2021

ANNUAL
FINANCIAL
REPORT

FOR THE YEAR
ENDED 31/12/2021

NOVEMBER 2022

HELLENIC
FINANCIAL STABILITY
FUND

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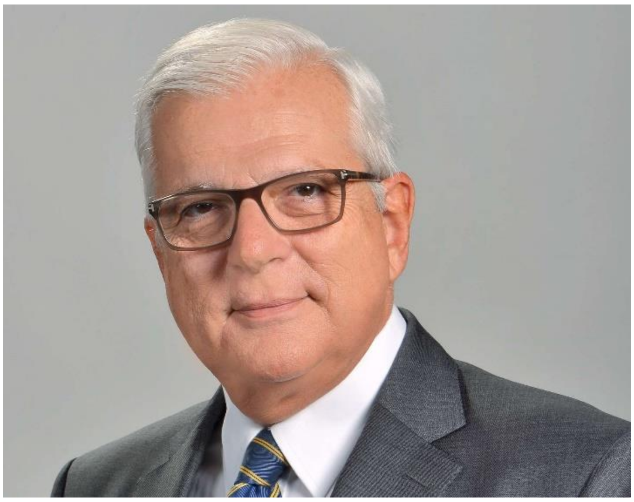
Notes to the Annual Financial Statements

CHAIRMAN'S FOREWORD

Following ten demanding years capped by the breakout of the pandemic, 2021 proved to be a very successful year for the Greek banking system, where Greek banks repositioned themselves and have resurfaced stronger and more resilient.



On this occasion, it is very rewarding to see that Greek banks have taken a cohesive approach to rebuild their operating and business models, have shown readiness to successfully manage the covid crisis, not only in terms of business continuity but also via continuing to supply credit to the real economy. At the same time, Greek banks have made important progress in the areas of ESG, revenue generation, cost optimisation, while they have recently announced their intentions for dividend distributions and of course have successfully implemented their NPE derisking plans.

Indeed, two of the systemic banks have achieved single digit NPE ratios even from 2021 while the other two accomplished it in the first half of 2022; with the goal being to converge to the European average, whilst preserving sound capital and liquidity. A number of initiatives have helped banks in that direction and most importantly the prolongation of Hercules scheme as approved by the European Commission on the 9th of April, which included an 18-month prolongation and a new budget of an overall amount of guarantees up to €12bn which will be effective up until October 2022. HFSF via its institutional role also assisted banks towards that direction.

The Fund has also acted as a strategic partner and actively supported banks' transformation plans and credit growth journeys, following the March 2021 change of its founding law, via its participation in the successful share capital increase of Piraeus Bank in April 2021 and Alpha Bank's in June 2021, alongside reputable institutional investors under the same market terms in the international offering. In a similar fashion and following the triggering of the Deferred Tax Credits of Attica Bank in October 2021 and the subsequent share capital increase in December 2021, HFSF became the major shareholder of the Attica Bank. In the wake of the conclusion of negotiations with Private Investors in September of 2022, HFSF will participate in the envisaged share capital increase, showing HFSF's active support to the Bank through this transitional period.

Additionally, HFSF proceeded with the 3rd Corporate Governance evaluation of the Boards of the four Systemic Banks, where the findings were broadly welcomed by the Banks, and currently is in the process of monitoring their implementation.

Following the amendments in the HFSF's law in June of 2022 and in view of the tangible progress towards sustainable profitability made by the Greek systemic banks, HFSF is directing its efforts towards their successful transition to private ownership by the end of 2025.

During the implementation of the divestment process and considering the challenging times ahead given the global energy crisis, the geopolitical tensions and inflationary pressures, HFSF is unequivocally committed to keep contributing to the maintenance of the stability of the Greek banking system.

Chairman of HFSF
Andreas Verykios

BOARD OF DIRECTORS 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 nor 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, 2025.

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 the effective disposal of shares or other financial instruments held by credit institutions, which is based on a divestment strategy with a specific time horizon of definite and full implementation, which is determined in accordance with Article 8 of HFSF Law, and in principle does not extend beyond the Fund's termination. The Fund shall act in line with:

- the relevant commitments under the Memorandum of Understanding (MoU),
- the obligations arising from the Master Financial Facility Agreement (MFAFA) signed on 15/03/2012 and
- 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 HFSF Law in compliance with EU state aid rules.

b. Monitors and assesses how credit institutions for 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 the HFSF 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. Following the most recent amendment of its founding Law with L. 4941/2022, 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.

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. 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 specialrights 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.

g. 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 f, 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 f is applicable proportionally also for the common shares or cooperative shares of this subparagraph.

h 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 HFSF Law and special agreements entered into with the above entities for this purpose.

i. 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.

j. 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.

k. 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.

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 2021

KEY MILESTONES

Business Strategy and Transformation plans

Capitalizing on the successful outcomes and lessons learned from the "Pinnacle" (Shareholder Expectations) Initiative, HFSF in 2021 directed its focus on how banks would navigate through the pandemic reality and ensure the successful implementation of transformation plans already designed by most of the banks.

In the context of Piraeus Bank and Alpha Bank share capital increases, HFSF assessed and worked closely with the Financial Institutions to formulate a realistic and ambitious business strategy, providing its independent input and view on the Key Value Drivers and targets as well as on transformation initiatives which could add value to the stakeholders.

Committed to its active shareholder role, HFSF continued in 2021 to be engaged in a strategic ongoing dialogue with the banks providing its view on the business plans while communicating Shareholders' priorities and key actions with the aim to protect or enhance value.

During 2021 HFSF conferred with the banks its updated segments and sectors forecast view on the credit growth prospects of the Greek economy for 2021-2024, incorporating the latest developments of Recovery and Resilience and EU Funds. Our sectoral bottom-up perspective complemented our ongoing macroeconomic analysis.

Systemic Initiatives

Leveraging on our efforts of the previous years to enhance Greek banking competitiveness through industry-wide initiatives, HFSF in 2021 made some considerable steps forward. HFSF acted as enabler enhancing cooperation with the Hellenic Banking Association and banks to pursue engagement for implementation of specific systemic initiatives.

1st HFSF Law Amendment (2021)

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 General Council was granted the "presumption of competence" and the HFSF's Executive Board 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.

An amendment in HFSF Law took also place pursuant to article 104 of Law 4842/2021 as published in the Government Gazette A' 190/13.10.2021. Paragraph 8 of article 16C of HFSF Law has been amended to provide explicitly that the HFSF has no obligation to submit a mandatory public offering in cases the Fund acquires shares pursuant to the provisions of article 27A of L. 4172/2013.

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 Extraordinary General Meeting ("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 General Council's approval on 08.04.2021.

The TRFA ensured that the provisions of the existing Relationship Framework Agreement 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.

Attica Bank

On October 19th, 2021, following the conversion of 16,533,102 Warrants issued by Attica Bank S.A. held by the Greek State into 16,533,102 new ordinary registered shares with voting rights and a nominal value of €0.20 each in the share capital of Attica Bank S.A. and the transfer of such ordinary shares to the HFSF, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit (DTC), as amended and currently in force, the HFSF, as of October 20th, 2021 became a shareholder of Attica Bank S.A. holding 16,533,102 new ordinary shares with voting rights and a nominal value of €0.20 each, corresponding to 68.2% of the total ordinary shares and voting rights of Attica Bank S.A.

With respect to the share capital increase (SCI) of Attica Bank, the HFSF following the successfully completion of its exclusive negotiations with the private investors TMEDE and Ellington Solutions S.A. (along with its Investment vehicle ES GINI Investments Limited), who agreed to participate in the SCI of Attica Bank along with HFSF, signed on December 9th, 2021 a Transaction Term Sheet in relation to Attica Bank S.A. outlining the basic terms of the relationship between the shareholders. The HFSF exercised part of its pre-emptive rights corresponding to 753,826,957 new shares and participated in the SCI (the "Initial Investment" as agreed between the shareholders and as reflected in the Term Sheet) for an amount

€150,765,391.40, to allow Ellington to be allotted unsubscribed new shares. After the completion of the share capital increase, the HFSF participation in the Bank's share capital amounts to 62.93% against its initial percentage of 68.24%.

The multi-stage transformation of Attica Bank is ongoing with several external parties assisting the management of the Bank to execute a demanding 100-day plan. Attica Bank is reshaping its future, focusing on cleaning up its legacy issues and executing a transformation plan that will allow the Bank to return to sustainable profitability and growth. Key priorities for the HFSF and the Bank relate to decisive NPE clean-up, credit expansion, adjustment of operating model and digitalization to drive cost containment, generating value from non-core assets, optimizing the liquidity position, and adjusting governance arrangements to support the implementation of its business strategy and plans for the next years.

In December 2021, HFSF proactively established internally a robust project structure with a dedicated Steering Committee and a Project Management Team along with defined Work Streams in alignment with other Private Investors for Attica Bank. Priority matters have been identified by HFSF, and a Shareholders Coordination Committee, that assembles on a weekly basis to align on priority material matters, also acting as a dispute resolution mechanism, has been established with other Private Investors, through HFSF's initiative.

Business continuity following the COVID-19 pandemic outbreak

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, continuing providing partially for all its employees the Work from Home (WFH) option also in 2021. Since the COVID-19 pandemic' outbreak, HFSF has been fully operational as teleworking scheme was gradually reduced without disruptions on normal course of business. The HFSF kept putting in place additional safety measures and using updated technology ensuring at any given time its business continuity and the undisrupted communication among its personnel.

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' (SCIs) 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 and reported monthly to the Ministry of Finance. The COVID-19 report includes information on SCIs' 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 monthly basis received information on SCIs' new disbursements and delinquencies of loans in and out the moratoria perimeter. Also, the HFSF closely monitored SCIs':

1. efficiency of modification products (step-up solutions) designed to mitigate any potential cliff effect post the expiration of the moratoria
2. updated segmentation strategies' and decision trees' suitability to offer the right solution(s),
3. updated processes' and strategies' efficiency aiming to address early identification and classification of borrowers' unlikeliness to pay
4. adequacy and effectiveness of early warning systems, as the latter is an evolving and on-going process.

Covid – 19 Impact Assessment Framework for Banks

The HFSF developed a COVID-19 Impact Assessment Framework and continued assessing potential NPE inflows over the period 2021-22 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 (KPIs) in the respective reports

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. 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 as of 04/01/2021. The loss from the CoCo Conversion was €1,382 million out of which the amount of €1,359 million was recorded as a loss for the year ended 31/12/2020 and the remaining €23 million as a loss for the year ended 31/12/2021.

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 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 were 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).

SIGNIFICANT EVENTS OCCURRED IN 2022

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

2nd Amendment of HFSF Law (2022)

Law 4941/2022 (Government Gazette A 113/16.6.2022) amended various provisions of HFSF Law (3864/2010). The main amendments brought about by Law 4941/2022 are the following:

- i The purpose of the Fund has been redefined, which now also includes the effective disposal of shares or other financial instruments held by credit institutions, which is based on a divestment strategy with a specific time horizon of definite and full implementation, as defined in Law 3864/2010.
- ii The duration of the Fund was extended until 31.12.2025.
- iii The Minister of Finance was granted the right to assign to an independent financial, business and management advisor to draft a report regarding the process of transferring HFSF's capital, assets and liabilities at the end of its term or its liquidation.
- iv The administrative bodies were restructured with the abolition of the seven-member General Council and the three-member Executive Board. A nine-member Board of Directors (BoD) was appointed as the administrative body. The new administration of the Fund came into force 30 days after the publication of the new Law, i.e., on July 16th, 2022.
- v Existing restrictions regarding the exercise by the HFSF of the voting rights corresponding to the shares it undertakes in the context of capital support were lifted. So HFSF has full voting rights in all its shareholdings.
- vi The method and procedure for disposal (divestment strategy) of all or part of the shares or other financial instruments held by the Fund was redefined.
- vii The conditions under which the fixed remuneration of the Chairman, the Chief Executive Officer and the other members of the Board of Directors of the Banks as well as those holding the position or performing duties of General Director, and their deputies, cannot exceed the total remuneration of the Governor of the Bank of Greece, were redefined.
- viii Provisions regarding the provision of assistance to the HFSF, by an independent advisor, for the evaluation of the corporate governance framework of the credit institutions with which the Fund has signed a Relationship Framework Agreement were abolished.

New internal corporate governance arrangements

Following the voting and enactment of the new Law, HFSF conducted a comparative analysis to identify to what extent the amendments to law affected the current operations and objectives of the Fund. As a result of the analysis and following the respective presentation and agreement of the BoD, the HFSF team proceeded with the necessary amendments to its internal organizational and operational structure and documentation to reflect and implement the amendments of the new law.

Execution of an amendment of the Tripartite Relationship Framework Agreement between HFSF, Eurobank Holdings and Eurobank SA

According to the initial Tripartite Relationship Framework Agreement ("Initial TRFA") signed between HFSF, Eurobank Holdings and Eurobank SA on 23/3/2020 (following the latter's hive down), clause 3.1 (c) of the RFA (which has been annexed to the Initial TRFA constituting an integral part of it) originally signed on 4 December 2015 between HFSF and Eurobank S.A. provided that "*the new engagement contracts with the statutory auditors should not exceed five years. As of the financial year of 2016, the Bank shall rotate its statutory audit firm after five consecutive years at a maximum*."

Article 28 par. 2 of Law 4701/2020 provided that a contract of a credit institution or the holding company following the banks' hive-downs with their statutory auditor (after the end of the five year period) may be extended (but not longer than ten years in total), in accordance with Article 17 of Regulation (EU) no. 537/2014 (L 158), following a duly justified proposal of the BoD (after positive recommendation of the AC) subject to agreement with HFSF and to General Shareholders' Meeting approval.

Following receipt of Eurobank's BoD approval (16/12/21), after a positive recommendation by the AC (14/12/21) the HFSF, Eurobank Holdings and Eurobank SA signed on 03/02/2022 an amendment of the TRFA amending only clause 3.1 (c) of the RFA.

Conclusion of the Relationship Framework Agreement ("RFA") with Attica Bank S.A.

Following the RFA Head of Terms executed on October 20th, 2021, the HFSF proceeded to the conclusion of the RFA with Attica Bank on March 17th, 2022, in accordance with Article 2 para. 2(g-h) of Law 3864/2010. The RFA was based on the respective RFAs concluded with the other banks, while any differentiations (e.g. with respect to corporate governance) resulted from the Bank's not being a systemic bank considering also the terms of the Term Sheet concluded between the HFSF and the Private Investors of Attica Bank on December 9th, 2021.

Key Terms Agreement with the Private Investors of Attica Bank

Following the transaction term sheet, entered into between the HFSF, TMEDE, Ellington & Rinoa (the "Parties") on 09.12.2021 as amended on 31.01.2022 and ensuing discussions, the Parties redetermined their agreement in relation to their investment in Attica Bank S.A through the execution on 30.09.2022 of the Key Terms Agreement. The Key Terms shall be developed into a long form subscription and investment agreement and shareholders' agreement to be negotiated in good faith and consistently with the relevant agreements of the Parties.

Shareholding in Galaxy Cosmos Mezz Plc

On October 27, 2022, the Hellenic Financial Stability Fund acquired 7,819,937 common registered voting shares (with a nominal value of €0.27 each), representing a percentage of 8.995% of the total number of shares and voting rights of "Galaxy Cosmos Mezz PLC", in accordance with the provision of article 14 of the Alternative Market's Regulation.

The acquisition took place following the decrease of the share capital of Alpha Services and Holdings S.A. in kind, through distribution to its shareholders of 1 share issued by the Company for every 27 shares of Alpha Services and Holdings S.A.

The first day of trading of the shares on the EN.A. PLUS segment of the Alternative Market of Athens Stock Exchange was the 31st of October 2022.

Shareholding in Sunrise Mezz Plc

On October 27, 2022, the Hellenic Financial Stability Fund acquired 48,228,450 common registered voting shares (with a nominal value of €0.14 each), representing a percentage of 27.00% of the total number of shares and voting rights of "Sunrise Mezz Plc", in accordance with the provision of article 14 of the Alternative Market's Regulation.

The acquisition took place following the decrease of the share capital of Piraeus Financial Holdings S.A. in kind, through distribution to its shareholders of 1 share issued by the Company for every 7 shares of Piraeus Financial Holdings S.A.

The first day of trading of the shares on the EN.A. PLUS segment of the Alternative Market of Athens Stock Exchange was the 31st of October 2022.

Capital Return from Phoenix Vega Mezz Plc

On 15 November 2022, HFSF received the amount of c. €4.9 million which corresponds to €0.0144 per share that the Fund holds in the Company named "Phoenix Vega Mezz Plc", following the decision of the General Meeting of the Company's shareholders dated 13 July 2022 for the share capital decrease with the reduction in the nominal value of the share and the return of capital via cash distribution to the shareholders.

Composition of the HFSF Governing Bodies

On 24/01/2022, Mr. Nikolaos Valantasis assumed his responsibilities as Deputy CEO replacing Mr. Ilias E. Xirouhakis.

On 11/04/2022, the Minister of Finance approved the recommendation by the Bank of Greece for the appointment of Mr. Fotis Kourmousis as an executive Board member, replacing Mr. Iordanis Aivazis.

FINANCIAL OVERVIEW

KEY FINANCIAL INDICATORS

STATEMENT OF FINANCIAL POSITION		
AMOUNTS IN € MILLIONS	**31/12/2021**	**31/12/2020**
Cash and balances with Banks	887	1,435
Financial assets at fair value through profit or loss	1,937	1,690
Receivables from banks under liquidation	949	1,342
TOTAL ASSETS	**3,775**	**4,469**
Capital	42,164	42,164
TOTAL EQUITY	**3,773**	**4,466**

€ 548 MILLION DECREASE IN CASH AND BALANCES WITH BANKS AS COMPARED TO 31/12/2020 RESULTING FROM:

- € 545 million participation in share capital increases €41m Alpha Bank, €353m Piraeus and €151m Attica Bank).
- € 18 million relating to the proceeds of the cash management account
- € 21 million 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, Attica Bank, Phoenix Vega Mezz, Cairo Mezz and the CoCos issued by Piraeus Bank. As of 31/12/2021, the market value of shares amounted to € 1,937 million (out of which €1,916 million relate to the banks' shares and €21 million to other participations) versus € 1,177 million as of 31/12/2020 (out of which €1,177 million related to the systemic banks' shares and Nil to other participations).

The value of Piraeus Bank CoCos, following its conversion (as described in Note 6) amounted to Nil as of 31/12/2021 versus € 513 million as of 31/12/2020.

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 € 949 million as of 31/12/2021 versus €1,342 million as of 31/12/2020.

EQUITY:

The loss for the year 2021 amounted to €759 million and the accumulated loss increased to € 38,456 million from € 37,697 million as of 31/12/2020. **The capital amounted to € 42,164 million as of 31/12/2021** and 31/12/2020**.**

STATEMENT OF COMPREHENSIVE INCOME		
AMOUNTS IN € MILLIONS	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Interest income	18	25
Personnel expenses	(4)	(4)
General administrative & other operating expenses	(14)	(7)
Impairment of receivables from banks under liquidation	(393)	(78)
Gain/(Loss) from financial instruments at fair value through profit or loss	(365)	(2,016)
Profit/(Loss) for the period	(759)	(2,080)

€ 18 MILLION INTEREST INCOME:

Interest income amounted to €18m versus €25m in 2020. The interest income of 2021 represents the proceeds from the Fund's deposits in the cash management account.

Further information is provided in Note 13.

PERSONNEL EXPENSES:

During 2021, the personnel expenses amounted to €4.3m versus € 3.8m in 2020.

Further information is provided in Note 14.

GENERAL ADMINISTRATIVE AND OTHER OPERATING EXPENSES:

Based on the 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 of €14.0 m including the advisory fees in relation to the share capital increases (Alpha Bank, Piraeus Bank and Attica Bank) 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 €393m at 31.12.2021 versus €78m at 31.12.2020.

Further information is provided in Note 9.

Loss from financial instruments at fair value through profit or loss

THE LOSS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AMOUNTED TO €365 MILLION:

The amount of €365m loss in 2021 is mainly due to the revaluation result of the Fund's participations and the CoCos conversion as follows:

- the revaluation result of shares (2021: €341m loss, 2020: €657m loss)
- the revaluation result from CoCos conversion (2021: €23m loss, 2020: €1,359m loss)

Further information is provided in Note 16.

OVERVIEW OF THE FUND'S PORTFOLIO

As of the end of December 2021, the HFSF participated in the below banks' share capital, holding a significant number of shares as per below:

NBG
40.39%
Out of which 1.47% with restricted voting rights

PIRAEUS FINANCIAL HOLDINGS S.A
27.00%
Out of which 0.01% with restricted voting rights

ALPHA SERVICES & HOLDINGS S.A.
9.00%
Out of which 7.21% with restricted voting rights

EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A
1.40%
with restricted voting rights

ATTICA BANK
62.93%
with full voting rights

Due to market volatility, the stock prices of Piraeus Holdings and Attica bank were down by 94% and 96% respectively, while the stock prices were increased by 30% for NBG, by 13% for Alpha Holdings and by 54% 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 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 & HOLDINGS S.A	ATTICA BANK
Mr. Periklis Drougas	Mr. Periklis Dontas	Mr. Frederic-Jan Umbgrove	Ms. Efi Deli	Mr. Avraam (Minos) Moissis

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.

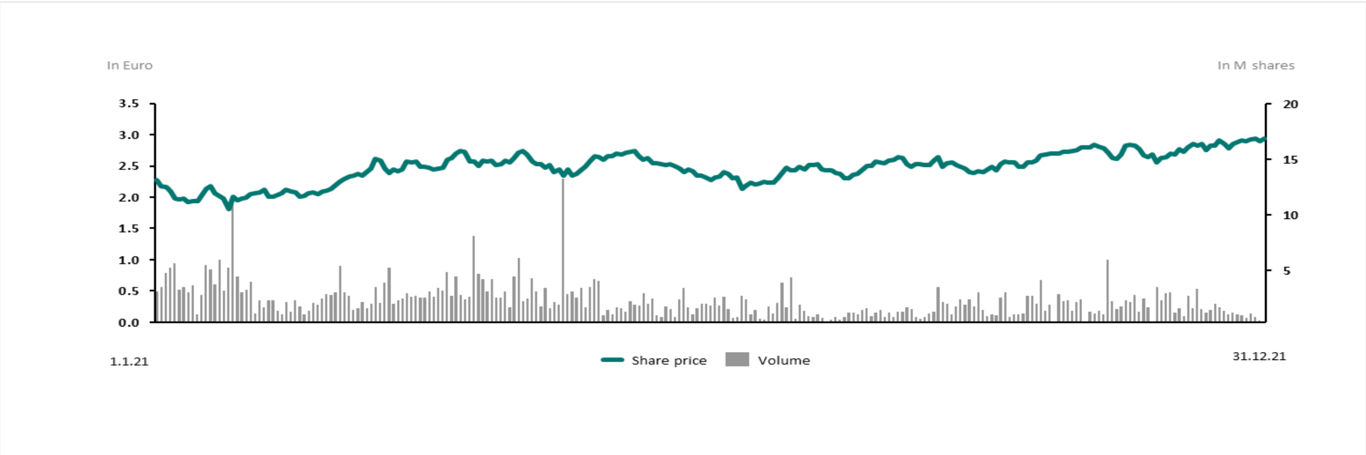
NBG and its subsidiaries provide a wide range of financial services including mainly retail, corporate and investment banking, troubled assets management, transactional banking, leasing, factoring, brokerage, asset management, real estate management and insurance services.

The Group operates mainly in Greece; however, it does also have branches and subsidiaries in UK, North Macedonia, Romania, Bulgaria, Cyprus, Malta, Egypt, and Luxembourg.

Key financial figures	
Asset size figures	
Total assets (€ billion)	83.9
Gross Loans (€ billion)	32.1
Deposits (€ billion)	53.5
Equity (€ billion)	5.8
Liquidity	
Loans to Deposits Ratio (%)	56.9
Eurosystem Funding (€ billion)	11.6
Profitability	
NIM (%)	2.12
Recurring Cost to Income Ratio (%)	55.7
Asset quality	
NPE Ratio (%)	7.0
NPE Coverage (%)	77.2
Cost of Risk (%)	0.96
Capital	
CET1 (%)	16.9

The table and the graph below provide an overview of the key financial results for NBG and its share price performance for 2021, respectively:

NBG'S SHARE PRICE PERFORMANCE[2]



[1] As included in Bank's published financial information for the year ended 31/12/2021
[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.

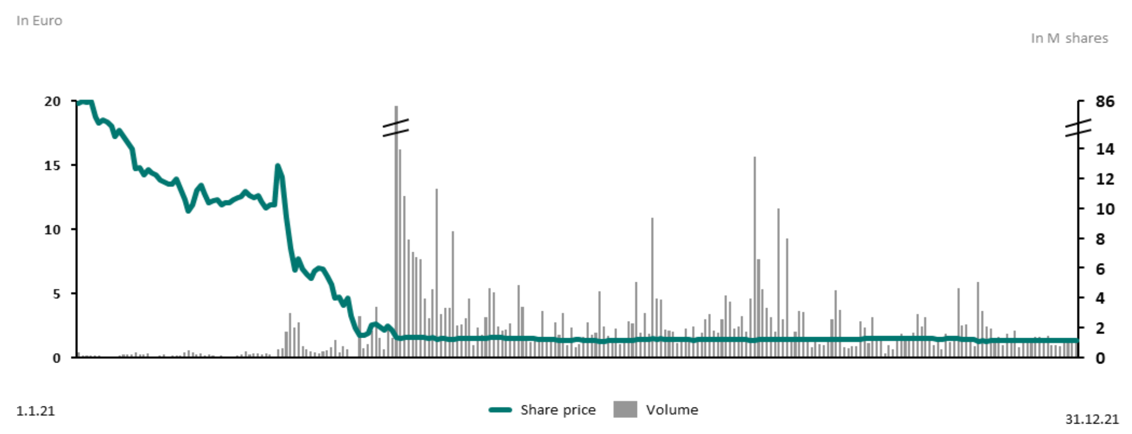
The Group operates in the following geographical areas: a) Greece, the Company's country of domicile, b) Rest of Europe, which includes Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom, Germany and Ireland, and c) Other countries, which include Egypt.

Key financial figures[3]	
Asset size figures	
Total assets (€ billion)	79.8
Gross Loans (€ billion)	38.5
Deposits (€ billion)	55.4
Equity (€ billion)	5.8
Liquidity	
Loans to Deposits Ratio (%)	65.9
Eurosystem Funding (€ billion)	14.5
Profitability	
NIM (%)	1.80
Recurring Cost to Income Ratio (%)	n.a.
Asset quality	
NPE Ratio (%)	12.6
NPE Coverage (%)	40.5
Cost of Risk (%)	n.a.
Capital	
CET1 (%)	11.1

n.a.: Not available in the Bank's published financial information

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 2021, respectively:

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



[3] As included in Bank's published financial information for the year ended 31/12/2021
[4] Source: Bloomberg.

ALPHA
SERVICES & HOLDINGS S.A.

OVERVIEW

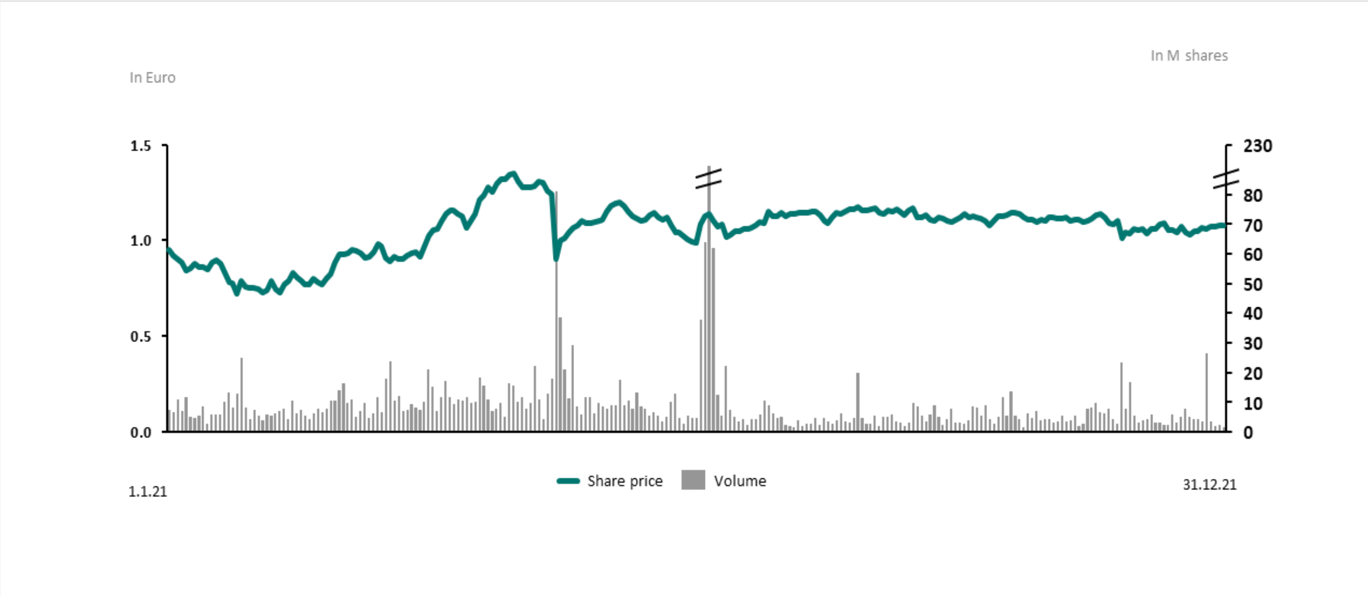
Alpha Services and Holdings S.A. is an entity registered in Greece and its headquarters are located in Athens (www.alphaholdings.gr).

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 2021, respectively:

Key financial figures[5]	
Asset size figures	
Total assets (€ billion)	73.4
Gross Loans (€ billion)	39.2
Deposits (€ billion)	47.0
Equity (€ billion)	6.1
Liquidity	
Loans to Deposits Ratio (%)	78.5
Eurosystem Funding (€ billion)	12.9
Profitability	
NIM (%)	1.9
Recurring Cost to Income Ratio (%)	56.0
Asset quality	
NPE Ratio (%)	13.1
NPE Coverage (%)	47.0
Cost of Risk (%)	3.70
Capital	
CET1 (%)	13.2

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



[5] As included in Bank's published financial information for the year ended 31/12/2021
[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.eurobankholdings.gr).

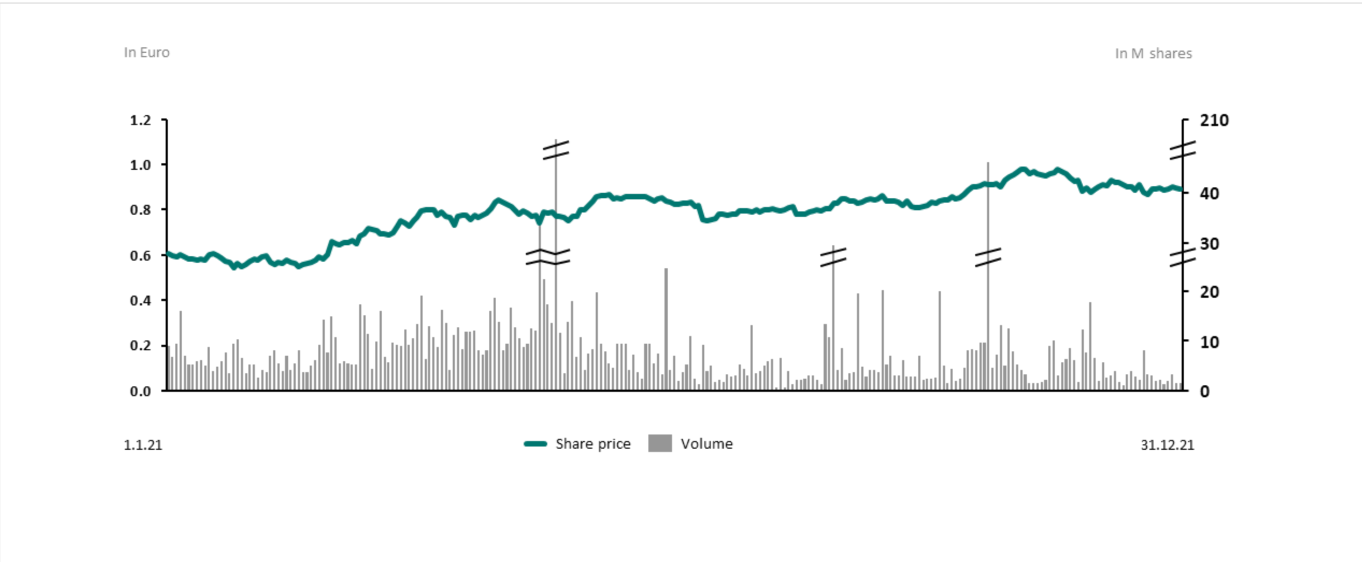
Its shares are listed on the Athens Exchange. Eurobank Ergasias Services and Holdings S.A and its subsidiaries, consisting mainly of Eurobank S.A. Group, are active in retail, corporate and private banking, asset management, treasury, capital markets and other services.

The Group operates in Greece, Cyprus, Serbia, Bulgaria, Luxembourg and Romania.

Key financial figures[7]	
Asset size figures	
Total assets (€ billion)	77.9
Gross Loans (€ billion)	40.8
Deposits (€ billion)	53.2
Equity (€ billion)	5.6
Liquidity	
Loans to Deposits Ratio (%)	73.2
Eurosystem Funding (€ billion)	11.7
Profitability	
NIM (%)	1.84
Recurring Cost to Income Ratio (%)	46.0
Asset quality	
NPE Ratio (%)	6.8
NPE Coverage (%)	69.2
Cost of Risk (%)	1.11
Capital	
CET1 (%)	13.7

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 2021, respectively:

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



[7]As included in Bank's published financial information for the year ended 31/12/2021
[8] Source: Bloomberg

ATTICA BANK S.A.

OVERVIEW

Attica Bank S.A. is an entity registered in Greece and its headquarters are located in Athens (www.atticabank.gr).

Its shares are listed on the Athens Exchange. Attica Bank S.A and its subsidiaries operates mainly in the financial sector, providing a wide range of financial and banking services to individuals and companies. The Group operates in Greece.

The table and the graph below provide an overview of the key financial results for Attica Bank S.A and its share price performance for 2021, respectively:

Key financial figures[9]	
Asset size figures	
Total assets (€ billion)	3.7
Gross Loans (€ billion)	1.7
Deposits (€ billion)	2.9
Equity (€ billion)	0.3
Liquidity	
Loans to Deposits Ratio (%)	45.4
Eurosystem Funding (€ billion)	-
Profitability	
NIM (%)	2.50
Recurring Cost to Income Ratio (%)	n.a.
Asset quality	
NPE Ratio (%)	33.6
NPE Coverage (%)	45.5
Cost of Risk (bps)	n.a.
Capital	
CET1 (%)	8.3

n.a.: Not available in the Bank's published financial information

ATTICA BANK S.A. SHARE PRICE PERFORMANCE[10]

[9] As included in Bank's published financial information for the year ended 31/12/2021
[10] Source: Bloomberg

HFSF’S CORPORATE GOVERNANCE

GOVERNING BODY

The governing body of the Fund as of the date of the issuance of this Annual Financial Report is the Board of Directors ("BoD").

Board of Directors

The Board of Directors consists of nine (9) members, out of which six (6) are non-executive and three (3) are executive members.

Four (4) of its non-executive members, including its Chairman, are selected among persons with international banking experience (hereinafter "Independent non-executive members"). The positions of the remaining two (2) non-executive members of the Board of Directors are occupied by a representative of the Ministry of Finance (MoF) and a representative of the Bank of Greece (BoG).

The executive members of the Board of Directors include: (a) the Chief Executive Officer, who is selected among persons having international experience in banking, (b) a member nominated jointly by the Bank of Greece and the Ministry of Finance, and (c) a member selected among persons with international banking experience.

APPOINTMENTS

Except for the executive member, which shall be nominated jointly by the Ministry of Finance and the Bank of Greece, as well as the two non-executive members which shall be appointed by the Ministry of Finance and the Bank of Greece, the members of the Board of Directors are selected by the Selection Panel and appointed upon a decision of the Minister of Finance, with the consent 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 article 4A of Law 3864/2010, as in force.

AUTONOMY STATUS

The members of the Board of Directors, except for the representatives of the Ministry of Finance and the Bank of Greece enjoy full autonomy in the performance of their duties, 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 and are not subject to influence of any nature.

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 the respective Financial Facility Agreements.

One (1) representative of the European Commission, one (1) representative of the European Central Bank and one (1) representative of the European Stability Mechanism, together with their alternates, attending the meetings of the Board of Directors as Observers without voting rights.

OBSERVERS

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

- Mr. Markus Schulte, European Commission's (EC's) representative and his alternate Ms. Fotini Dionyssopoulou.
- Mr. Edward Obrien, European Central Bank's (ECB's) representative and his alternate Mr. Miha Cajnko.
- Mr. Stathis Sofos, European Stability Mechanism's (ESM) representative and Mr. Loukas Kaskarelis as his alternate.

BOARD OF DIRECTORS

RESPONSIBILITIES

The Board of Directors decides on its own initiative or upon the recommendation of the Chief Executive Officer, on matters specified below and are charged with the oversight over the proper operation and fulfilment of the objective of the HFSF.

In particular, the Board of Directors:

- Is informed by the Chief Executive Officer for his actions and monitors his compliance with the provisions of HFSF Law and in particular with the principles enshrined in Article 2;
- Decides on the matters related to the provision of capital support, the exercise of voting rights and the disposal of any shareholdings of the Fund;
- Approves the general policies and, the Internal Rules and the Organizational Structure (IROS) that are applied for the administration and the operation of the Fund, including the Code of Ethics of the members of the Board of Directors, the conflict of interest policy, the policy for related parties transactions and the policy for privileged information;
- Approves the appointment of the senior management of the HFSF, including, inter alia, the Director of Internal Audit, the Director of Risk Management, the Director of Investment Management, the Director of Financial Services and the Director of Legal Services;
- Approves the HFSF’s general terms and conditions of personnel’s employment, including the remuneration policy.
- Approves the annual budget of the HFSF.
- Approves the annual report and other official reports and the financial statementsof the HFSF.
- Approves the appointment of the external auditors of the HFSF.
- Approves the establishment of one or more advisory bodies, determines the terms and conditions for the appointment of their members and determines the terms of reference of those bodies;
- Establishes one or more committees consisting of members of the Board of Directors and / or other persons and shall determine their responsibilities
- Approves the Internal Rules of Operation of the Board of Directors and the Regulation of Procurement of goods and services, for each supply that falls under case k) of par. 2 and par. 4 of article 23 of law 4281/2014 (A '160), as an exception to the provisions and rules on procurement of the above law,
- Takes any other decision and shall exercise any other authority or competence provided by HFSF Law or current legislation that is exercised by the Board of Directors;
- Represents the Fund, through the Court and out of court, and bind it before third parties, except for the acts described in paragraph 10 of HFSF Law, for which the Fund is represented by the Chief Executive Officer;
- Approves the divestment strategy of par. 1 of article 8, following a relevant recommendation by the Chief Executive Officer, and actively and systematically shall monitor its timely and effective implementation.

COMPOSITION OF THE BOARD OF DIRECTORS

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

BOARD OF DIRECTORS	POSITION
Andreas Verykios	Independent Non-Executive Member / Chairman
Ilias E. Xirouhakis	Executive Member / Chief Executive Officer
Nikolaos Valantasis	Executive Member / Deputy Chief Executive Officer
Fotis Kourmousis	Executive Member
Christof Gabriel Maetze	Independent Non-Executive Member
Konstantinos Tsatsaronis	Independent Non-Executive Member
Marco Giovanni Mazzucchelli	Independent Non-Executive Member
Panagiotis Tridimas	Non-Executive Member, Representative of the MoF
Vassilios Spiliotopoulos	Non-Executive Member, Representative of the BoG

MEETINGS

The Board of Directors meets as often as required by the operation of the Fund, and in each case at least once a month. The meetings of the Board of Directors are summoned by its Chairman, who presides over these meetings. In case of absence of the Chairman, the meetings are summoned by one of the non-executive members of the Board of Directors, apart from the representatives of the Ministry of Finance and the Bank of Greece, who are selected upon a decision of the Board of Directors for this purpose.

The Board of Directors shall have quorum when at least five (5) members are present. Each member of the Board of Directors has one (1) vote. Unless otherwise provided in HFSF law, the decisions of the Board of Directors shall be taken by a majority of any members present. In the event of a draw, the Chairman has the casting vote.

The appointment of the nine-member Board of Directors (BoD) as the governing body of the Fund was one of the amendments of HFSF Law arising from Law 4941/2022 (Government Gazette A 113/16.6.2022) and came into force 30 days after the publication of the new Law, i.e., on July 16th, 2022. Till that date (the 31st of December 2021 which is the reference date of this Annual Financial Report being included), the governing bodies of the Fund were constituted by the seven-member General Council and the three-member Executive Board that were abolished and replaced by the nine-member BoD. More information about the structure and the responsibilities of each one of the two former HFSF's governing bodies can be found in the Fund's annual financial report as of and for the year ended 31.12.2020 which is publicly available on the Fund's website.

In 2021, the General Council convened forty two (42) times and the Executive Board seventy two (72) times. The participation of each member is presented in the following tables:

GENERAL COUNCIL		
Total Number of Meetings in 2021		**42**
Member of the General Council	Role in General Council	Nº of participations in the General Council Meetings*
Andreas Verykios	Chairman	42/42
Konstantinos Tsatsaronis	Member	41/42
Marco Giovanni Mazzucchelli	Member	41/42
Panagiotis Tridimas	Member, Representative of the MoF	42/42
Christof Gabriel Maetze	Member	39/42
Paul Anne F Bodart	Member	37/42
Vassilios Spiliotopoulos	Member, appointed by the BoG	42/42

EXECUTIVE BOARD		
Total Number of Meetings in 2021		72
Member of Executive Board**	Role in the Executive Board	Participations in the Executive Board Meetings*
Ilias E. Xirouhakis	Chief Executive Officer	46/46
Martin Czurda	Chief Executive Officer	7/7
Ilias E. Xirouhakis	Deputy Chief Executive Officer	26/26
Iordanis Aivazis	Member	55/55
Marica S. Ioannou – Frangakis	Member	17/17

*The total number of Executive Board meetings presented in the third column of the above table refers to the meetings that took place during the tenure of each member within 2021.

**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.

**On 24/01/2022, Mr. Nikolaos Valantasis assumed his responsibilities as Deputy CEO replacing Mr Ilias E. Xirouhakis.

**On 11/04/2022, Mr. Fotis Kourmousis assumed his responsibilities as member of the Executive Board, replacing Mr. Iordanis Aivazis.

VACANCY

Any vacancy on the Board of Directors shall be filled within sixty (60) days, that can be extended for another thirty (30) days if deemed necessary, through appointment of a new member, in accordance with the procedure described in Article 4A of HFSF Law. Except for the executive member, which shall be nominated jointly by the Ministry of Finance and the Bank of Greece, as well as of the two non-executive members which shall be appointed by the Ministry of Finance and the Bank of Greece, any other appointment and renewal of the term of office of the members of the Board of Directors, as well as their remuneration, requires the consent 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 Board of Directors, 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:

- Mr. Christof Maetze, Chairman
- Mr. Vassilios Spiliotopoulos, Member
- Mr. Sotirios Drekos, External Expert

The purpose of the Audit Committee is to assist the Board of Directors 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, Executive members of the Board of Directors, the CFO, auditors, or others may attend meetings and provide pertinent information, as necessary. **Eight (8) Audit Committee meetings were held in 2021.**

The participation of the AC members in 2021 is presented in the following table:

AUDIT COMMITTEE		
Total Number of Meetings in 2021		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	8/8

EXECUTIVE BOARD MEMBERS' CURRICULUM VITAE

ILIAS E. XIROUHAKIS
NIKOLAOS VALANTASIS
FOTIS KOURMOUSIS

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.

NIKOLAOS VALANTASIS

Deputy Chief Executive Officer

Mr. Nikolaos Valantasis is a highly experienced executive with deep and broad international knowledge of the financial services sector across retail, corporate, and investment banking. He has a strong values driven reputation built on a solid track record of successfully resolving complex challenges and consistently delivering timely results.

During his twenty-year career he has worked in major financial center like New York and London as well as in the Greek market. He has held several senior leadership positions in top tier global banking and consulting institutions such as McKinsey & Company, Barclays, Citigroup (Salomon Smith Barney), EFG Eurobank. He was employed for the past 9 years in Barclays, New York – USA, where he served as Vice President in Investment Banking Strategy and as Director, US Head of Model Strategy and Implementation.

In his latest role he managed teams across Europe, Asia, and the Americas. Mr. Nikolaos Valantasis holds a Bachelor of Business Administration (BBA) degree with double major in Corporate Finance and Economics from Kennesaw State University, as well as a Master of Business Administration (MBA) degree in Finance and Corporate Strategy from Georgia Institute of Technology (Georgia Tech) in Atlanta, USA.

FOTIS KOURMOUSIS

Executive Board Member

Fotis Kourmousis is an Executive Board member at the Hellenic Financial Stability Fund (HFSF), under the supervision of the Ministry of Finance, since April 2022.

Since 2019 is a Member of the Board of Directors at the Hellenic Development Bank, Deputy Head at the Council of EquiFund as well as Member of the Investment Council at the Hellenic Guarantee Fund for Small and Medium Enterprises, focusing on promoting financing by utilizing EU funds, under the supervision of the Ministry of Development and investments.

He is a permanent Lecturer in the National Technical University of Athens (NTUA).
In 2016 he created the Special Secretariat for Private Debt Management, as an autonomous agency, under the supervision of the Ministry of Finance and served as its Special Secretary for 5.5 years, responsible for design and implementation of the regulatory framework for debt restructuring (focusing on non-performing loans) as well as support programs for State subsidy of loans (primary residence, SMEs).

Also served as a founding member of the Liquidity Council focusing on new financing, under the supervision of the Ministry of Finance, since 2020.

He has also served as Special Advisor for Sustainable Development issues in International Organizations, such as the European Commission (1999-2002) and United Nations (2004-2010), focusing on integrating ESG criteria into financial products of banks and insurances (UNEP FI).

He has served as Special Advisor to various Ministries:

- Ministry of Finance focusing on Tax and Customs Administration issues as well as Information Systems (2012-2015)
- Ministry of Economy and Development focusing on Investment issues (2011-2012)
- Ministry of Environment, Energy and Climate Change focusing on sustainability issues (2009-2011)
- Ministry of Agriculture focusing on the Common Agricultural Policy during the Greek Presidency of the EU (2003).

In the private sector he worked:

- as an advisor, designing and implementing Corporate Social Responsibility (CSR) Strategy in large organizations (including banks, insurances, industries, shipping, etc)
- as a consultant, supporting small and medium enterprises to modernize and implement investments, by utilizing EU structural funds
- as an auditor on Management Systems, according to international standards (ISO on quality, risk, environment, health – safety etc), on behalf of International Certification Bodies (TUV, DNV).

Postgraduate studies in Banking Governance and Strategic Leadership at Oxford University (SAID Business School), Corporate Governance at INSEAD Business School as well as Executive Master's in Business Administration at The American College of Greece (ALBA Graduate Business School). He holds a PhD in Engineering from NTUA. He has published numerous scientific articles in international research journals and has participated as a speaker at national, European and international conferences. Graduate in Environmental Management at the Aegean University.

BOARD OF DIRECTORS REMUNERATION

According to the Fund's Law as amended and currently in force, the remuneration and compensation of the members of the Board of Directors:

- Is determined upon a decision of the Selection Panel, is referred to the respective decisions of their appointment and is disclosed in the annual report of the Fund,
- Is designated in such a way as to enable the recruitment and retention of persons with qualified skills and professional experience and
- Is not related to the Fund's profits or revenues.

As also mentioned above, the appointment of the nine-member Board of Directors (BoD) as the governing body of the Fund was one of the amendments of HFSF Law arising from Law 4941/2022 (Government Gazette A 113/16.6.2022) and came into force 30 days after the publication of the new Law, i.e., on July 16th, 2022. Till that date (the 31st of December 2021 which is the reference date of this Annual Financial Report being included), the governing bodies of the Fund were constituted by the seven-member General Council and the three-member Executive Board that were abolished and replaced by the nine-member BoD.

Consequently, for the year ended 31/12/2021, the members of the General Council and the Executive Board received the remuneration listed in the below tables for their relationship with the Fund.

GENERAL COUNCIL			
NAME	POSITION DURING 2021	PERIOD IN THE POSITION	REMUNERATION* 01/01 - 31/12/2021 (€)
Andreas Verykios	Chairman	01/01/2021 - 31/12/2021	140,000
Marco Giovanni Mazzucchelli	Member	01/01/2021 - 31/12/2021	61,000
Panagiotis Tridimas	Member, Representative of the MoF	01/01/2021 - 31/12/2021	62,000
Christof Gabriel Maetze	Member	01/01/2021 - 31/12/2021	64,000
Paul Anne F Bodart	Member	01/01/2021 - 31/12/2021	57,000
Konstantinos Tsatsaronis	Member	01/01/2021 - 31/12/2021	0
Vassilios Spiliotopoulos	Member, appointed by the BoG	01/01/2021 - 31/12/2021	67,000

*As far as General Council members are concerned, the amount of € 55,044 has been paid by the Fund as social security contribution in accordance with the law (not included in the above table).

EXECUTIVE BOARD			
NAME	POSITION DURING 2021	PERIOD IN THE POSITION	REMUNERATION* 01/01 - 31/12/2021 (€)
Ilias E. Xirouhakis[11]	Chief Executive Officer	01/01/2021 - 31/12/2021	215,557
Martin Czurda	Chief Executive Officer	01/01/2021 - 15/02/2021	63,561
Iordanis Aivazis	Member	06/04/2021 - 31/12/2021	101,609
Marica S. Ioannou – Frangakis	Member	01/01/2021 – 13/04/2021	53,636

*As far as Executive Board members are concerned, the amount of € 53,956 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-Law Legal Entities, Private-Law 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 Board of Directors 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 Chief Executive Officer following open invitations to express interest and an assessment of candidates' qualifications. The remuneration of the staff is determined by decision of the Chief Executive Officer in accordance with 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.

[11] Mr. Ilias E. Xirouhakis was the Fund's Deputy CEO until 21/05/2021 when he assumed his responsibilities as CEO and Executive Board member. Consequently, his remuneration relates to both of the positions that he held in 2021.

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

41 EMPLOYEES

(not including 2 Executive Board Members)

17 FEMALE **24** MALE

(with the average age of 44 years old)

81% 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[12] 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 Board of Directors. 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 Board of Directors, as well as among Units/Divisions, i.e. at an operational, tactical and strategic level.

RISK TAXONOMY

During 2021, the HFSF was further exposed to the following risks:

- **Investment Risk**

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

- **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.

[12] 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.

- **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.

- **Operational Risk**

As a result of its operations while 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 Board of Directors which is charged with the ultimate responsibility and has the oversight for the proper operation and fulfilment of the objective of the Fund. The **Board of Directors** has the responsibility of maintaining a sound system of governance and internal controls that supports the achievement of the HFSF's objectives. The **Chief Executive Officer** is responsible for the preparation of the Fund's work, the implementation of the decisions of the competent bodies and the execution of the acts required for the administration and operation, as well as the fulfillment of the purpose of the Fund.

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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 Supported Credit Institution. 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 Supported Credit Institutions during the Stewardship phase of its involvement. During this phase, the HFSF regularly monitors and assesses:

a. The orderly implementation of the business plan that the Supported Credit Institutions submit to HFSF.

b. The establishment by the Supported Credit Institutions 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 Supported Credit Institutions' risk & capital strategy implementation.

d. The actions undertaken by the Supported Credit Institutions to comply with the targets and guidelines set by the HFSF.

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

f. The enhancement of the Supported Credit Institutions' internal control framework in line with best banking practices.

g. The Supported Credit Institutions' NPE Management framework. More specifically, the HFSF:

- Approves the Supported Credit Institutions' Group Strategy, Policy and Governance for NPE management.
- Monitors the Supported Credit Institutions' performance against targets set for NPE resolution, as well as progress on key initiatives undertaken by it.
- Holds regular meetings with Supported Credit Institutions' 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 Supported Credit Institutions' NPE/NPL management framework and NPL resolution.

INTERNAL CONTROL ENVIRONMENT

FRAMEWORK

The Board of Directors is 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 Board of Directors, 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 Chief Executive Officer 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 proposal of the Chief Executive Officer and by decision of the Board of Directors, a person of recognized standing and professional expertise in auditing is appointed as Chief Internal Auditor and heads the Internal Audit Function, with a fixed term contract extending until the Fund's termination date. The Chief Internal Auditor is not subordinated to any other division or unit of the Fund, enjoys full independence in the accomplishment of his/her duties and the internal audit plan and time budget are approved by the Audit Committee. The Chief Internal Auditor reports directly to the Board of Directors, where necessary through 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 (IFRSs) and advises the Fund's Board of Directors 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 BoD, 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 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's COMMITMENT TO ESG (ENVIRONMENTAL, SOCIAL & GOVERNANCE)

The Fund recognizes the added value that an improved performance on ESG (Environmental, Social, Governance) matters can deliver to the Greek Banking system.
For this purpose, the HFSF encourages the Banks in which it participates, in integrating ESG practices and implementing both the UN SDGs and the UNEP FI Principles for Responsible Banking, whilst being a keen endorser of other initiatives as the 10 Principles of the United Nations Global Compact.

United Nations Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a collection of interlinked global goals set up in 2015 by the United Nations General Assembly designed to be a "blueprint to achieve a better and more sustainable future for all" and intended to be achieved by 2030. The 17 SDGs' 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.

HFSF supports the adoption of the SDGs not only through its operation but also within the Banks in which it participates.

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 shareholder in five Banks and a "Stakeholder Endorser" of these principles, was included in the list of 170+ bodies that have co-signed them to date and confirms in practice its active support for their implementation by the Banks in which it participates.

Environment

At HFSF we are committed to improving our environmental performance, raising awareness and fostering sustainability. The Fund protects the environment by using natural resources in a responsible way and supporting business activities that lead to environmental and social benefits, thus contributing to the achievement of UN Sustainable Development Goals 12 and 13[13].

HFSF energy consumption

Aiming to minimize its environmental footprint and contribute to the fight against climate change, HFSF investigates ways to reduce its energy consumption and consequently its greenhouse gas (GHG) emissions. On that direction, the Fund adopts where feasible energy efficient technologies in its offices in order to improve its environmental performance.

Another important environmental initiative the Fund has implemented, is the promotion of the use of public transport for its employees commuting to work, although due to the pandemic this measure has been temporarily suspended since remote working started for safety purposes. Additionally, besides encouraging working from home, virtual meetings are usually recommended, and have been further promoted due to COVID-19, further reducing the Fund's environmental footprint.

HFSF waste management

Although the waste generated by the Fund is not significant, appropriate care is taken to effectively manage the limited amounts produced. As a result, HFSF is promoting the following measures:

- Paperless philosophy is encouraged where possible. Moreover, used/waste paper is shredded and recycled.
- Used printer toners are recycled.
- Batteries are being collected through battery recycling box which gets emptied by a specialised recycling company.
- All electrical/electronic equipment is recycled through an appropriate recycling company.

Social

HFSF adopts best workplace practices and fosters a responsible culture to address society needs, thus contributing to the achievement of UN Sustainable Development Goals 3, 4, 5, and 8[14]. We are committed to have an active role, with actions for the well-being of our employees and the society.

Employment

The Fund considers its employees as its major asset and strives to accommodate their needs for excellent working conditions in line with its values, which form the general guidance transcending all its operations. All the Fund's personnel (100%) has a private law employment fixed term full time contract, except for lawyers who have an indefinite term contract. All Fund's employees are covered by collective bargaining agreements (National General Bargaining Agreement).

In terms of professional experience, all HFSF employees have at least 8 years in a relevant field and are characterized by independence, objectivity, freedom from external influences, integrity,

[13] UN SDG 12: 'Ensure sustainable consumption and production patterns', UN SDG 13: 'Take urgent action to combat climate change and its impacts'.

[14] UN SDG 3: 'Ensure healthy lives and promote well-being for all at all ages', UN SDG 4: 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all', UN SDG 5: 'Achieve gender equality and empower all women and girls', UN SDG 8: 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'

consistency, transparent behavior and decision making.

Diversity and Equal Opportunities
The Fund is an equal opportunity employer and respects diversity in all its forms. As a general rule, HFSF values difference, fosters inclusion and promotes a culture of collaboration regardless of gender or any other classification. Based on this approach, 40% of HFSF's staff during 2021 were women, and striving to achieve a balanced approach between men and women.

Health and safety

The Fund protects the health and safety of its staff and takes the appropriate measures to ensure a healthy and safe workplace, aiming at preventing injuries and occupational risks. As a result, during the last two years no injuries or fatalities were recorded.

In terms of its emergency preparedness, HFSF has emergency exits on each floor fitted with slides, in order to provide quick and safe evacuation to all its personnel. To ensure all personnel is aware of how to respond in such an event appropriate training is provided, and tests are being performed at regular intervals. HFSF has also a defibrillator, and a number of people are properly trained to provide their help in emergency situations.

Finally, to address the Covid-19 emergency situation the Fund developed and implemented successfully a Business Continuity Plan and shifted to remote working. Additionally, a dedicated Steering Committee was created which convened frequently in order to monitor the developments and official guidelines/legislation with the aim to plan and coordinate all necessary actions. The latter 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. As a result of the measures taken, the COVID-19 outbreak did not directly affect HFSF's activities.

Training and education

Providing appropriate training and professional development is paramount for safeguarding the Fund's seamless operation and longevity. 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. Furthermore, all HFSF employees received a performance and career development review. Proof of the Fund's successful approach in those matters holds the largely increased numbers of satisfaction, recorded within the relevant survey.

Society contribution

Except from its institutional role to contribute towards maintaining the stability of the Greek banking system for the sake of public interest, the Fund, as an integral part of Greek society, actively supports a series of organisations and initiatives through specific actions that contribute in improving the quality of life of socially vulnerable groups.

Towards this direction, during 2021 HFSF made a donation to "The Ark of the World", a charitable organization in order to assist with its valuable work.

Moreover, the Fund provided school equipment to the Municipality of Rovies in Evoia, and computer equipment to the Special School "POZA" in Kaisariani.

Lastly, the Fund, as a constant endorser of activities which promote the well-being of its employees, supported their participation in the 2021 Athens Marathon.

Governance

HFSF adopts and implements optimal corporate governance and operational practices, in line with European and international best practices, enforcing transparency in all procedures and in disclosing financial and non-financial information, thus contributing to the achievement of UN Sustainable Development Goal 16[15].

HFSF's Governance

Following the Law 4941/2022 (Government Gazette A 113/16.6.2022) which amended various provisions of HFSF Law (3864/2010), the governing bodies were restructured with the abolition of the seven-member General Council and the three-member Executive Board. A nine-member Board of Directors (BoD) was appointed as the governing body and came into force 30 days after the publication of the new Law, i.e., on July 16th, 2022. The Board of Directors is responsible for monitoring the proper functioning and fulfillment of the purpose of the Fund. The Chief Executive Officer is responsible for the preparation of the Fund's work, the implementation of the decisions of the competent bodies and the execution of the acts required for the administration and operation, as well as the fulfillment of the purpose of the Fund. In addition to the Board of Directors and the Chief Executive Officer, the Fund has the Selection Panel, an Audit Committee and 13 operational and advisory divisions and units.

The Fund's operation, is governed by a set of policies, codes and regulations, which ensure strong accountability, transparency and integrity towards both its shareholder and 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. 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 Board of Directors 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 practices

Through its support and involvement as active shareholder, the HFSF is helping Banks in which it participates, 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 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.

[15]UN SDG 16: 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.'

Having in mind the above, the Fund has developed, the following standards, policies and initiatives, which are focused on the Banks, driving the adoption of international Corporate Governance and ESG best practices:

- HFSF Corporate Governance Objectives and Standards
- HFSF Stewardship Policy
- HFSF Voting Policy
- The 3rd Review of Greek systemic Banks' Corporate Governance
- The role of Senior Independent Director (SID) within the systemic Banks
- The establishment of a Board Ethics & Sustainability Committee in systemic Banks

HFSF's 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 the Fund's webpage https://hfsf.gr/en/our-portfolio/principles-policies/corporate-governance-principles/.

HFSF's 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.

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

HFSF's 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.

Where the Fund has such concerns, it will raise them directly with the Bank itself in the first instance, either through its board representative or one of the other mechanisms available to it under the Relationship Framework Agreement (described in the Stewardship Policy). The Fund aims to be predictable and consistent when engaging with investee Banks and when voting at shareholder meetings.

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

3rd Review of Greek systemic Banks' Corporate Governance

During 2021, the Fund performed the 3rd Review of Greek systemic Banks' Corporate Governance and Evaluation of their Boards of Directors and Board Committees. Maintaining high standards of Corporate Governance will be key to attracting financial investors and increasing the Banks' market valuation, which is in line with HFSF's objective to ultimately divesting its holdings. Thus, enhancing the effectiveness of the Banks' Board, as well as their ability to guide the Banks through the next stage of their transformation and strategic trajectory is of paramount importance.

The outcome of the assessment has led to a mutually agreed implementation action plan including specific recommendations, in order to further enhance Corporate Governance practices and Board effectiveness within the systemic Banks.

Promoting the role of Senior Independent Director (SID) within the systemic Banks

The Fund, following European and international best practices on Board effectiveness has developed relevant specifications for the role and responsibilities of the SID, which plays a key role in providing good governance; establishes a culture of trust and co-operation; enables the Board to fulfil its duties; and guides the Banks through the next critical phase of their strategic development.

During 2021, two (2) Banks (NBG and Piraeus Bank) have established the position of the SID in order to provide a sounding board for the Chairman, serve as an intermediary for the other directors when necessary and act as an alternative key contact for shareholders in certain occasions.

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. In this way the 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 it has been decided to allocate the responsibilities of such a Committee to existing Board Committees and in Eurobank it is currently at Executive level.

STATEMENT OF THE BOARD OF DIRECTORS

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

The Financial Statements of the Hellenic Financial Stability Fund for the financial year ended 31/12/2021, 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.

The Board of Directors' 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 31/12/2021 that affected the Fund's annual financial statements for the year ended 31/12/2021.

Athens, 15 November 2022

The Chief Executive Officer Ilias E. Xirouhakis	The Deputy Chief Executive Officer Nikolaos Valantasis	The Executive Member of the BoD Fotis Kourmousis
The Chairman of the BoD Andreas Verykios		The Independent Non – Executive Member of the BoD Christof Gabriel Maetze
The Independent Non – Executive Member of the BoD Konstantinos Tsatsaronis		The Independent Non – Executive Member of the BoD Marco Giovanni Mazzucchelli
The Non-Executive Member of the BoD, Representative of the MoF Panagiotis Tridimas		The Non-Executive Member of the BoD, Representative of the BoG Vassilios Spiliotopoulos

KPMG Certified Auditors S.A.
3 Stratigou Tambra Street Aghia Paraskevi
153 42 Athens, Greece
Telephone +30 210 6062100
Fax +302106062111

Independent Auditors' Report (Translated from the original in Greek)

To the Board of Directors

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements "Hellenic Financial Stability Fund, Private Legal" Entity (the "Fund") which comprise the Statement of Financial Position as at 31 December 2021, 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 2021 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 Board of Directors 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 Board of Directors' Report

We verified that the contents of the Board of Directors 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 Board of Directors Report.

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

Total Equity of the Fund as of 31 December 2021 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, 15 November 2022

KPMG Certified Auditors S.A.
AM SOEL 114

Harry Sirounis, Certified Auditor Accountant
AM SOEL 19071

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

Amounts in '000€	Note	31/12/2021	31/12/2020
ASSETS			
Cash and balances with Banks	5	887,284	1,435,104
Financial assets at fair value through profit or loss	6	1,936,991	1,690,172
Property and equipment	7	359	685
Intangible assets	8	40	41
Receivables from banks under liquidation	9	949,362	1,342,460
Other assets		1,111	645
Total Assets		**3,775,147**	**4,469,107**
LIABILITIES			
Other liabilities	10	1,918	2,989
Total Liabilities		**1,918**	**2,989**
EQUITY			
Capital	11	42,163,558	42,163,558
Accumulated losses		(38,456,213)	(37,697,440)
Other reserves	12	65,884	-
Total Equity		**3,773,229**	**4,466,118**
Total Liabilities & Equity		**3,775,147**	**4,469,107**

The Notes from pages 62 to 96 form an integral part of these annual financial statements

Athens, 15 November 2022

The Chairman of the BoD

Andreas Verykios

The Chief Executive Officer

Ilias E. Xirouhakis

The Deputy Chief Executive Officer

Nikolas Valantasis

The Chief Financial & Operating Officer

Evangelia D. Chatzitsakou

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

Amounts in '000€	Note	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Interest income	13	17,631	25,087
Personnel expenses	14	(4,310)	(3,811)
General administrative & other operating expenses	15	(14,065)	(7,406)
Impairment of receivables from banks under liquidation	9	(393,098)	(77,874)
Loss from financial instruments at fair value through profit or loss	16	(364,505)	(2,015,824)
Depreciation and amortization of property, equipment and intangible assets		(427)	(384)
Other income		7	19
Finance costs		(6)	(9)
Loss for the period		**(758,773)**	**(2,080,201)**
Total comprehensive expenses for the period		**(758,773)**	**(2,080,201)**

The Notes from pages 62 to 96 form an integral part of these annual financial statements

Athens, 15 November 2022

The Chairman of the BoD

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The Deputy Chief Executive Officer

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The Chief Financial & Operating Officer

Evangelia D. Chatzitsakou

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

Amounts in '000€	Capital	Accumulated losses	Other Reserves	Total
Balance as of 01/01/2020	**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)**	-	**4,466,118**
Loss for the period from 01/01/2021 to 31/12/2021	-	(758,773)	-	**(758,773)**
Special reserve of ar. 3, par. 3 of HFSF Law (Note 12)	-	-	65,884	**65,884**
Balance as of 31/12/2021	**42,163,558**	**(38,456,213)**	**65,884**	**3,773,229**

The Notes from pages 62 to 96 form an integral part of these annual financial statements

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

Amounts in '000€	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Cash flows from operating activities		
Loss for the period	**(758,773)**	**(2,080,201)**
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	**740,775**	**2,070,455**
Interest Income	(17,631)	(25,087)
Impairment charges of receivables from banks under liquidation	393,098	77,874
Loss from financial instruments at fair value through profit or loss	364,505	2,015,824
Gain from disposal of fixed assets	(2)	-
Payroll provisions and accruals	372	1,451
Depreciation and amortization of property, equipment and intangible assets	427	384
Finance costs	6	9
Net (increase)/decrease in operating assets:	**(466)**	**65,512**
Change in receivables from banks under liquidation	-	65,847
Change in other assets	(466)	(335)
Net increase/(decrease) in operating liabilities:	**(1,180)**	**151**
Change in other liabilities	(1,180)	151
Interest received	**17,631**	**25,087**
Net cash from/(used in) operating activities	**(2,013)**	**81,004**
Cash flows from investing activities		
Participation in share capital increase of investments	(545,439)	-
Proceeds from disposal of property, equipment and intangibles assets	3	-
Purchase of property, equipment and intangibles assets	(101)	(212)
Net cash used in investing activities	**(545,537)**	**(212)**
Cash flows from financing activities		
Repayment of lease liabilities	(270)	(245)
Net cash used in financing activities	**(270)**	**(245)**
Net increase/(decrease) in cash and cash equivalents	**(547,820)**	**80,547**
Cash and cash equivalents at the beginning of the year	1,435,104`	1,354,557
Cash and cash equivalents at the end of the year	**887,284**	**1,435,104**

The Notes from pages 62 to 96 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 Law 4548/2018 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. 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 4941/2022, the Fund’s tenure has been extended up to 31/12/2025.

According to the HFSF Law as amended and currently in force, the purpose of the Fund is (a) to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest and (b) the effective disposal of shares or other financial instruments held by credit institutions, which is based on a divestment strategy with a specific time horizon of definite and full implementation, which is determined in accordance with Article 8 of HFSF Law, and in principle does not extend beyond the Fund’s termination. 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 with respect to State aid and competition.

According to Law 4051/2012, as amended by Law 4224/2013, the Fund 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 Board of Directors comprised of the following members:

Board of Directors	POSITION
Andreas Verykios	Independent Non-Executive Member / Chairman
Ilias E. Xirouhakis	Executive Member / Chief Executive Officer
Nikolaos Valantasis	Executive Member / Deputy Chief Executive Officer
Fotis Kourmousis	Executive Member
Christof Gabriel Maetze	Independent Non-Executive Member
Konstantinos Tsatsaronis	Independent Non-Executive Member
Marco Giovanni Mazzucchelli	Independent Non-Executive Member
Panagiotis Tridimas	Non-Executive Member, Representative of the MoF
Vassilios Spiliotopoulos	Non-Executive Member, Representative of the BoG

The statutory auditor of the financial statements is Mr. Harry Sirounis, RN SOEL 19071.
The annual financial statements were approved by the Fund’s Board of Directors on 15 November 2022.

Note 2 | Summary of Significant Accounting Policies

2.1. Basis of preparation

The Fund's financial statements for the year ended 31/12/2021 (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.

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 01/01/2021 up to 31/12/2021. 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.

Within 2021 and following the CoCos conversion, the HFSF participated in the share capital increase of Piraeus Financial Holdings S.A., decreasing its shareholding percentage to 27%.

Additionally, the HFSF participated in the share capital increase of Alpha Services and Holdings S.A. in 2021. Its shareholding to Alpha Services and Holdings stood at 9%.

Following the triggering of the Deferred Tax Credit ("DTC") law in October 2021, the Ministry of Finance transferred to HFSF the shares of Attica Bank without any consideration. In December 2021, following the Fund's participation to the share capital increase of Attica Bank, HFSF's shareholding stood at 62.93%. The HFSF along with the private investors TMEDE and Ellington Solutions SA agreed on a Transaction Term sheet, outlying the basic terms of their relationship. Based on this agreement the HFSF assessed that HFSF along with the private Shareholders have joint control over Attica Bank.

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 2025.

- The strong Fund's liquidity position. It is highlighted that the Fund's Cash and balances with Banks amount to c. €887 million as of 31.12.2021 (31.12.2020: c. €1,435 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 today in accordance with the Fund's remote work policy.

- The fact that the HFSF is not directly affected by the "Ukraine crisis" and the Fund's participations hold non-significant exposure in Russian or Ukrainian assets.

- The fact that the management of the banking groups in which the Fund participates as a shareholder have already assessed and concluded that they are a going concern and thus the application of the going concern principle for their financial statements is appropriate.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russian - Ukraine war, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation of the disruptions in the global supply chain, which have been exacerbated by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process in many industries due to the Covid-19 outbreak, (c) a prolongation and/or exacerbation of the ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, (d) the ongoing and potential upcoming increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs and lead economies to slow down or recession, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy prices and living costs, and their impact on the long-term sustainability of the country's public debt, (f) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (g) the prospect of the so-called "twin deficits" (i.e. fiscal and current account deficit) becoming more structural, although currently they appear to be more a repercussion of the pandemic and the energy crisis, (h) the evolution of the Covid-19 pandemic and its repercussions at a national and worldwide scale, and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade, (i) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (j) the implementation of the structural reforms and privatizations' agenda in order also to meet the RRF targets and milestones, (k) the geopolitical developments in the near region, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment and fiscal balance.

Materialization of the above risks including those related to increased energy prices and inflation, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, asset quality, solvency and profitability of the Greek banking sector in which the Fund's participations operate.

Although at this stage, we cannot quantify or fully assess the impact of the above risks and uncertainties 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 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 ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality 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 probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade as well as the uncertainty in the market due to the Ukrainian crisis 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 all the above risks to the economy and the banking system and taking into account the factors relating to (a) the extensive and continuous fiscal and monetary support of the European and Greek authorities in response to the unprecedented COVID-19 crisis, (b) the activation of new fiscal measures in response to pressures from increased inflation, (c) the Fund's strong liquidity position, (d) the fixed Fund's life duration and (e) the fact that its major participations are going concern, 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.

This category also includes the shares of Attica Bank that HFSF acquired in 2021 for which despite the majority of the shareholding interests, the Fund concluded that it meets the definition of joint arrangement, given the agreement reached with the other two private shareholders according to which the parties are required to exercise together, on a unanimous consent basis, their powers in relation to an arrangement; and those powers amount to control. In accordance with IAS 28, when such an investment is held by an entity of similar nature and activities as the ones of the Fund, it falls within the scope of par.18 of IAS 28 and may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. Given that the Fund meets this exception, it considers this investment to be classified as fair value through profit and loss.

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
- 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 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.

2.10 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.

2.11 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 which was the Fund’s termination date[16] as of the reference date of this Annual Financial Report 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.

2.12 Intangible assets

Intangible assets includes costs that are directly associated with identifiable and unique software

[16] Subsequently, following the amendment of HFSF Law in June 2022, the termination date of the Fund was extended to 31/12/2025.

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 which was the Fund's termination date[17] as of the reference date of this Annual Financial Report.

2.13 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).

2.14 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive members of the Fund's BoD, 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 members are not different from those required by the IFRS. Income and expenses directly associated with each segment are included in determining business segment performance.

2.15 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.

2.16 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.

2.17 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.

2.18 Adoption of International Financial Reporting Standards (IFRS)

2.18.1 New standards, amendments and interpretations to existing standards applied from 1 January 2021:

- **IFRS 16 (Amendment): COVID-19 Related Rent Concessions** (effective for annual periods beginning on or after 1 June 2020). 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 alease 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. The adoption of this amendment has no impact on the Financial Statements of the Fund.

- **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendment): Interest Rate Benchmark Reform — Phase 2** (effective for annual periods beginning on 1 January 2021, as issued by the International Accounting Standards Board ("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

[17] Subsequently, following the amendment of HFSF Law in June 2022, the termination date of the Fund was extended to 31/12/2025.

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. The adoption of these amendments has no impact on the Financial Statements of the Fund.

- **IFRS 4 (Amendment): Extension of the Temporary Exemption from Applying IFRS 9** (effective for annual periods beginning on or after 1 January 2021). 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. The adoption of these amendments has no impact on the Financial Statements of the Fund.

IFRIC Agenda Decision: IAS 19 "Employee benefits" - Attributing benefit to periods of service
In May 2021, the International Financial Reporting Interpretations Committee (IFRIC) issued an agenda decision with regard to the application of IAS 19, on attributing benefits to periods of service. Specifically, the decision requires an entity to attribute benefit only to periods in which the obligation to provide post-employment benefits arises. Based on the said interpretation, a provision should be recognized only for employees with less than 16 years remaining until retirement. This agenda decision has no impact on the Fund's Financial Statements.

The amendments to existing standards and the Framework effective from 1 January 2021 have been endorsed by the EU.

2.18.2 New standards, amendments and interpretations to existing standards effective after 2021:

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 April 2021). The amendment extends the application period of the practical expedient in relation to rent concessions by one year to cover rental concessions that reduce leases due only on or before 30 June 2022.

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

-IAS 16 (Amendments): Property, Plant and Equipment: Proceeds before Intended Use (effectivefor annual periods beginning on 1 January 2022, as issued by the IASB). The amendments prohibita 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.

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

-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 of classification of liabilities as current or non-current was issued in January 2020 and was effective for annual reporting periods beginning on or after 1 January 2022. However, inresponse to the COVID-19 pandemic, the IASB has deferred the effective date by one year to providecompanies 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 periodsbeginning on or after 1 January 2023. Although the statement of financial position of the Fund is presented on a liquidity basis, this amendment makes clear that settlement refers to the transfer tothe counterparty of cash, equity instruments, other assets or services.

-IAS 1 and IFRS Practice Statement 2 (Amendments): Disclosure of Accounting Policies (effectivefor 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 clarifythat a change in accounting estimate that results from new information or new developments is notthe correction of an error.

-IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically applyto transactions such as leases for the lessee and decommissioning obligations.

-IFRS 17 (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023) The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for the users of financial statements.

- **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 2021 have been endorsed by the EU, except for the amendments to IAS 1 Presentation of Financial Statements; IAS 1 and IFRS Practice Statement 2; IAS 8 Accounting policies, Changes in Accounting Estimates and Errors; IAS 12 Income Taxes; and IFRS 17 Insurance Contracts, which have not been endorsed by the EU.

None of these new standards, amendments and interpretations to existing standards effective after 2021is expected to have a material impact on the Fund's Financial Statements.

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 31/12/2021. 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 is nominated by the Bank of Greece ("BoG") and is subject to its monitor and control. 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. 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 as of 04/01/2021. The loss from the CoCo Conversion was €1,382 million out of which the amount of €1,359 million was recorded as a loss for the year ended 31/12/2020 and the remaining €23 million as a loss for the year ended 31/12/2021.

Note 4 | Segment Reporting

The Fund’s operating segments are consistent with the management reporting system. Income andexpenses are associated with each segment and are included in determining business segmentperformance. 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, AlphaServices and Holdings S.A., Eurobank Ergasias Services and Holdings S.A. and Piraeus Financial Holdings S.A. substituted the banks respectively. Other participations such as Cairo Mezz Plc and Phoenix Vega Mezz Plc are also included in this segment. For more information see note 6.

Other Banks: This segment includes all other financial institutions in which the Fund participates as a result of 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.

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 procedureswhich ensure the appropriate design and implementation of the Fund’s policies and principles. Italso 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€					01/01/2021-31/12/2021
	Systemic Banks	Other Banks	Banks under Liquidation	Other	Total
Interest income	-	-	-	17,631	**17,631**
Personnel expenses	(1,766)	(1,157)	(128)	(1,259)	**(4,310)**
General administrative & other operating expenses	(8,410)	(3,230)	(187)	(2,238)	**(14,065)**
Impairment of receivables from banks under liquidation	-	-	(393,098)	-	**(393,098)**
Loss from financial instruments at FVTPL	(271,729)	(92,776)	-	-	**(364,505)**
Depreciation and amortization of property, equipment and intangible assets	(92)	(45)	(18)	(272)	**(427)**
Other comprehensive income	-	-	-	7	**7**
Finance Cost	(3)	(1)	(1)	(1)	**(6)**
Profit / (Loss) for the year	**(282,000)**	**(97,209)**	**(393,432)**	**13,868**	**(758,773)**

					31/12/2021
Total segment assets	1,813,116	123,874	949,362	888,794	**3,775,147**
Total segment liabilities	(362)	(883)	(13)	(660)	**(1,917)**

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)**

Note 5 | Cash and Balances with Banks

Amounts in ''00€	31/12/2021	31/12/2020
Cash and balances with banks	48	34
Balances with Central Bank	22	29
Cash management account in BoG	887,214	1,435,041
Total	**887,284**	**1,435,104**

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.

The participation in share capital increases amounted to €41 million in Alpha Services and Holdings, €353 million in Piraeus Financial Holdings and €151 million in Attica Bank, led to the decrease of cash balance within 2021.

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

The balance includes the Fund’s participation in banks, other participations and the contingent bonds (“CoCos”) issued by Piraeus Bank, as presented in the following table:

Amounts in '000€	31/12/2021	31/12/2020
Participation in banks	1,916,480	1,176,917
Other participations	20,511	535
CoCos issued by Piraeus Bank	-	512,720
Total	**1,936,991**	**1,690,172**

Participation in systemic banks and other banks

Initially the Fund had 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 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. In 2020 and early 2021, Eurobank, Piraeus Bank and Alpha Bank completedtheir corporate transformation (Hive Down), which resulted in the establishment of new banks (i.e. Eurobank S.A., Piraeus Bank S.A. and Alpha Bank S.A., respectively), that substituted to all assets and liabilities of the sector of banking activity of the demerged entities, Eurobank Ergasias Services and Holdings S.A., Piraeus Financial Holdings S.A. and Alpha Services and Holdings S.A. by application of law. Following those corporatetransformations, the HFSF holds shares in Eurobank Ergasias Services and Holdings S.A. (hereinafter “Eurobank Holdings”), Piraeus Financial Holdings S.A. (hereinafter “Piraeus Holdings”) and Alpha Services and Holdings S.A. (hereinafter “Alpha Holdings”). Consequently, following the amendment of

HFSF Law by Law 4783/2021 which allowed the Fund to participate in share capital increases of the credit institutions, the new shares acquired by the HFSF in the share capital increases of Piraeus Holdings and Alpha Holdings that took place in 2021 (for analysis see below) are also classified under this line.

Moreover, this line also includes the shares of Attica Bank, both the initial 16,533,102 transferred to HFSF from the Greek State according to the last subpar. of par. 6 of art. 27A of L.4172/2013 as well as the additional 753,826,957 acquired by the HFSF in the Bank's share capital increase that took place in December 2021.

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, 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. 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 as of 04/01/2021. The loss from the CoCo Conversion was €1,382 million out of which the amount of €1,359 million was recorded as a loss for the year ended 31/12/2020 and the remaining €23 million as a loss for the year ended 31/12/2021.

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., 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 entity'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 at that point of time. 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 on July 2nd, the participation of the Fund in the entity's share capital amounts to 9%.

Shareholding in Attica Bank

Following in October 19th, 2021 conversion of 16,533,102 Warrants issued by Attica Bank S.A. heldby the Greek State into 16,533,102 new ordinary registered shares with voting rights and a nominalvalue of €0.20 each in the share capital of Attica Bank S.A. and the transfer of such ordinary sharesto the HFSF, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit (DTC), asamended and currently in force, the HFSF, as of October 20th, 2021 became a shareholder of AtticaBank S.A. holding 16,533,102 new ordinary shares with voting rights and a nominal value of €0.20 each, corresponding to 68.2% of the total ordinary shares and voting rights of Attica Bank S.A.

On December 7, 2021, the Hellenic Financial Stability Fund ("HFSF" or "Fund"), successfully completed its exclusive negotiations with the private investors TMEDE and Ellington Solutions S.A., who agreed to participate in the share capital increase of Attica Bank along with HFSF. In this context the Fund exercised part of its pre-emptive rights corresponding to 753,826,957 new shares and participated in the SCI for an amount €150,765,391.40, to allow Ellington to be allotted unsubscribed new shares. After the completion of the share capital increase, the HFSF participation in the Bank's share capital amounts to 62.9% against its initial percentage of 68.2%.. The cooperation with the private investors aims at the joint development of Attica Bank on the basis of a new business plan capable of creating value for the Fund's investment.

Other participations
In 2020, Eurobank Holdings distributed to its shareholders shares issued by the company under the corporate name "Cairo Mezz Plc", registered in Cyprus, at a ratio of 1 share of Cairo Mezz Plc for every 12 shares of Eurobank Holdings already held by its shareholders. Subsequently, HFSF holding 52,080,673 shares of Eurobank Holdings, received 4,340,056 shares of Cairo Mezz.

On 04.08.2021, Piraeus Holdings distributed to its shareholders shares issued by the company under the corporate name "Phoenix Vega Mezz Plc", registered in Cyprus, at a ratio of 1 share of Phoenix Vega Mezz Plc for every 1 share of Piraeus Holdings already held by its shareholders. Subsequently, HFSF holding 337,599,150 shares of Piraeus Holdings, received an equal number of shares of Phoenix Vega Mezz Plc.

The shares of Cairo Mezz and Phoenix Vega Mezz Plc are listed on the EN.A. PLUS segment of the Alternative Market.

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 and Attica Bank 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 and Phoenix Vega 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€	31/12/2021	31/12/2020
Alpha Services and Holdings S.A.	227,396	161,426
Eurobank Ergasias Services and Holdings S.A.	46,425	30,134
National Bank of Greece S.A.	1,083,282	835,369
Piraeus Financial Holdings S.A.	435,503	149,988
Attica Bank S.A.	123,874	-
Cairo Mezz PLC	626	535
Phoenix Vega Mezz Plc	19,885	-
Total	**1,936,991**	**1,177,451**

Movement of shares

The movement of the Fund's participation in the systemic banks, Attica Bank, Phoenix Vega Mezz Plc and Cairo Mezz during the 12-month period ended on 31/12/2021 is presented in the table below:

No of Shares	Alpha Holdings*	Eurobank Holdings*	NBG*	Piraeus Holdings*	Attica Bank S.A.*	Cairo Mezz PLC*	Phoenix Vega Mezz PLC*
Shares held as of 01/01/2021	169,174,167	52,080,673	369,468,775	6,992,448**	-	4,340,056	-
Additions	41,964,132	-	-	330,606,702	770,360,059	-	337,599,150
Disposals	-	-	-	-	-	-	-
Shares held as of 31/12/2021	**211,138,299**	**52,080,673**	**369,468,775**	**337,599,150**	**770,360,059**	**4,340,056**	**337,599,150**
of which:							
Shares with restricted voting rights	169,174,167	52,080,673	13,481,860	123,761	-	-	-
Shares with full voting rights	41,964,132	-	355,986,915	337,475,389	770,360,059	4,340,056	337,599,150
Participation with restricted voting rights	**7.21%**	**1.40%**	**1.47%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**
Participation with full voting rights	**1.79%**	**0.00%**	**38.92%**	**26.99%**	**62.93%**	**1.40%**	**27.00%**

* The total number of shares are freely transferrable.
**After the reverse split in April of 2021, the number of shares held by the Fund in Piraeus Holdings as of 01/01/2021 changed from 115,375,400 to 6,992,448 shares.
*** As of 31/12/2021 the HFSF law provided for participation with restricted and full voting rights. Following the law amendments in 2022, all shares have full voting rights.

HFSF's percentage participation in systemic banks, Attica Bank and other participations as of 31/12/2021 and 31/12/2020 was as follows:

Percentage Participation	31/12/2021	31/12/2020
Alpha Services and Holdings S.A.	9.00%	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.	27.00%	26.42%
Attica Bank S.A.	62.93%	-
Cairo Mezz PLC	1.40%	1.40%
Phoenix Vega Mezz Plc	27.00%	-

Credit rating of the systemic banks and Attica Bank

The long-term credit ratings of the systemic banks and Attica Bank 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.	B	B-	B1
Eurobank Ergasias Services and Holdings S.A.	B+	B-	-
Piraeus Financial Holdings S.A	-	B-	B2

Banks	Fitch	S&P	Moodys
Alpha Services and Holdings S.A.	B	B+	Ba2
Eurobank Ergasias Services and Holdings S.A.	B+	B+	Ba2
National Bank of Greece S.A.	B+	B+	Ba2
Piraeus Financial Holdings S.A	B-	B	Ba3
Attica Bank S.A.	-	-	Caa1

Contingent Convertible bonds (CoCos)

Following the recapitalization of NBG and Piraeus Bank in December 2015 and in accordance with par.2 and 5cof Law 3864/2010 and Cabinet Act No 36/2015, HFSF contributed European Stability Mechanism (ESM) FRNsand 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 nominalvalue of €100,000 each and from Piraeus Bank the principal amount of € 2,040,000,000 denominatedin 20,400 bonds of a nominal value of €100,000 each. CoCos were issued by Piraeus Bank and NBG on02/12/2015 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. Following the corporate transformation of Piraeus Bank (Hive Down), CoCos were held byPiraeus Holdings. The key features of CoCos are outlined below.

Key features of CoCosMaturity 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 tobe paid is cancelled and does not accumulate. However, if the bank does not pay all or any part of any sched-uled interest payments more than once, then the CoCos are automatically converted into ordinary shares ofthe bank. The bank's BoD has the option, at its full discretion, to pay interest in whole or in part in the formof newly issued ordinary shares, the number of which shall be equal to the interest payment divided by theshare'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 distributableamount, then applicable, to be exceeded. If the bank decides not to pay the interest on CoCos, no dividendshall be paid. The payment of coupon from CoCos lies to the banks' sole discretion, therefore the incomefrom 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 millionto the HFSF, due on 2 December 2020. This eventuality led to an increase of the HFSF's shareholding in thebank's share capital from the level of 26.42% to 61.34% following the mandatory conversion of the CoCoprincipal, 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. 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 as of 04/01/2021. The loss from the CoCo Conversion was €1,382 out of which the amount of €1,359 million was recorded as a loss for the year ended 31/12/2020 and the remaining €23 million as a loss for the year ended 31/12/2021.

Fair value of CoCos

The notional amount and fair value of CoCos as of 31/12/2021 and 31/12/2020 are presented as follows:

	Fair Value		Notional Amount	
Amounts in '000€	31/12/2021	31/12/2020	31/12/2021	31/12/2020
CoCos issued by Piraeus Bank	-	512,720	-	2,040,000
Total	**-**	**512,720**	**-**	**2,040,000**

As of 31/12/2020 and given that the Conversion of CoCos as described above was an adjusting post balance sheet event, the value of CoCos represented the value of the 394.4 million shares as of 31/12/2020 and the valuation as of that date was categorized as Level 1 instrument within the fair value hierarchy.

CoCos' fair value movement

Amounts in '000€	CoCos of Piraeus Bank
Balance 1 January 2021	**512,720**
Loss recognized in the income statement	**(23,270)**
Value of shares received following CoCos conversion	(489,450)
Balance 31 December 2021	-

Note 7 | Property and Equipment

Amounts in '000€	Vehicles & equipment	Leasehold improvements	Right-of use Asset	Total
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**
Balance 1 January 2021	**503**	**261**	**899**	**1,663**
Additions	30	3	-	33
Disposals and write-offs	(11)	-	-	(11)
Balance 31 December 2021	**522**	**264**	**899**	**1,685**
Accumulated depreciation	**(337)**	**(239)**	**(402)**	**(978)**
Depreciation charge	(97)	(12)	(249)	(358)
Disposals and write-offs	10	-	-	10
Balance 31 December 2021	**(424)**	**(251)**	**(651)**	**(1,326)**
Net book value 31 December 2021	**98**	**13**	**248**	**359**

Note 8 | Intangible Assets

Amounts in '000€	Software
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**
Balance 1 January 2021	**278**
Additions	68
Disposals and write-offs	-
Balance 31 December 2021	**346**
Accumulated depreciation	**(237)**
Depreciation charge	(69)
Balance 31 December 2021	**(306)**
Net book value 31 December 2021	**40**

Note 9 | Receivables from Banks under Liquidation

Up to 31/12/2021 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 €11,727 million were assessed as non-recoverable. The funding gap, the cumulative impairment and the collections per bank under liquidation as of 31/12/2021 are presented in the following table:

Amounts in '000€ — 31/12/2021

Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,474	(120,161)	(57,000)	32,313
ATEbank	7,470,717	(6,263,055)	(549,500)	658,162
Dodecanese Cooperative Bank	258,548	(105,106)	(93,500)	59,941
Evia Cooperative Bank	105,178	(83,794)	(3,200)	18,184
First Business Bank	456,970	(426,669)	(13,500)	16,801
Hellenic Post Bank	3,732,554	(3,612,082)	(18,500)	101,972
Lamia Cooperative Bank	55,494	(26,971)	(17,600)	10,923
Lesvos-Limnos Cooperative Bank	55,517	(35,027)	(13,800)	6,689
Probank	562,734	(523,287)	(14,000)	25,447
Proton Bank	259,622	(246,307)	(8,838)	4,477
T-Bank	226,957	(223,604)	(3,353)	-
Western Macedonia Cooperative Bank	95,244	(60,791)	(20,000)	14,454
Total	**13,489,008**	**(11,726,855)**	**(812,791)**	**949,362**

The movement of the Fund's receivables, including impairment charges and collections, from the banks under liquidation during the 12-month period ended 31/12/2021 is presented in the following table:

Amounts in '000€ — 01/01/2021-31/12/2021

Bank under Liquidation	Opening balance	Additions	Collections	Impairment charges	Closing balance
Achaiki Cooperative Bank	34,419	-	-	(2,106)	32,313
ATEbank	961,174	-	-	(303,013)	658,162
Dodecanese Cooperative Bank	20,484	-	-	39,457	59,941
Evia Cooperative Bank	17,507	-	-	677	18,184
First Business Bank	36,366	-	-	(19,564)	16,801
Hellenic Post Bank	214,634	-	-	(112,662)	101,972
Lamia Cooperative Bank	8,669	-	-	2,254	10,923
Lesvos-Limnos Cooperative Bank	3,604	-	-	3,086	6,689
Probank	28,441	-	-	(2,994)	25,447
Proton Bank	6,170	-	-	(1,694)	4,477
T-Bank	-	-	-	-	0
Western Macedonia Cooperative Bank	10,993	-	-	3,460	14,454
Total	**1,342,460**	**-**	**-**	**(393,098)**	**949,362**

The single liquidator implements a strategic sale plan of loan portfolios, after thorough planning and within the regulatory framework established by the Bank of Greece. As a result, a significant part of the loan portfolio of the Banks under Liquidation will be recovered through sales process. The management of the Single Liquidator is constantly evaluating the investment environment, as well as the investment interest in the purchase of loan portfolios.

The impairment charge of c. €393 million for the year ended 31/12/2021 is mainly due to a higher discount rate used in the impairment assessment for the loans within sale scenario, approximating an average return used by international investors in similar transactions, for the reference period, taking into account the uncertainty that prevails in the market, as a result of the probability of emergence of new Covid-19 variants and the Ukrainian crisis that could further impact economic growth, fiscal balance and international trade.

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)/ Reversals	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**

Note 10 | Other Liabilities

Amounts in '000€	31/12/2021	31/12/2020
Creditors and suppliers	483	533
Lease Liabilities	207	471
Taxes payable	678	375
Contributions payable to social security funds	177	159
Accrued expenses	373	1,451
Total	**1,917**	**2,989**

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, 2020 & 31 December 2021	**42,163,558**

Note 12 | Other reserves

In accordance with art.3 par. 3 of HFSF Law, "*For the common shares or cooperative shares that are transferred to the Fund pursuant to the provision of the last subparagraph of paragraph 6 of article 27A of Law 4172/2013, the Fund forms a special reserve of equal amount to the valuation of said shares at the moment of their transfer to it*".

Consequently, the amount of €65,884 included in other reserves as of 31/12/2021 (31/12/2020: Nil) refers to the value of the initial 16,533,102 shares of Attica Bank transferred by the Ministry of Finance to the HFSF in accordance with the article 27A of Law 4172/2013 on Deferred Tax Credit at the price of €3.985 which was the Attica bank's share price as of 20/10/2021, date of transfer of these shares.

Note 13 | Interest Income

A breakdown of the Fund's interest income for the 12-month period ended 31/12/2021 and 31/12/2020 is presented in the table below:

Amounts in '000€	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Interest income from cash management account	17,631	25,087
Total	**17,631**	**25,087**

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 14 | Personnel Expenses

The number of employees under payroll, including the members of the Executive Board, was 43 and 39 as of 31/12/2021 and 31/12/2020 respectively. The total personnel expenses for the 12-month period ended 31/12/2021 and 31/12/2020 are analyzed as follows:

Amounts in '000€	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Salaries	(3,610)	(3,179)
Employer's contributions	(700)	(631)
Total	**(4,310)**	**(3,810)**

The average number of employees, including the members of the Executive Board, for the 12-month period ended 31/12/2021 and 31/12/2020 was 42 and 37 respectively.

Note 15 | General Administrative and Other Operating Expenses

Amounts in '000€	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Utilities and rentals	(121)	(110)
General Council remuneration	(506)	(435)
Selection Panel remuneration	(55)	(56)
Lawyers' fees	(1,795)	(1,397)
Audit firms' fees	(58)	(37)
Advisors' fees	(9,787)	(3,913)
Professionals' fees	(48)	(67)
Custody fees	(67)	(25)
Insurance fees	(1,130)	(817)
Other fees	(178)	(235)
Other expenses	(321)	(315)
Total	**(14,065)**	**(7,406)**

Based on the 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 of €14.1m including the advisory fees in relation to the HFSF's participation to the share capital increases of Piraeus Holdings, Alpha Holdings and Attica Bank and some additional projects undertaken by the HFSF.

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, Attica Bank and other participations and the result related to the CoCos issued by Piraeus Bank which were converted into shares (Note 6).
The breakdown of the gain or loss by financial instruments for the 12-month period ended 31/12/2021 and 31/12/2020 is presented in the table below.

Amounts in '000€	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Gain/(loss) from shares		
Alpha Services and Holdings S.A.	24,006	(163,896)
Eurobank Ergasias Services and Holdings S.A.	16,291	(17,780)
National Bank of Greece S.A.	247,913	(280,427)
Piraeus Financial Holdings S.A.	(556,645)	(194,984)
Attica Bank S.A.	(92,776)	-
Cairo Mezz PLC	91	535
Phoenix Vega Mezz PLC	19,885	-
Subtotal	**(341,235)**	**(656,553)**
Gain/(loss) from CoCos		
Piraeus Bank	(23,270)	(1,359,271)
Subtotal	**(23,270)**	**(1,359,271)**
Total	**(364,505)**	**(2,015,824)**

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 31/12/2021 and 31/12/2020 and the outstanding balances as of 31/12/2021 and 31/12/2020 are presented below.

Transactions with key management personnel
The members of the Board of Directors, 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 2021 amounted to €885 thousand (2020: €991 thousand). Furthermore, an amount of €109 thousand (first 12 months in 2020: €117 thousand) had been paid for social security contributions.

Transactions and balances with 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 and also following the transfer of shares of Attica Bank to the HFSF, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit (DTC), asamended and currently in force, the HFSF, as of October 20th, 2021 became a shareholder of AtticaBank S.A., the Fund considers the banks to be related parties as defined in IAS 24.

The fair value of the shares held by the Fund as of 31/12/2021 amounted to € 1,916.5 million (31/12/2020: € 1,176.9 million) and the fair value of CoCos as of 31/12/2021 amounted to Nil (31/12/2020: €512.7 million).

The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the year ended 31/12/2021 and 31/12/2020 amounted to €66.8 thousand and €24.6 thousand, respectively.

Other fees, paid to the National Bank of Greece, relating to lease agreement amounted to €4.4 thousand for the period ended 31/12/2021 and €4.4 thousand for the period ended 31/12/2020.

Note 19 | Independent Auditor's Fees

KPMG Certified Auditors SA has served as the independent statutory auditor for the year ended 31/12/2021 and 31/12/2020 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€	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
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 2021, the HFSF was exposed to the following risks:

a. Investment Risk

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

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

- An adverse deviation from the approved Supported Credit Institutions' business/restructuring plans occurs, and/or
- The HFSF's investments in Supported Credit Institutions 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 Supported Credit Institutions:** refers to business/restructuring plan potential deviations due to:
  - Failure of Supported Credit Institutions' management to successfully implement internal strategies/measures to comply with the agreed business/restructuring plan
  - Failure of the Supported Credit Institutions' risk management, corporate & risk governance and/or

internal control framework
  - Failure of Supported Credit Institutions' 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 Supported Credit Institutions:** 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 Supported Credit Institutions' 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, and warrants 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.

- **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 at the Bank of Greece.

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 all such claims in full.

c. Liquidity Risk

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

d. Operational Risk

As a result of its operations while 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 adequate 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 considered to be unintentional. If intentional technology-related losses occur, they would be categorized in either the People or External events category.
- **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 | Post Balance Sheet Events

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

Amendment of HFSF Law

Law 4941/2022 (Government Gazette A 113/16.6.2022) amended various provisions of HFSF Law (3864/2010). The main amendments brought about by Law 4941/2022 are the following:

i The purpose of the Fund has been redefined, which now also includes the effective disposal of shares or other financial instruments held by credit institutions, which is based on a divestment strategy with a specific time horizon of definite and full implementation, as defined in Law 3864/2010.

ii The duration of the Fund was extended until 31.12.2025.

iii The Minister of Finance was granted the right to assign to an independent financial, business and management advisor to draft a report regarding the process of transferring HFSF's capital, assets and liabilities at the end of its term or its liquidation.

iv The administrative bodies were restructured with the abolition of the seven-member General Council and the three-member Executive Board. A nine-member Board of Directors (BoD) was appointed as the administrative body. The new administration of the Fund came into force 30 days after the publication of the new Law, i.e., on July 16th, 2022.

v Existing restrictions regarding the exercise by the HFSF of the voting rights corresponding to the shares it undertakes in the context of capital support were lifted. So HFSF has full voting wights in all its shareholdings.

vi The method and procedure for disposal (divestment strategy) of all or part of the shares or other financial instruments held by the Fund was redefined.

vii The conditions under which the fixed remuneration of the Chairman, the Chief Executive Officer and the other members of the Board of Directors of the Banks as well as those holding the position or performing duties of General Director, and their deputies, cannot exceed the total remuneration of the Governor of the Bank of Greece, were redefined.

viii Provisions regarding the provision of assistance to the HFSF, by an independent advisor, for the evaluation of the corporate governance framework of the credit institutions with which the Fund has signed a Relationship Framework Agreement were abolished.

New internal corporate governance arrangements

Following the voting and enactment of the new Law, HFSF conducted a comparative analysis to identify to what extent the amendments to law affected the current operations and objectives of the Fund. As a result of the analysis and following the respective presentation and agreement of the BoD, the HFSF team proceeded with the necessary amendments to its internal organizational and operational structure and documentation to reflect and implement the amendments of the new law.

Execution of an amendment of the Tripartite Relationship Framework Agreement between HFSF, Eurobank Holdings and Eurobank SA

According to the initial Tripartite Relationship Framework Agreement ("Initial TRFA") signed between HFSF, Eurobank Holdings and Eurobank SA on 23/3/2020 (following the latter's hive down), clause 3.1 (c) of the RFA (which has been annexed to the Initial TRFA constituting an integral part of it) originally signed on 4 December 2015 between HFSF and Eurobank S.A. provided that *"the new engagement contracts with the statutory auditors should not exceed five years. As of the financial year of 2016, the Bank shall rotate its statutory audit firm after five consecutive years at a maximum.*"

Article 28 par. 2 of Law 4701/2020 provided that a contract of a credit institution or the holding company following the banks' hive-downs with their statutory auditor (after the end of the five year period) may be extended (but not longer than ten years in total), in accordance with Article 17 of Regulation (EU) no. 537/2014 (L 158), following a duly justified proposal of the BoD (after positive recommendation of the AC) subject to agreement with HFSF and to General Shareholders' Meeting approval.

Following receipt of Eurobank's BoD approval (16/12/21), after a positive recommendation by the AC (14/12/21) the HFSF, Eurobank Holdings and Eurobank SA signed on 03/02/2022 an amendment of the TRFA amending only clause 3.1 (c) of the RFA.

Conclusion of the Relationship Framework Agreement ("RFA") with Attica Bank S.A.

Following the RFA Head of Terms executed on October 20th, 2021, the HFSF proceeded to the conclusion of the RFA with Attica Bank on March 17th, 2022, in accordance with Article 2 para. 2(g-h) of Law 3864/2010. The RFA was based on the respective RFAs concluded with the other banks, while any differentiations (e.g. with respect to corporate governance) resulted from the Bank's not being a systemic bank considering also the terms of the Term Sheet concluded between the HFSF and the Private Investors of Attica Bank on December 9th, 2021.

Key Terms Agreement with the Private Investors of Attica Bank

Following the transaction term sheet, entered into between the HFSF, TMEDE, Ellington & Rinoa (the "Parties") on 09.12.2021 as amended on 31.01.2022 and ensuing discussions, the Parties redetermined their agreement in relation to their investment in Attica Bank S.A through the execution on 30.09.2022 of the Key Terms Agreement. The Key Terms shall be developed into a long form subscription and investment agreement and shareholders' agreement to be negotiated in good faith and consistently with the relevant agreements of the Parties.

Shareholding in Galaxy Cosmos Mezz Plc

On October 27, 2022, the Hellenic Financial Stability Fund acquired 7,819,937 common registered voting shares (with a nominal value of €0.27 each), representing a percentage of 8.995% of the total number of shares and voting rights of "Galaxy Cosmos Mezz PLC", in accordance with the provision of article 14 of the Alternative Market's Regulation..

The acquisition took place following the decrease of the share capital of Alpha Services and Holdings S.A. in kind, through distribution to its shareholders of 1 share issued by the Company for every 27 shares of Alpha Services and Holdings S.A.

The first day of trading of the shares on the EN.A. PLUS segment of the Alternative Market of Athens Stock Exchange was the 31st of October 2022.

Shareholding in Sunrise Mezz Plc

On October 27, 2022, the Hellenic Financial Stability Fund acquired 48,228,450 common registered voting shares (with a nominal value of €0.14 each), representing a percentage of 27.00% of the total number of shares and voting rights of "Sunrise Mezz Plc", in accordance with the provision of article 14 of the Alternative Market's Regulation.

The acquisition took place following the decrease of the share capital of Piraeus Financial Holdings S.A. in kind, through distribution to its shareholders of 1 share issued by the Company for every 7 shares of Piraeus Financial Holdings S.A.

The first day of trading of the shares on the EN.A. PLUS segment of the Alternative Market of Athens Stock Exchange was the 31st of October 2022.

Capital Return from Phoenix Vega Mezz Plc

On 15 November 2022, HFSF received the amount of c. €4.9 million which corresponds to €0.0144 per share that the Fund holds in the Company named "Phoenix Vega Mezz Plc", following the decision of the General Meeting of the Company's shareholders dated 13 July 2022 for the share capital decrease with the reduction in the nominal value of the share and the return of capital via cash distribution to the shareholders.

Composition of the HFSF Governing Bodies

On 24/01/2022, Mr. Nikolaos Valantasis assumed his responsibilities as Deputy CEO replacing Mr Ilias E. Xirouhakis.

On 11/04/2022, the Minister of Finance approved the recommendation by the Bank of Greece for the appointment of Mr. Fotis Kourmousis as an executive Board member, replacing Mr. Iordanis Aivazis.

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