Board.

* On 06/04/2021 Mrs. Marica S. Ioannou – Frangakis resigned from her position as executive member of the Executive Board which was effective as of 13/04/2021.

* On 06/04/2021 Mr. Iordanis Aivazis was nominated by the BoG and assumed his responsibilities on 14/04/2021 as executive member of the Executive Board, replacing Mrs. Marica S. Ioannou - Frangakis.

* On 21/05/2021 Mr. Ilias E. Xirouhakis resigned from his position as Deputy CEO and executive member of the Executive Board and assumed his responsibilities as CEO and executive member of the Executive Board, replacing Mr. Martin Czurda.

** Mr. Panagiotis Kyriakopoulos, who was appointed by the Minister of Finance as non-executive member of the General Council, representative of Ministry of Finance, submitted his resignation which was effective as of 24/01/2020.

** On 17/02/2020 Mr. Panagiotis Tridimas was appointed by the Minister of Finance as non-executive member of the General Council, representative of Ministry of Finance, replacing Mr. Panagiotis Kyriakopoulos.

** On 10/04/2020, Mr. Paul Anne F Bodart was appointed by the Minister of Finance as non-executive member of the General Council, replacing the vacant position of Mr. Paul Arlman who has submitted his resignation which was effective as of 31/12/2019.

The statutory auditor of the financial statements is Mr. Nikolaos Vouniseas, RN SOEL 18701.
The annual financial statements were approved by the Fund's General Council on 14 September 2021.

Note 2 | Summary of Significant Accounting Policies

2.1 Basis of preparation

The Fund's financial statements for the year ended 31/12/2020 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("E.U."). The amounts are presented in thousand Euro rounded to the whole, unless otherwise stated (i.e. "bn" stands for billion, "m" stands for million and "k" stands for thousand).

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards as set out in Note 2.19 below.

The annual financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss 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: assessment of the Fund's nature, assessment of the recoverability of receivables from banks 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 may ultimately differ from those estimates.

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

The Financial Statements cover the financial year from 01/01/2020 up to 31/12/2020. 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 aim 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 Services and Holdings S.A. (hereinafter "Alpha Bank"), Eurobank Ergasias Services and Holdings S.A. (hereinafter "Eurobank"), National Bank of Greece S.A. (hereinafter "NBG") and Piraeus Financial Holdings S.A. (hereinafter "Piraeus Bank"). More specifically, under the recapitalization of 2013, the Fund obtained the majority of the common shares with restricted voting rights in Alpha Bank, NBG and Piraeus Bank, 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 Bank covering the additional capital that was not covered by private investors, whereas Eurobank and Alpha Bank covered their capital needs solely from private investors. Consequently, the Fund became the major shareholder with full voting rights in NBG and Piraeus Bank and HFSF's participation in Alpha Bank 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.

Based on the principles of par. 18 of IAS 28, HFSF has elected to measure its investment in the Banks at fair value through profit or loss in accordance with IFRS 9.

2.2 Going Concern

The financial statements have been prepared on a going concern basis, as the Management of the Fund considered as appropriate, taking into consideration the following:

- The Fund's duration which is determined by law. More specifically, according to article 2, par. 6 of the HFSF Law as in force, the Fund's duration is up to 31 December 2022. By decisions of the Minister of Finance, the duration of the Fund may be extended, if deemed necessary for the fulfilment of its scope.

- The strong Fund's liquidity position. It is highlighted that the Fund's Cash and balances with Banks amount to c. €1,435 million as of 31.12.2020 (31.12.2019: c. €1,354 million).

- The low impact of the coronavirus (covid-19) outbreak in the direct activities of HFSF. More specifically, since 13.03.2020 and according to the successful implementation of the Fund's Business Continuity Plan, all HFSF employees started working remotely and continued until 31.05.2021.

However, the substantial uncertainties and risks for both macroeconomic environment and the ability of lots of businesses to operate under the restrictive measures adopted to contain the virus's expansion may have an adverse effect in the banking sector. The effects of covid-19 on the economic activity depend heavily on the timing of the curbing of its expansion and of total lift of lockdown measures, the nature and size of fiscal and monetary support measures, the virus' epidemiological behaviour and the impact on consumer and investor behaviour post-crisis. A significantly adverse impact on certain sectors of the Greek economy is expected, including a) lower tourism revenues, b) reductions in the demand for the manufacturing sector's products, as a result of the slowdown in key markets, c) disruptions in the manufacturing sector's supply chains and d) decrease in shipping activity due to the expected decline in global trade.

Although at this stage, we cannot quantify or fully assess the impact of covid-19 on the Fund's financial results, potential risk areas are the followings:

1. **Financial assets at fair value through profit or loss:** The increasing uncertainty in the European and Greek economic environment as described above may lead to a significant decrease in the share price of the four systemic Banks in which HFSF participates and as a result to a loss of the Fund's financial assets at fair value through profit or loss.

2. **Receivables from banks under liquidation:** The covid-19 outbreak may lead to an increase of the impairment of the receivables from Banks under liquidation due to the deterioration of the Greek economy and the expected decrease of individuals and businesses disposable income which may limit the collections of the loan portfolios. Moreover, the virus may lead to a delay in the implementation of the Special Liquidator's strategic plan due to lack of investment interest in the short term.

Going concern assessment.
The Management of the Fund, acknowledging the risks of the covid-19 outbreak to the economy and the banking system and taking into account the factors relating to (a) the measures adopted by the Greek and European authorities to mitigate the negative economic impact, (b) the Fund's strong liquidity position and (c) the fixed Fund's life duration, has been satisfied that the financial statements of the Fund can be prepared on a going concern basis.

2.3 Financial assets at fair value through profit or loss

This category includes the Banks' shares and the contingent convertible bonds (CoCos) issued by 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.

CoCos received under the recapitalization of NBG and Piraeus Bank 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, which is an asset, 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. The interest amounts are not consideration for the time value of money on the principal amount outstanding and as a result do not meet the definition of SPPI.

Based on the nature of the organization and the content of the Fund's activities, it falls within the scope of par.18 of IAS 28 and also includes in this category its participation in the Banks. As a result, HFSF has elected to measure its investment in Banks at FVTPL according to the principles of IFRS 9 rather than consolidating them or accounting them with equity method as this treatment provides more useful and relevant information to the users of the Fund's financial statements. Banks' shares are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and HFSF's investment and exit strategy.

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 Classification and measurement of financial assets

2.4.1 Initial recognition

The Fund recognizes financial assets in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Upon initial recognition the Fund measures financial assets at fair values. Financial instruments not measured at fair value through profit or loss are initially recognized at fair value plus transaction costs and minus income or fees that are directly attributable to the acquisition or issue of the financial instrument.

It is noted that financial instruments are recognized in the statement of financial position at the trade date, which corresponds to the date during which the Fund commits to buy or sell the asset.

2.4.2 Classification of financial assets

The Fund classifies its financial assets as:

- Financial assets measured at amortized cost.
- Financial assets measured at fair value through other comprehensive income ("FVTOCI") with cumulative gains and losses reclassified to profit and loss on derecognition.
- Equity instruments designated as measured at FVTOCI with gains and losses remaining in other comprehensive income ("OCI") without recycling to profit or loss on derecognition.
- Financial assets at fair value through profit and loss ("FVTPL").

Except for financial instruments that are designated at initial recognition as at FVTPL, financial assets are classified at amortized cost or FVTOCI on the basis of:

a) the Fund's business model for managing the financial asset and
b) the contractual cash flow characteristics of the financial asset.

IFRS 9 precludes the separation of any embedded derivatives from a hybrid contract when the host contract is a financial asset within its scope. Instead, the entire hybrid financial asset is classified into one of the categories listed above.

2.4.2.1 Business model assessment

The business models reflect how the Fund manages its financial assets in order to generate cash flows. This assessment is performed on the basis of scenarios that the Fund reasonably expects to occur. The assessment is based on all relevant and objective information that is available at the time of the business model assessment. The following business models have been identified for the financial assets:

- **Held to collect contractual cash flows:** The Fund's objective is to hold the financial assets and collect the contractual cash flows. All the assets in this business model give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets classified in this business model are measured at amortized cost.

- **Held to collect contractual cash flows and sell:** The objective of this business model is to meet everyday liquidity needs and such objective is achieved by both collecting contractual cash flows and selling financial instruments. Assets within this business model are not sold with the intention of short-term profit taking, however frequent sales may occur and such sales may be significant in value. All the assets in this business model give rise to cash flows that are SPPI. The financial instruments in this business model are accounted for at FVTOCI.

- **Held for trading:** Under this business model, the Fund actively manages the instruments in order to realize fair value gains arising from changes in credit spreads and yield curves. The assets in this business model are accounted for at FVTPL.

- **Held and managed on a fair value basis:** Refers to assets that are managed by the Fund on a fair value basis without the intent to sell them in the near future. The assets in this business model are accounted for at FVTPL.

2.4.2.2 Contractual cash flow characteristics

The Fund assesses the characteristics of its financial assets' contractual cash flows at initial recognition in order to determine whether they are SPPI. This is referred to as the "SPPI test". Interest amount within a basic lending arrangement, is typically the consideration for the time value of money and the credit risk. Interest may also include consideration for other basic lending risks such as liquidity and costs (e.g. administration associated with holding the financial asset for a particular period of time), as well as a profit margin. Interest may also be negative if the Fund decides to effectively pay a fee for the safekeeping of its money for a particular period of time. The Fund considers that an originated or a purchased financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form and irrespective if it was purchased at a deep discount.

In addition, in determining whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding, it is assessed whether time value of money element has been modified. Time value of money is the element of interest that provides consideration for only the passage of time. That is, the time value of money element does not provide consideration for other risks or costs associated with holding the financial asset. However, in some cases, the time value of money element may be modified. That would be the case, for example, if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate or if a financial asset's interest rate is periodically reset to an average of particular short and long-term interest rates. In such cases, the Fund assesses the modification to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. The objective of the assessment is to determine how different the contractual (undiscounted) cash flows could be from the (undiscounted) cash flows that would arise if the time value of money element was not modified (benchmark test). The effect of the modified time value of money element must be considered in each reporting period and cumulatively over the life of the instrument. If the Fund concludes that the contractual (undiscounted) cash flows could be significantly different from the (undiscounted) benchmark cash flows, the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.

2.4.3 Measurement of financial assets

2.4.3.1 Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that pass the SPPI test.

The financial assets classified within this category, mainly include the following asset classes:

- Cash and balances with central bank
- Sight and time deposits with banks
- Securities purchased under agreements to resell
- Other receivables due from banks
- Debt securities
- Other receivables included in line item "other assets"

Subsequent to initial recognition, the financial asset is measured at amortised cost using the effective interest rate ("EIR") method for the allocation and recognition of interest revenue in line item "interest income" of the income statement over the relevant period. The amortised cost is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income on financial assets is calculated on the gross carrying amount if the asset is classified in stage 1 or 2. When a financial asset becomes credit-impaired (classified in stage 3), interest income is calculated on the amortised cost (i.e. the gross carrying amount adjusted for the impairment allowance).

The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's gross carrying amount. When calculating the EIR, the Fund estimates the expected cash flows by considering all the contractual terms of the financial instrument (e.g. prepayment, extension, call and similar options). The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts. Fees that are an integral part of the EIR of a financial instrument are treated as an adjustment to the EIR.

Except for purchased or originated financial assets that are credit-impaired ("POCI") on initial recognition, expected credit losses ("ECL") are not considered in the calculation of the EIR. For a POCI financial asset, the credit-adjusted EIR is applied when calculating the interest revenue and it is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's amortised cost. The Fund includes the initial ECL in the estimated cash flows when calculating the credit-adjusted EIR for such assets.

2.4.3.2 Financial assets measured at FVTOCI

A financial asset is measured at FVTOCI if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and sell the assets and the contractual terms of the financial asset result in cash flows that pass the SPPI test.

After initial recognition, investments in financial assets are measured at fair value in the statement of financial position (with no deduction for sale or disposal costs) with unrealized gains and losses reported in OCI, until such investments are derecognised (i.e. when sold or collected). Upon derecognition, the cumulative gains or losses previously recognised in OCI are reclassified from equity to the income statement, as a reclassification adjustment.

2.4.3.3 Equity instruments designated at FVTOCI

After initial recognition, investments in equity instruments designated at FVTOCI are measured at fair value, with no deduction for sale or disposal costs. With the exception of dividends received, the associated gains and losses is recognised in OCI. Amounts presented in OCI are not subsequently recycled to the income statement, instead the cumulative gain or loss is transferred within equity from accumulated OCI to retained earnings.

Dividends are recognised in "dividend income" line item of the income statement when all of the following criteria are met:

- the Fund's right to receive payment of the dividend is established
- it is probable that the economic benefits associated with the dividend will flow to the Fund
- the amount of the dividend can be measured reliably
- the dividend clearly does not represent a recovery of part of the cost of the investment.

2.4.3.4 Financial assets measured at FVTPL

After initial recognition, financial assets that are classified as at FVTPL are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from fair value remeasurement are recognised in their entirety in "Gain/(loss) from financial instruments at fair value through profit or loss".

2.4.4 Reclassification of financial assets

The Fund reclassifies all affected financial assets only when the Fund changes its business model for managing financial assets. The reclassification is applied prospectively from the reclassification date, which is the first day of the first quarterly reporting period following the change in the business model.

Changes in the Fund's business models are rare due to the Fund's specific objective (i.e. the contribution to the maintenance of the stability of the Greek banking system, for the sake of public interest) and the specifically determined Fund's operations as set out in L. 3864/2010 and L. 4046/2012, both as in force, which are not affected significantly by external or internal changes. Consequently, reclassification of financial assets is not expected.

Investments in equity instruments that are designated as at FVTOCI, or any financial assets or liabilities that are designated at FVTPL, cannot be reclassified because the election to designate them as at FVTOCI or FVTPL respectively, at initial recognition, is irrevocable.

2.4.5 Impairment

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs and minus income or fees that are directly attributable to the acquisition or issue of the financial instrument and subsequently measured at amortised cost using the effective interest rate method (if these are payable after one year), unless the effect of discounting is not material, less an allowance for expected credit losses ("ECL"). ECL represent the difference between contractual cash flows and those that the Fund expects to receive.

ECL are recognized on the following basis:

- 12-month ECL are recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring. Financial instruments in this category are referred to as instruments in stage 1. For instruments with a remaining maturity of less than 12 months, ECL are determined for this shorter period.

- Lifetime ECL are recognized if a significant increase in credit risk (SICR) is detected subsequent to the instrument's initial recognition, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. Financial instruments in this category are referred to as instruments in stage 2.

- Lifetime ECL are always recognized for credit-impaired financial assets, referred to as instruments in stage 3. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

POCIs are classified as credit impaired. An instrument is POCI if it has been purchased with a material discount to its par value that reflects the incurred credit losses or is originated with a defaulted counterparty.

For POCI financial assets, the Fund recognises adverse changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the income statement. POCI are initially recognised at fair value with interest income subsequently being recognised based on a credit-adjusted EIR. POCI may also include financial instruments that are newly recognised following a substantial modification and remain a separate category until maturity. Any favourable changes for POCI assets are impairment gain even if the resulting expected cash flows exceed the estimated cash flows on initial recognition.

ECL are recognised in the income statement with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the statement of financial position. ECL are recognised within the income statement in "other impairment charges".

2.5 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.

2.6 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.

2.7 Derecognition

2.7.1 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.

2.7.2 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.

2.8 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 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.

2.9 Income from CoCos

The payment of coupon from CoCos lies to the banks' sole discretion, therefore the income from CoCos is recognized in the statement of comprehensive income upon the Bank's BoD approval for payment.

2.10 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.

2.11 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 was 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 contributed 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 case that BoG announces 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 includes 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 constraints arising 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.

2.12 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 31/12/2022 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 Intangible assets
Intangible assets 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. Intangible assets are amortized using the straight-line method over the useful life of the asset and up to 31/12/2022.

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.

2.18 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.

2.19 Adoption of International Financial Reporting Standards (IFRS)

2.19.1 New standards, amendments and interpretations to existing standards applied from 1 January 2020:

- Definition of a Business - Amendments to IFRS 3 (effective for annual periods beginning on 1 January 2020, as issued by the International Accounting Standards Board In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements or processes and continuing to produce outputs, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. The adoption of the amendments did not have any impact on the Annual Financial Statements of the Fund.

- Definition of Material - Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on 1 January 2020, as issued by the IASB). In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The adoption of the amendments did not have any impact on the Annual Financial Statements of the Fund.

- Conceptual Framework. In March 2018, the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the framework), which became effective for annual periods beginning on 1 January 2020. The Framework sets out the fundamental concepts of financial reporting that guide the IASB in developing IFRS Standards. The Framework underpins existing IFRS Standards but does not override them. Preparers of financial statements use the Framework as a point of reference to develop accounting policies in rare instances where a particular business transaction is not covered by existing IFRS Standards. The IASB and the IFRS Interpretations Committee will begin to use the new Framework immediately in developing new, or amending existing, financial reporting standards and interpretations. The adoption of the amendments did not have any impact on the Annual Financial Statements of the Fund.

2.19.2 New standards, amendments and interpretations to existing standards effective after 2020:

New standard

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023, as issued by the IASB). IFRS 17 was issued in May 2017, including amendments issued in June 2020 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

Amendments

- IFRS 16 (Amendment): COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020 and effective for the consolidated and separate financial statements from 1 January 2021). The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. The amendment is mandatory for annual reporting periods beginning on or after 1 June 2020 and thus for the consolidated and separate financial statements from 1 January 2021.

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments): Interest Rate Benchmark Reform - Phase 2 (effective for annual periods beginning on 1 January 2021, as issued by the IASB). The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

- Reference to the Conceptual Framework - Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on 1 January 2022, as issued by the IASB). The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 (effective for annual periods beginning on 1 January 2022, as issued by the IASB). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in the Income Statement.

- Onerous Contracts: Cost of Fulfilling a Contract - Amendments to IAS 37 (effective for annual periods beginning on 1 January 2022, as issued by the IASB). The amendments specify which costs a company includes when assessing whether a contract will be loss-making.

- IFRS 4 (Amendment): Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual periods beginning on or after 1 January 2023). The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

- IAS 1 (Amendment): Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2023). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment Classification of liabilities as current or non-current was issued in January 2020 and is effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the COVID-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023. This amendment makes clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- IAS 1 and IFRS Practice Statement 2 (Amendments): Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process'.

- IAS 8 (Amendment): Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are ''monetary amounts in financial statements that are subject to measurement uncertainty''. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- Annual Improvements to IFRS Standards 2018 2020 Cycle (effective for annual periods beginning on or after 1 January 2022, as issued by the IASB). The amendments applicable to the Fund are:

- IFRS 9 Financial Instruments: Fees in the per test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the per cent test in assessing whether to derecognize a financial liability. Only fees paid or received between the entity (the borrower) and the lender are included, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16: Lease Incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments to existing standards effective after 2020 have not yet been endorsed by the EU, except for the IFRS 16 amendment for COVID-19-Related Rent Concessions, the IFRS 4 amendment for extension of the Temporary Exemption from Applying IFRS 9 and the IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amendment for Interest Rate Benchmark Reform Phase 2 which have been endorsed by the EU.

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 31/12/2020. The most significant areas, for which judgments, estimates and assumptions are required in applying the Fund's accounting policies, are the following:

Participation in Banks

According to par. 18 of IAS 28, entities which have similar nature and activities to venture capital or similar organizations may elect to measure their investments in other entities at FVTPL instead of consolidating them or accounting them with equity method.

HFSF historically measures and evaluates the performance of substantially all of its investments on a fair value basis, because using fair value results in more relevant information than, for example, consolidating or using the equity method accounting.

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 liquidator 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 On 04/04/2016, BoG appointed PQH Single Special Liquidation S.A. as Special Liquidator for all the banks under liquidation, aiming to ensure a more efficient management of their assets and a higher performance against the operational targets. PQH, jointly owned by PwC Business Solutions S.A., Qualco S.A. and Hoist Kredit Aktiebolag, replaced the previous liquidators and tooκ up the management of all the banks under liquidation.

The 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 but are taken care of by the Special Liquidator 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 issued by Piraeus bank 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.

On 23 November 2020, Piraeus Bank announced that its Board of Directors, following a decision of the ECB Governing Council and considering the available options, decided to exercise its discretion under the relevant terms of the CoCo Issuance Programme to cancel the 2020 interest payment, in the amount of €165 million to the HFSF, due on 2 December 2020. This eventuality led to an increase of the HFSF's shareholding in the bank's share capital from the level of 26.42% to 61.34% following the mandatory conversion of the CoCo principal at 04/01/2021, in accordance with the instrument’s terms agreed in 2015.

The difference between the CoCos fair value and the market value of the Conversion shares was recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF’s statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the year in p&l of HFSF). Based on the bank’s share price as of 4 January 2021 (€1.241), the value of the Conversion shares would amounted to c. €490 million at 04/01/2021 and the total cumulative loss from the conversion amounted to € 1,550 million.

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, Eurobank, NBG and Piraeus Bank. Following their corporate transformation, Alpha Services and Holdings S.A., Eurobank Ergasias Services and Holdings S.A. and Piraeus Financial Holdings S.A. substituted the banks respectively.

Banks under Liquidation: This segment includes 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 cash and balances with banks.

Analysis by Operating Segment

Amounts in '000€ — 01/01/2020-31/12/2020

	Systemic Banks	Banks under Liquidation	Other	Total
Interest income	-	-	25,087	**25,087**
Personnel expenses	(2,627)	(129)	(1,055)	**(3,811)**
General administrative & other operating expenses	(5,204)	(325)	(1,877)	**(7,406)**
Impairment of receivables from banks under liquidation	-	(77,874)	-	**(77,874)**
Loss from financial instruments at FVTPL	(2,015,824)	-	-	**(2,015,824)**
Depreciation and amortization of property, equipment and intangible assets	(110)	(15)	(259)	**(384)**
Other comprehensive income	-	-	19	**19**
Finance Cost	(7)	(1)	(1)	**(9)**
Profit / (Loss) for the year	**(2,023,772)**	**(78,344)**	**21,914**	**(2,080,201)**
				31/12/2020
Total segment assets	1,690,171	1,342,460	1,436,475	**4,469,107**
Total segment liabilities	(1,994)	(46)	(949)	**(2,989)**

Amounts in '000€ — 01/01/2019-31/12/2019

	Systemic Banks	Banks under Liquidation	Other	Total
Interest income	-	-	29,782	**29,782**
Income from CoCos	165,467	-	-	**165,467**
Personnel expenses	(2,509)	(112)	(910)	**(3,532)**
General administrative & other operating expenses	(3,619)	(139)	(1,293)	**(5,051)**
Impairment of receivables from banks under liquidationos	-	(73,673)	-	**(73,673)**
Gain from financial instruments at FVTPL	1,290,627	-	-	**1,290,627**
Depreciation and amortization of property, equipment and intangible assets	(103)	(14)	(178)	**(295)**
Other comprehensive income/ (expenses)	(51)	-	8	**(43)**
Finance Cost	(6)	(1)	(1)	**(8)**
Profit / (Loss) for the year	**1,449,805**	**(73,939)**	**27,408**	**(1,403,274)**
				31/12/2019
Total segment assets	3,705,995	1,486,182	1,355,512	**6,547,689**
Total segment liabilities	(532)	(58)	(780)	**(1,370)**

Note 5 | Cash and Balances with Banks

Amounts in '000€	31/12/2020	31/12/2019
Cash and balances with banks	34	13
Balances with Central Bank	29	28
Cash management account in BoG	1,435,041	1,354,516
Total	**1,435,104**	**1,354,557**

The "Cash and balances with banks" line includes 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" line relates to balances, which are compulsory deposited and maintained in a special interest account at BoG for the Fund's day-to-day obligations.

According to the Law 4549/2018, the Fund is obliged to deposit any cash balances that are not necessary for covering the current cash needs in a cash management account in BoG.

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 (h) of the art. 15 of Law 2469/1997.

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

The balance includes the Fund's participation in the four systemic banks, other participations and the contingent bonds ("CoCos") issued by Piraeus Bank, as presented in the following table:

Amounts in '000€	31/12/2020	31/12/2019
Participation in the systemic banks	1,176,917	1,834,004
Other participations	535	-
CoCos issued by Piraeus Bank	512,720	1,871,991
Total	**1,690,172**	**3,705,995**

Participation in systemic banks
The Fund has classified under this line the shares received from its participation in the share capital increases (SCI) of the four systemic banks that took place in 2013 and the share capital increases of NBG and Piraeus Bank 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. Following their corporate transformation, Alpha Services and Holdings S.A., Eurobank Ergasias Services and Holdings S.A. and Piraeus Financial Holdings S.A. substituted the banks respectively (for analysis see below).

CoCo Conversion
On 23 November 2020, Piraeus Bank announced that its Board of Directors, following a decision of the ECB Governing Council and considering the available options, decided to exercise its discretion under the relevant terms of the CoCo Issuance Programme to cancel the 2020 interest payment, in the amount of €165 million to the HFSF, due on 2 December 2020. This eventuality led to an increase of the HFSF's shareholding in the bank's share capital from the level of 26.42% to 61.34% following the mandatory conversion of the CoCo principal at 04/01/2021, in accordance with the instrument's terms agreed in 2015.
The difference between the CoCos fair value and the market value of the Conversion shares was recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the year in p&l of HFSF). Based on the bank's share price as of 4 January 2021 (€1.241), the value of the Conversion shares would amounted to c. €490 million at 04/01/2021 and the total cumulative loss from the conversion amounted to € 1,550 million.

Piraeus Bank Hive-Down
During the Extraordinary General Meeting of Piraeus Bank Shareholders, held on December 10th, 2020 the following resolutions were discussed and approved: a) the demerger of the company named "Piraeus Bank Société Anonyme" by way of hive–down of the banking activity sector and its contribution into the incorporation of a new entity to be incorporated and licensed as a credit institution, as well as all actions, statements and announcements made by the Board of Directors or/and any other representative of the Bank regarding the demerger, b) the Draft Demerger Deed of the société anonyme under the name "Piraeus Bank Société Anonyme" by way of hive-down of the banking activity sector and its contribution into a new entity to be incorporated and licensed as a credit institution, pursuant to the provisions of article 16 of L. 2515/1997 (in particular para. 5 thereof regarding the consolidation of assets and liabilities) and articles 54 para. 3, 57 para. 3 and 59-74 of L. 4601/2019, as in force, including the Transformation Balance Sheet dated 31 July 2020, c) the Auditor's report regarding the verification of the book value of the hived down sector's assets and liabilities, on July 31st, 2020 and the review of the terms of the Draft Demerger Deed, d) the Articles of Association of the beneficiary (new) entity which will acquire the hived down banking activity sector and will be licensed as a credit institution, including the articles regarding to the first Board of Directors and the Audit Committee of the new entity, in accordance with the provisions of Law, as in force, e) the amendment of the Articles of Association of the demerged Bank, with amendment, addition or/and rephrasing of its articles, aiming to its adjustment as a result of the hive down of the banking sector and authorized members of its Board of Directors and banks' executives to sign the Deeds and any related documentation necessary to complete the demerger and to proceed with any necessary action to complete the amendment of the demerged Bank's Articles of Association. The HFSF participated in the Extraordinary General Meeting of Shareholders of 10.12.2020 with all its shares and voted in favor of the above issues.

Hive Down of Eurobank
On March 20, 2020, Eurobank Ergasias S.A. completed its corporate transformation (Hive Down) which resulted in the establishment of a new bank, Eurobank S.A. that substituted to all assets and liabilities of the sector of banking activity of the demerged entity (old bank), Eurobank Ergasias Services and Holdings S.A., by application of law. Following this corporate transformation, the HFSF holds shares in Eurobank Ergasias Services and Holdings S.A. (hereinafter "Eurobank Holding"). In order to safeguard the interests of the HFSF so that the Fund is in a position to continue to exercise the rights it enjoys over and the obligations vis-à-vis both the old bank (HolCo) and the new bank, following the Hive Down by virtue of the HFSF Law 3864/2010 and/or pursuant to the Relationship Framework Agreement ("RFA") dated 4 December 2015 signed between HFSF and Eurobank Ergasias S.A. and according to an the agreement signed on 22 February 2019, following approval of HFSF's General Council on March 20th, a Tripartite Agreement has been signed on March 23rd between the HFSF, Eurobank S.A. and Eurobank Ergasias Services and Holdings S.A.

Alpha Bank Hive-Down
Alpha Bank approved during its extraordinary BoD meeting on September 15th, 2020 all transformation documents related to the Hive Down of the banking activity sector and its contribution into the incorporation of a new banking entity ("New Alpha Bank"), pursuant to the provisions of article 16 of L. 2515/1997 and articles 57 (par.3) & 70 par. 2) of L. 4601/2019, i.e. the Draft Demerger Deed, the Board's Report to the General Meeting of the shareholders of the Demerged Entity on the Draft Demerger Deed and the Transformation Balance Sheet, as well as the draft resolution (which will be sent to the SSM) and the performance of all actions for the completion of the demerger.

The HFSF voted in favor of the above and the Bank assumed the obligation to discuss with HFSF in good faith any possible amendment to the RFA in order for HFSF to retain its rights in both the HoldCo and the OpCo.

The Extraordinary General Meeting (EGM) that was held on April 2nd, 2021, approved the demerger of Alpha Bank by way of hive-down of the banking business sector with the incorporation of a new company. The demerger was approved on 16.4.2021 by the Ministry of Development and Investments. The new banking entity is incorporated under the name "ALPHA BANK S.A." (hereinafter the "Beneficiary"), which substitutes the Demerged Entity. The Demerged Entity ("ALPHA SERVICES AND HOLDINGS S.A.") became the shareholder of the Beneficiary.

Other participations
Eurobank Ergasias Services and Holdings S.A. ("Eurobank Holding") announced that the Annual General Meeting of its shareholders held on 28.07.2020, approved inter alia (i) the decrease of the share capital with the decrease in the nominal value of each ordinary share issued by Eurobank Holding by €0.0155 and the distribution to its shareholders of shares issued by an entity under the corporate name Cairo Mezz Plc, registered in Cyprus ("Cairo Mezz"), with a value corresponding to the value of the share capital decrease, at a ratio of 1 share of Cairo Mezz for every 12 shares of the bank already held and (ii) the capitalization of taxed reserves amounting to €20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the bank. Following the aforementioned decision, the Eurobank Holding's total share capital amounts to €816,015,607.44 and the total number of shares remains unchanged, i.e. 3,709,161,852 common voting shares of a nominal value of 0.22 euro each. Subsequently, HFSF holding 52,080,673 shares of Eurobank Holding, received 4,340,056 shares of Cairo Mezz. On 21.09.2020 the Athens Stock Exchange Listings and Market Operation Committee approved the admission to trading of the shares of Cairo Mezz on the EN.A. PLUS segment of the Alternative Market, subject to the completion of the Corporate Action. As of September 29, 2020, the 309,096,827 (CR) shares of the Company "CAIRO MEZZ PLC" are admitted to trading on the "Alternative Market" of ATHEX, under the "Financial Services" sector and the start price of trading was set at €0.19 (the nominal value is €0.10).

Fair value of shares
The following table presents the fair value of the shares as well as the levels of the fair value hierarchy. The fair value of the shares in systemic banks was determined based on the market prices in the Athens Exchange (ATHEX) at the reporting date. The fair value of the shares in Cairo Mezz PLC was determined based on the EN.A. Plus segment of the Alternative Market of ATHEX. The Level 1 classification is based on the fact that the market prices are unadjusted quotes in active markets.

	Fair value - Level 1	
Amounts in '000€	31/12/2020	31/12/2019
Alpha Services and Holdings S.A.	161,426	325,322
Eurobank Ergasias Services and Holdings S.A.	30,134	47,914
National Bank of Greece S.A.	835,369	1,115,796
Piraeus Financial Holdings S.A	149,988	344,972
Cairo Mezz PLC	535	-
Total	**1,177,451**	**1,834,004**

Movement of shares
The movement of the Fund's participation in the systemic banks and Cairo Mezz during the 12-month period ended on 31/12/2020 is presented in the table below:

No of Shares	Alpha Holdings*	Eurobank Holdings*	NBG*	Piraeus Holdings*	Cairo Mezz PLC*
Shares held as of 01/01/2020	169,174,167	52,080,673	369,468,775	115,375,400	-
Additions	-	-	-	-	4,340,056
Disposals	-	-	-	-	-
Shares held as of 31/12/2020	**169,174,167**	**52,080,673**	**369,468,775**	**115,375,400**	**4,340,056**
of which:					
Shares with restricted voting rights	169,174,167	52,080,673	13,481,860	2,042,067	4,340,056
Shares with full voting rights	-	-	355,986,915	113,333,333	-
Participation with restricted voting rights	**10.96%**	**1.40%**	**1.47%**	**0.47%**	**0.00%**
Participation with full voting rights	**0.00%**	**0.00%**	**38.92%**	**25.95%**	**1.40%**

* The total number of shares are freely transferrable

HFSF's percentage participation in systemic banks as of 31/12/2020 and 31/12/2019 was as follows:

Percentage Participation	31/12/2020	31/12/2019
Alpha Services and Holdings S.A.	10.96%	10.96%
Eurobank Ergasias Services and Holdings S.A.	1.40%	1.40%
National Bank of Greece S.A.	40.39%	40.39%
Piraeus Financial Holdings S.A	26.42%	26.42%

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 agency, are provided in the table below:

Holdings	Fitch	S&P	Moodys
Alpha Services and Holdings S.A.	CCC+	B-	Caa2
Eurobank Ergasias Services and Holdings S.A.	-	-	-
Piraeus Financial Holdings S.A	-	B-	Caa2
Banks	**Fitch**	**S&P**	**Moodys**
Alpha Services and Holdings S.A.	CCC+	B+	Caa1
Eurobank Ergasias Services and Holdings S.A.	B-	B+	Caa1
National Bank of Greece S.A.	B-	B+	Caa1
Piraeus Financial Holdings S.A	CCC+	B	Caa2

Contingent Convertible bonds (CoCos)
Following the recapitalization of NBG and Piraeus Bank in December 2015 and in accordance with par.2 and 5c of Law 3864/2010 and Cabinet Act No 36/2015, HFSF contributed European Stability Mechanism (ESM) FRNs 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 Bank 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 Bank 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 enable banks to meet regulatory capital requirements, through strengthening their capital ratios. CoCos issued by NBG and Piraeus Bank were taken into account in the Common Equity Tier 1 (CET1) ratio. The key features of CoCos are outlined below.

Piraeus Bank hive-down
Piraeus Bank approved during its BoD meeting on August 27th 2020 the Draft Demerger Deed of "Piraeus Bank S.A" by way of hive–down of the banking activity sector and its contribution into the incorporation of a new banking entity, pursuant to the provisions of article 16 of L. 2515/1997 and articles 57 (par.3) & 59-74 of L. 4601/2019, and also approved the Explanatory Report of the Draft Demerger Deed and granted authorizations for the execution of the Draft Demerger Deed and its Explanatory Report and the performance of all actions for the completion of the demerger. It is noted that the CoCos will be held by Piraeus Financial Holdings, which will be listed company. It has to be noted that this corporate transformation is not expected to have material impact to the valuation of CoCos as the key parameters of the valuation technique (CET1 ratio, share price and market interest rates) are not affected by the Hive - down.

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 whole or in part 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. The payment of coupon from CoCos lies to the banks' sole discretion, therefore the income from CoCos will be recognized in the statement of comprehensive income upon the Bank's BoD approval for payment.

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 outstanding CoCos by the subscription price as defined in the CoCos' issuance Programme. The same rule applies, if HFSF decides to exercise its option on the 7th annual anniversary from the issuance date.

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.

Redemption of NBG's CoCos

On 15/12/2016, NBG proceeded with the redemption of the principal amount of its CoCos in line with the Bank's commitment to its restructuring plan and following approval given by SSM and the Fund received in cash the amount of €2,029 million.

Conversion of Piraeus Bank CoCos

On 23 November 2020, Piraeus Bank announced that its Board of Directors, following a decision of the ECB Governing Council and considering the available options, decided to exercise its discretion under the relevant terms of the CoCo Issuance Programme to cancel the 2020 interest payment, in the amount of €165 million to the HFSF, due on 2 December 2020. This eventuality led to an increase of the HFSF's shareholding in the bank's share capital from the level of 26.42% to 61.34% following the mandatory conversion of the CoCo principal, in accordance with the instrument's terms agreed in 2015.

The difference between the CoCos fair value and the market value of the Conversion shares recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the period in p&l of HFSF). Based on the bank's share price as of 4 January 2021 (€1.241), the value of the Conversion shares amount to c. €490 million and the total cumulative loss from the conversion amounted to € 1,550 million.

Fair value of CoCos

The notional amount and fair value of CoCos per bank as of 31/12/2020 and 31/12/2019 are presented as follows:

	Fair Value		Notional Amount	
Amounts in '000€	31/12/2020	31/12/2019	31/12/2020	31/12/2019
CoCos issued by Piraeus Bank	512,720	1,871,991	2,040,000	2,040,000
Total	**512,720**	**1,871,991**	**2,040,000**	**2,040,000**

The valuation technique as of 31/12/2019 uses significant unobservable inputs and therefore the valuation of CoCos is categorized as Level 3 instrument within the fair value hierarchy.

As of 31/12/2020 and given that Conversion of CoCos as described above is an adjusting post balance sheet event (Note 22), the value of CoCos represents the value of the 394.4 million shares as of 31/12/2020 and the year-end valuation is categorised as Level 1 instrument within the fair value hierarchy.

Description of the valuation technique and inputs used before conversion
CoCos were 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 ("MCS"). 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 '000€	CoCos of Piraeus Bank
Balance 1 January 2020	**1,871,991**
Unrealized loss recognized in the income statement	(1,359,271)
Balance 31 December 2020	**512,720**

Note 7 | Property and Equipment

Amounts in 000€	Vehicles & equipment	Leasehold improvements	Right-of use Asset	Total
Balance 1 January 2019	**360**	**239**	**-**	**599**
Impact of IFRS 16	-	-	627	627
Balance at January 1, 2019 adjusted for impact of IFRS 16	**360**	**239**	**627**	**1,226**
Additions	25	22	19	66
Disposals and write-offs	(25)	-	-	(25)
Balance 31 December 2019	**360**	**261**	**646**	**1,267**
Accumulated depreciation	**(242)**	**(170)**	**-**	**(413)**
Depreciation charge	(45)	(57)	(160)	(262)
Disposals and write-offs	25	-	-	25
Balance 31 December 2019	**(262)**	**(227)**	**(160)**	**(649)**
Net book value 31 December 2019	**98**	**34**	**485**	**617**
Balance 1 January 2020	**360**	**261**	**646**	**1,267**
Additions	144	-	253	397
Disposals and write-offs	(1)	-	-	(1)
Balance 31 December 2020	**503**	**261**	**899**	**1,663**
Accumulated depreciation	**(262)**	**(227)**	**(160)**	**(649)**
Depreciation charge	(76)	(11)	(242)	(329)
Disposals and write-offs	1	-	-	1
Balance - 31 December 2020	**(337)**	**(239)**	**(402)**	**(978)**
Net book value 31 December 2020	**165**	**23**	**497**	**685**

Note 8 | Intangible Assets

Amounts in '000€	Software
Balance 1 January 2019	**174**
Additions	35
Disposals and write-offs	-
Balance 31 December 2019	**210**
Accumulated depreciation	**(149)**
Depreciation charge	(33)
Balance 31 December 2019	**(182)**
Net book value 31 December 2019	**28**
Balance 1 January 2020	**210**
Additions	69
Disposals and write-offs	-
Balance 31 December 2020	**278**
Accumulated depreciation	**(182)**
Depreciation charge	(55)
Balance 31 December 2020	**(237)**
Net book value 31 December 2020	**41**

Note 9 | Receivables from Banks under Liquidation

Up to 31/12/2020 the total amount provided by the Fund to cover funding gap reached the amount of €13,489 million, out of which €813 million were recovered and €11,334 million were assessed as non-recoverable. The funding gap, the cumulative impairment and the collections per bank under liquidation as of 31/12/2020 are presented in the following table:

Amounts in '000€ | 31/12/2020

Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,474	(118,055)	(57,000)	34,419
ATEbank	7,470,717	(5,960,043)	(549,500)	961,174
Dodecanese Cooperative Bank	258,548	(144,563)	(93,500)	20,484
Evia Cooperative Bank	105,178	(84,472)	(3,200)	17,507
First Business Bank	456,970	(407,105)	(13,500)	36,366
Hellenic Post Bank	3,732,554	(3,499,420)	(18,500)	214,634
Lamia Cooperative Bank	55,494	(29,225)	(17,600)	8,669
Lesvos-Limnos Cooperative Bank	55,517	(38,113)	(13,800)	3,604
Probank	562,734	(520,292)	(14,000)	28,441
Proton Bank	259,622	(244,614)	(8,838)	6,170
T-Bank	226,957	(223,604)	(3,353)	-
Western Macedonia Cooperative Bank	95,244	(64,251)	(20,000)	10,993
Total	**13,489,008**	**(11,333,757)**	**(812,791)**	**1,342,460**

The movement of the Fund's receivables, including impairment charges and collections, from the banks under liquidation during the 12-month period ended 31/12/2020 is presented in the following table:

Amounts in '000€ | 01/01/2020-31/12/2020

Bank under Liquidation	Opening balance	Additions	Collections	Impairment charges	Closing balance
Achaiki Cooperative Bank	38,033	-	(3,500)	(114)	34,419
ATEbank	1,046,084	-	(36,000)	(48,910)	961,174
Dodecanese Cooperative Bank	37,567	-	(16,500)	(583)	20,484
Evia Cooperative Bank	18,638	-	(1,000)	(131)	17,507
First Business Bank	37,514	-	-	(1,148)	36,366
Hellenic Post Bank	236,961	-	-	(22,327)	214,634
Lamia Cooperative Bank	12,344	-	(3,500)	(175)	8,669
Lesvos-Limnos Cooperative Bank	5,154	-	(1,500)	(50)	3,604
Probank	33,288	-	(500)	(4,347)	28,441
Proton Bank	6,517	-	(347)	-	6,170
T-Bank	-	-	-	-	0
Western Macedonia Cooperative Bank	14,082	-	(3,000)	(89)	10,993
Total	**1,486,182**	**-**	**(65,847)**	**(77,874)**	**1,342,460**

The movement of the Fund's receivables, including impairment charges and collections, from the banks under liquidation during the 12-month period ended 31/12/2019 is presented in the following table:

Amounts in '000€ — 01/01/2019 -31/12/2019

Bank under Liquidation	Opening balance	Additions	Collections	(Impairment charges)/ Reversals	Closing balance
Achaiki Cooperative Bank	35,980	-	-	2,052	**38,033**
ATEbank	1,133,472	-	-	(87,388)	**1,046,084**
Dodecanese Cooperative Bank	33,388	-	-	4,180	**37,567**
Evia Cooperative Bank	17,514	-	-	1,124	**18,638**
First Business Bank	45,848	-	-	(8,334)	**37,514**
Hellenic Post Bank	229,399	-	-	7,562	**236,961**
Lamia Cooperative Bank	11,172	-	-	1,171	**12,344**
Lesvos-Limnos Cooperative Bank	4,552	-	-	602	**5,154**
Probank	29,464	-	-	3,824	**33,288**
Proton Bank	6,370	-	-	147	**6,517**
T-Bank	-	-	-	-	**0**
Western Macedonia Cooperative Bank	12,695		-	1,388	**14,082**
Total	**1,559,855**	**-**	**-**	**(73,673)**	**1,486,182**

On December 20, 2019, the sigle liquidator announced the signing of the Sale and Purchase Agreement (SPA) of the Aeolus portfolio with Intrum Hellas DAC, a special purpose vehicle of the international credit management group Intrum Group. The Aeolus portfolio comprised of unsecured retail and small business non-performing loans with a gross book value of c. €1.1bn. The total consideration for the non-secured loans of the twelve banks under liquidation for which the HFSF is the major creditor, amounted to € 69m.

Note 10 | Other Liabilities

Amounts in '000€	31/12/2020	31/12/2019
Creditors and suppliers	533	428
Lease Liabilities	471	454
Taxes payable	375	235
Contributions payable to social security funds	159	150
Accrued expenses	1,451	103
Total	**2,989**	**1,370**

Note 11 | Capital

Amounts in '000€	Capital
Balance as of 21 July 2010	**-**
Capital increase - Cash	1,500,000
Balance as of 31 December 2010 & 2011	**1,500,000**
Capital increase - EFSF FRNs issued on 19/04/2012	25,000,000
Capital increase - EFSF FRNs issued on 19/12/2012	16,000,000
Balance as of 31 December 2012	**42,500,000**
Capital increase - EFSF FRNs issued on 31/05/2013	7,200,000
Balance as of 31 December 2013 & 2014	**49,700,000**
Capital decrease - EFSF FRNs returned on 27/02/2015	(10,932,903)
Capital increase - ESM FRNs granted on 01/12/2015	2,720,000
Capital increase - ESM FRNs granted on 08/12/2015	2,705,661
Balance as of 31 December 2015 & 2016	**44,192,758**
Capital decrease - Cash returned on 20/02/2017	(2,029,200)
Balance as of 31 December 2017, 2018, 2019 & 31 December 2020	**42,163,558**

Note 12 | Interest Income

A breakdown of the Fund's interest income for the 12-month period ended 31/12/2020 and 31/12/2019 is presented in the table below:

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Interest income from cash management account	25,087	29,782
Total	**25,087**	**29,782**

The interest income from cash management account derives from the return of amounts placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with par. 11 (h) of the art. 15 of Law 2469/1997.

Note 13 | Income from CoCos

The income from CoCos for the year ended 31/12/2020 and 31/12/2019 is presented in the table below:

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Income from CoCos issued by Piraeus Bank	-	165,467
Total	**-**	**165,467**

Note 14 | Personnel Expenses

The number of employees under payroll, including the members of the Executive Board, was 39 and 36 as of 31/12/2020 and 31/12/2019 respectively. The total personnel expenses for the 12-month period ended 31/12/2020 and 31/12/2019 are analyzed as follows:

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Salaries	(3,179)	(2,929)
Employer's contributions	(631)	(603)
Total	**(3,810)**	**(3,532)**

The average number of employees, including the members of the Executive Board, for the 12-month period ended 31/12/2020 and 31/12/2019 was 37 and 36 respectively.

Note 15 | General Administrative and Other Operating Expenses

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Utilities and rentals	(110)	(119)
General Council remuneration	(435)	(335)
Selection Panel remuneration	(56)	(63)
Lawyers' fees	(1,397)	(722)
Audit firms' fees	(37)	(37)
Advisors' fees	(3,913)	(2,651)
Professionals' fees	(67)	(57)
Custody fees	(25)	(37)
Insurance fees	(817)	(465)
Other fees	(235)	(193)
Other expenses	(315)	(370)
Total	**(7,406)**	**(5,050)**

Note 16 | 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 other participations and the result related to the CoCos issued by Piraeus Bank which were converted into shares (Note 6 and 22).
The breakdown of the gain or loss by financial instrument for the 12-month period ended 31/12/2020 and 31/12/2019 is presented in the table below.

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Gain/(loss) from shares		
Alpha Services and Holdings S.A.	(163,896)	139,230
Eurobank Ergasias Services and Holdings S.A.	(17,780)	19,791
National Bank of Greece S.A.	(280,427)	709,380
Piraeus Financial Holdings S.A	(194,984)	248,057
Cairo Mezz PLC	535	-
Subtotal	**(656,553)**	**1,116,458**
Gain/(loss) from CoCos		
Piraeus Bank	(1,359,271)	174,169
Subtotal	**(1,359,271)**	**174,169**
Total	**(2,015,824)**	**1,290,627**

As descripted in note 6, the Fund received shares of Cairo Mezz PLC as of 29/09/2020. Those shares were received with zero consideration, so Fund recorded a gain of 535.0 thousand as of 31/12/2020.

As described in note 6, on 23 November 2020, Piraeus Bank announced that its Board of Directors, following a decision of the ECB Governing Council and considering the available options, decided to exercise its discretion under the relevant terms of the CoCo Issuance Programme to cancel the 2020 interest payment, in the amount of €165 million to the HFSF, due on 2 December 2020. This eventuality led to an increase of the HFSF's shareholding in the bank's share capital from the level of 26.42% to 61.34% following the mandatory conversion of the CoCo principal, in accordance with the instrument's terms agreed in 2015. The difference between the CoCos fair value and the market value of the Conversion shares on the conversion date recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the period in p&l of HFSF). Based on the bank's share price as of 4 January 2021 (€1.241), the value of the Conversion shares amount to c. €490 million and the total cumulative loss from the conversion amounted to € 1,550 million.

Note 17 | Contingent Liabilities and Contingent Assets

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

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

Note 18 | Related Party Transactions

Related parties include the Fund's Management, close relatives to the Management, companies owned by the Management and credit institutions in which the Fund has substantial influence over the financial and operating policies. The significant transactions entered into by the HFSF with related parties during the 12-month period ended 31/12/2020 and 31/12/2019 and the outstanding balances as of 31/12/2020 and 31/12/2019 are presented below.

Transactions with key management personnel
The members of the Executive Board and the General Council, as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The gross remuneration paid in the first 12 months of 2020 amounted to €991 thousand (first 12 months in 2019: €842 thousand). Furthermore, an amount of €117 thousand (first 12 months in 2019: €96 thousand) 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.

The fair value of the shares held by the Fund as of 31/12/2020 amounted to € 1,176.9 million (31/12/2019: € 1,834.0 million) and the fair value of CoCos as of 31/12/2020 amounted to €512.7 million (31/12/2019: €1,871.9 million).

The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the 12-month period ended 31/12/2020 and 31/12/2019 amounted to €24.6 thousand and €37.5 thousand, respectively.

Other fees, paid to the National Bank of Greece, relating to lease agreement amounted to €4.4 thousand for the period ended 31/12/2020 and €8.4 thousand for the period ended 31/12/2019.

Note 19 | Independent Auditor's Fees

KPMG Certified Auditors SA has served as the independent statutory auditor for the year ended 31/12/2020 and 31/12/2019 respectively. The following table presents the aggregate fees (excluding VAT) for professional audit rendered to the Fund by the aforementioned audit firm.

Amounts in '000€	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Audit and review fees for statutory audit of financial statements	30	30
Total	**30**	**30**

Note 20 | 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.

During 2020, the HFSF was exposed to the following risks:

a. Investment Risk

As a result of its participation in the Supported Credit Institutions ("SCIs"), the HFSF undertakes (directly) investment risk and it is exposed (indirectly) to all banking risks that an SCI assumes. As such, the value of the HFSF's investment is directly related to the risk-return profile assumed by the SCIs.

For the purposes of HFSF, investment risk is defined as the risk that:

- An adverse deviation from the approved SCI's business/restructuring plans occurs, and/or
- The HFSF's investments in SCIs do not yield the expected return.

It is acknowledged that an adverse deviation from an approved SCI restructuring/business plan may result from two main sources:

- **Factors internal to the SCI:** refers to business/restructuring plan potential deviations due to:
  - Failure of SCI's management to successfully implement internal strategies/measures to comply with the agreed business/restructuring plan
  - Failure of the SCI's risk management, corporate & risk governance and/or internal control framework
  - Failure of SCI's management to successfully implement its risk and capital strategy, as well as, its Non-Performing Exposures (NPE) strategy and fulfil the agreed operational targets.

- **Factors external to the SCI:** refers to adverse business/restructuring plan or/and NPE strategies deviations due to adverse realisation of macroeconomic projections, changes in legal/judicial system and/or the occurrence of an unforeseeable event that significantly affects the SCI's valuation.

In particular, investment risk definition includes the following categories of investment risk sources:

- **Equity Price Risk:** refers to potential losses arising from adverse movements related to shares owned in systemic banks, warrants and Contingent Convertibles (CoCos) valuation. The HFSF's price risk is mainly attributable to:
  - The value of the HFSF's equity participation in the four systemic banks.
  - The value of the warrants that the HFSF has issued with the HFSF's shares in the systemic banks as the underlying assets.
  - The potential CoCos conversion to equity. The 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. This equity risk from the potential conversion is reflected in the CoCos valuation.

- **Optionality Risk:** refers to potential losses from cancelation of CoCos interest payment. Such payments (either in whole or in part) are entirely at the issuer's discretion. Any such interest elected not to be paid shall be cancelled and shall not accumulate or be payable at any time thereafter. The risk of coupon cancellation is reflected in the value of CoCos. It also refers to potential losses in case of debt to equity (e.g. CoCos) conversion event is triggered.

- **Interest Rate Risk:** refers to potential losses from adverse movements in interest rates. The HFSF is exposed to interest rate risk in the following ways:
  - Interest income expected from Cash Management Account (CMA) at the Bank of Greece (BoG).
  - Interest income expected from its deposits at interest bearing account held in BoG.

b. Recovery Risk

Recovery risk is defined as the risk of the HFSF not recovering its claims against Banks under liquidation. These claims arose due to the HFSF's payment, on behalf of the Hellenic Deposit Insurance Guarantee Fund (TEKE), of funding gaps created as a result of specific credit institutions' resolution process. The HFSF's payment of funding gaps is obligatory according to Laws 4051/2012 and 3601/2007. According to the HFSF Law, 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 HFSF but are taken care of by the Special Liquidator. The decision-making bodies of the Fund have no authority with respect to acts or omissions of the bodies accountable for the special liquidation proceedings of credit institutions. Consequently, the HFSF does not possess any kind of control or influence on the management of liquidation Banks. Given the volatile nature of market conditions, as well as, the operational capacity of liquidation entities, the HFSF acknowledges that there is a risk of not recovering any and all such claims in full.

c. Liquidity Risk

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

d. Operational Risk

As a result of its operations in the course of achieving its objectives, the HFSF is also exposed to operational and reputational risk:

Operational risk is defined as the risk of direct or indirect financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. In particular, this definition includes the following categories of operational risk sources:

- **Processes:** refers to financial losses or reputational damage incurred due to a deficiency in an existing process or procedure, or the absence of a process or procedure documentation. Financial losses or reputational damage in this category can result from human error, failure to follow an existing procedure or the absence of an adequate process. Process-related losses are unintentional.
- **People:** refers to financial losses or reputational damage associated with intentional violation of internal policies by current or former employees.
- **Systems:** reflects financial losses or reputational damage caused by breakdowns in existing systems or technology. Losses in this category are unintentional. If intentional technology-related losses occur, they would be categorized in either the People or External events category.
- **Models:** refers to potential errors of CoCos valuation model producing inaccurate outputs leading to wrong risk estimates and/or misstatements in the HFSF's Financial Statements.
- **External events:** reflects to losses occurring as a result of natural or man-made external forces, or the direct result of a third party's action.

At the HFSF, operational risk definition includes Legal & Compliance and IT risks, in line with best practices.

- **Legal and compliance risk** is the risk of financial loss or reputational damage arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, internal by-laws, or ethical standards.
- **IT risk** is the risk of loss arising from inadequate information technology and processing in terms of manageability, exclusivity, integrity, controllability and continuity, or arising from an inadequate IT strategy and policy or from inadequate use of the institution's information technology.

Lastly, within the HFSF it is acknowledged that, **reputational risk** may also be present, defined as the risk arising from adverse perception of the image of the HFSF, whether true or not, on the part of the HFSF's stakeholders, contractual counterparties, the public or the regulatory authorities. At the HFSF, reputational risk could emerge from operational risk, investment risk and/or other external actions and events.

Note 21 | Risks and Responses related to Covid – 19 Outbreak

In the first 3-months of 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has caused a significant global economic downturn which has adversely affected and is expected to continue to adversely affect all economic activities, including the banking sector. The COVID-19 pandemic has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures.

It should be noted that Covid-19 outbreak impacted the financial assets at fair value through profit or loss, as presented in notes 6 and 16, for the year ended31/12/2020.

Subsequently, the substantial uncertainties and risks for both macroeconomic environment and the ability of lots of businesses to operate under the restrictive measures adopted to contain the virus's expansion remain and may have an adverse effect in the banking sector. The first lockdown in Greece started in mid-March 2020 and a gradual relief takes place according to the Greek government's plan from 4 May 2020 onwards. Greece's real GDP in 2020 receded significantly. The European and Greek economy were expected to rebound in the second half of 2020, if the virus is contained. However, the recovery started to lose momentum by the end of Q3 2020, as epidemic trends showed clear signs of deterioration, with an increasing number of European countries, including Greece, deferring the reopening of their economies and/or starting to reinstate partial/targeted protective restrictions. This poses significant downside risks to GDP growth in 2021 and could amplify the recessionary hit on households and businesses.

The effects of covid-19 on the economic activity depend heavily on the timing of the curbing of its expansion and of total lift of lockdown measures, the nature and size of fiscal and monetary support measures, the virus' epidemiological behaviour and the impact on consumer and investor behaviour post-crisis. A significantly adverse impact on certain sectors of the Greek economy is expected, including a) lower tourism revenues, b) reductions in the demand for the manufacturing sector's products, as a result of the slowdown in key markets, c) disruptions in the manufacturing sector's supply chains and d) decrease in shipping activity due to the expected decline in global trade.

The impact of Covid-19 on the Fund's financial results, potential risk areas are the followings:

1. Financial assets at fair value through profit or loss: The increasing uncertainty in the European and Greek economic environment as described above may lead to a significant decrease in the share price of the four systemic Banks in which HFSF participates and as a result to a loss of the Fund's financial assets at fair value through profit or loss. It is noted that the effects of the pandemic in the share price of the four systemic Banks are presented in Note 6.
2. Receivables from banks under liquidation: The covid-19 outbreak may lead to an increase of the impairment of the receivables from Banks under liquidation due to the deterioration of the Greek economy and the expected decrease of individuals and businesses disposable income which may limit the collections of the loan portfolios. Moreover, the virus may lead to a delay in the implementation of the Special Liquidator's strategic plan due to lack of investment interest in the short term.

On the other hand, it must be noted that the covid-19 outbreak did not directly affect the activities of HFSF. More specifically, since 13.03.2020 and according to the successful implementation of the Fund's Business Continuity Plan, all HFSF employees started working remotely according to the government measures. On 13.03.2020, a COVID-19 Steering Committee was also set up and convened frequently, monitored the developments and official guidelines & legislation and proposed the next actions. HFSF will continue to monitor all developments on Covid-19 pandemic and ensure that its employees and stakeholders' safety is safeguarded by initiating all measures and precautions.

However, there is a significant uncertainty regarding how the Covid-19 pandemic will continue to unfold, the duration of the pandemic and the extent of the global and Greek economy recovery.
Finally, on 13.04.2020, the Fund, in accordance with the Ministry of Finance, participated actively in the national effort to deal with the crisis, caused by the pandemic of coronavirus, and to protect the health of citizens. More specifically, recognizing the incalculable contribution of the medical and nursing staff of our country towards the society as a whole in the midst of the COVID-19 pandemic, as well as the need for immediate expansion of the health care system, three modern, fully equipped Intensive Care Units (ICUs) were immediately offered, including beds, respirators, equal number of monitors and other equipment, to strengthen the National Health System.

Note 22 | Post Balance Sheet Events

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

HFSF Law Amendments
Law 4783/2021 amended Articles 2, 3, 4, 6A, 8 and 10 of Law 3864/2010. Through these amendments, the HFSF was granted the right to participate in share capital increases of the systemic banks, with the same rights as a shareholder holding common shares and the ability to operate on market terms. These new rights facilitate the HFSF in safeguarding its investment in the long-term and the gradual disengagement from the banks, which within the context of its divestment strategy constitutes the Fund's ultimate objective.
Moreover, the members of the Fund's Governing Bodies were granted the protection reserved for the members of the Governing Bodies of the credit institutions in accordance with Article 405 para. 1b of the Criminal Code. The rationale behind this amendment was the new right of the HFSF to participate in transactions such as share capital increases similarly to credit institutions.
Finally, the HFSF's GC was granted the "presumption of competence" and the HFSF's EB was conferred solely the powers exclusively described in Article 4 para. 10. The said amendment aspired to ameliorate the Fund's dual system of Governance. Each Body represents judicially and extra-judicially the Fund for the powers it exercises.

Conclusion of the Tripartite RFA between HFSF and PFH and PB
Following the Demerger of Piraeus Bank S.A. on 30.12.2020 by virtue of the relevant EGM resolution of 10.12.2020 and in accordance with Article 2 para. 2 (k) and (l) as well as Article 10 par. 12 of Law 3864/2010 as amended and in force, it was agreed that the HFSF's rights under the Existing RFA and HFSF Law shall not in any way be harmed, diminished, inactivated, reduced, impaired or otherwise adversely affected or enhanced because or on account of the Demerger. For this purpose, a Tripartite Relationship Framework Agreement ("TRFA") was signed between the HFSF, Piraeus Financial Holdings S.A. (PFH) and the New Bank following the GC's approval on 08.04.2021.

The TRFA ensured that the provisions of the Existing RFA shall remain unaffected and shall continue in full force and effect in accordance with the provisions thereof and nothing contained therein shall be construed as a waiver or modification of any provision of the Existing RFA which shall continue to apply in its entirety both towards the PFH and the New Bank. Moreover, neither the HFSF nor PFH or the New Bank may assign or transfer any of their rights and obligations thereunder to any third party. It was also explicitly agreed that the rights and liabilities of PFH and the New Bank under the TRPFA will be several and not joint.

CoCo Conversion

On 23 November 2020, Piraeus Bank announced that its Board of Directors, after receiving the decision of the ECB Governing Council and considering the available options, decided to exercise its discretion under the relevant terms of the CoCo Issuance Programme to cancel the 2020 interest payment, in the amount of €165 million to the HFSF, due on 2 December 2020. It is reminded that according to the terms of the CoCos (thoroughly described in Note 5), they consist a perpetual instrument with a nominal value €2,040 million and bear a discretionary coupon with an annual interest rate of 8%, the payment of which lies within the sole discretion of the issuer bank. Given that this is the second time that the coupon is not paid (Piraeus Bank has exercised its right of non-payment once in 2018 and has paid three other annual coupons) and the fact that this is considered as a trigger event (please also refer to Note 5), the CoCo instruments automatically converted into 394.4 million shares (hereinafter "Conversion shares"). This eventuality leads to an increase of the HFSF's shareholding in the bank's share capital from 26.42% to 61.34%. The difference between the CoCos fair value and the market value of the Conversion shares recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,382 million (loss for the period in p&l of HFSF). Based on the bank's share price as of 4 January 2021 that was set as the Conversion Date (€1.241), the value of the Conversion shares would amount to c. €490 million and the total cumulative loss from the conversion amounted to € 1,550 million.

Share Capital Increase of Piraeus Financial Holdings S.A.

Following the amendment of HFSF Law by Law 4783/2021, which allowed the HFSF to participate in share capital increases ("SCI") of the credit institutions, the Fund participated in the share capital increase of Piraeus Financial Holdings S.A. (the "Bank"), as announced and decided by the Bank's BoD decision on the 16th of March 2021 and 16th of April 2021, respectively. The SCI took place via a Full Market Offering ("FMO"). The total funds raised through the Combined Offering amount to €1,380 million. The HFSF acquired 306,703,672 shares at €1.15 per share. Following the completion of the SCI, the participation of the Fund in the Bank's share capital amounts to 27%.

Share Capital Increase of Alpha Services And Holdings S.A

The extraordinary General Meeting that was held on June 15th approved the Share Capital Increase of Alpha Holdings up to Euro 0.8 billion, as well as the abolition of the preemption rights of the existing Shareholders. The total funds raised amount to € 800 million. The HFSF participated in the Share Capital Increase and acquired 41,964,132 shares at € 1,00 per share. Following the completion of the SCI, the participation of the Fund in the Bank's share capital amounts to 9%.

Shareholding in Phoenix Vega Mezz Plc

On 04.08.2021, Piraeus Financial Holdings S.A. announced that the Annual General Meeting of its shareholders, held on 22.06.2021, approved inter alia the decrease of the share capital in kind by decreasing the nominal value of each ordinary share issued by the company by €0.05 and by distributing to its shareholders shares issued by the company under the corporate name "Phoenix Vega Mezz Plc", registered in Cyprus, with a value corresponding to the value of the share capital decrease, at a ratio of 1 share of Phoenix Vega Mezz Plc for every 1 share of the company already held by its shareholders.
Following the aforementioned decision, the total share capital of Piraeus Financial Holdings S.A. amounts to €1,187,848,861.85 and the total number of shares remains unchanged, i.e. 1,250,367,223 common voting shares of a nominal value of €0.95 each.
Subsequently, HFSF holding 337,599,150 shares of Piraeus Financial Holdings S.A. received an equal number of shares of Phoenix Vega Mezz Plc.

As of August 12, 2021, the 1,250,367,229 shares of the Phoenix Vega Mezz Plc are admitted to trading on the "Alternative Market" of ATHEX, under the "Financial Services" sector and the start price of trading was set at €0.05 (the nominal value is €0.05).

Composition of the Executive Board

On 15/02/2021, Mr. Martin Czurda resigned from his position as CEO and executive member of the Executive Board.

On 06/04/2021 Mrs. Marica S. Ioannou – Frangakis, resigned from her position as executive member of the Executive Board which was effective as of 13/04/2021.

On 06/04/2021 Mr. Iordanis Aivazis, was nominated by the BoG and assumed his responsibilities on 14/04/2021 as executive member of the Executive Board, replacing Mrs. Marica S. Ioannou – Frangakis.

On 21/05/2021 Mr. Ilias E. Xirouhakis resigned from his position as Deputy CEO and executive member of the Executive Board and assumed his responsibilities as CEO and executive member of the Executive Board, replacing Mr. Martin Czurda.

HELLENIC FINANCIAL STABILITY FUND

HFSF.GR/EN