2021

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 9 MONTH PERIOD
ENDED 30/09/2021
(IN ACCORDANCE
WITH INTERNATIONAL
ACCOUNTING STANDARD 34)

DECEMBER 2021

HELLENIC
FINANCIAL STABILITY
FUND

TABLE OF CONTENTS

STATEMENT OF FINANCIAL POSITION

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Amounts in '000€	Note	30/09/2021	31/12/2020
ASSETS			
Cash and balances with Banks	4	1,037,600	1,435,104
Financial assets at fair value through profit or loss	5	1,655,870	1,690,172
Property and equipment		444	685
Intangible assets		43	41
Accrued income receivable		4,204	-
Receivables from banks under liquidation	6	1,342,460	1,342,460
Other assets		1,333	645
Total Assets		**4,041,954**	**4,469,107**
LIABILITIES			
Other liabilities		3,905	2,989
Total Liabilities		**3,905**	**2,989**
EQUITY			
Capital		42,163,558	42,163,558
Accumulated losses		(38,125,509)	(37,697,440)
Total Equity		**4,038,049**	**4,466,118**
Total Liabilities & Equity		**4,041,954**	**4,469,107**

The Notes from pages 8 to 23 form an integral part of these interim financial statements

Athens, 14 December 2021

The Chairman of the General Council

Andreas Verykios

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

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME FOR THE 9-MONTH PERIOD ENDED 30/09/2021

Amounts in '000€	Note	01/01/2021 - 30/09/2021	01/01/2020 - 30/09/2020
Interest income	7	14,585	19,682
Personnel expenses	8	(3,363)	(2,949)
General administrative & other operating expenses	9	(10,000)	(4,741)
Impairment of receivables from banks under liquidation	6	-	(77,874)
Loss from financial instruments at fair value through profit or loss	10	(428,975)	(1,486,842)
Depreciation and amortization of property, equipment and intangible assets		(318)	(284)
Other income		7	15
Finance costs		(5)	(7)
Loss for the period		**(428,069)**	**(1,553,000)**
Total comprehensive expenses for the period		**(428,069)**	**(1,553,000)**

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STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME FOR THE 3-MONTH PERIOD ENDED 30/09/2021

Amounts in '000€	Note	01/07/2021 - 30/09/2021	01/07/2020 - 30/09/2020
Interest income		4,204	5,293
Personnel expenses		(870)	(823)
General administrative & other operating expenses		(1,166)	(2,945)
Impairment of receivables from banks under liquidation		-	(77,874)
Loss from financial instruments at fair value through profit or loss		(3,001)	(159,134)
Depreciation and amortization of property, equipment and intangible assets		(109)	(100)
Other income		3	15
Finance costs		(1)	(2)
Loss for the period		**(940)**	**(235,570)**
Total comprehensive expenses for the period		**(940)**	**(235,570)**

The Notes from pages 8 to 23 form an integral part of these interim financial statements

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

Amounts in '000€	Capital	Accumulated losses	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 30/09/2020	-	(1,553,000)	**(1,553,000)**
Balance as of 30/09/2020	**42,163,558**	**(37,170,239)**	**4,993,319**
Loss for the period from 01/10/2020 to 31/12/2020	-	(527,201)	**(527,201)**
Balance as of 31/12/2020	**42,163,558**	**(37,697,440)**	**4,466,118**
Loss for the period from 01/01/2021 to 30/09/2021	-	(428,069)	**(428,069)**
Balance as of 30/09/2021	**42,163,558**	**(38,125,509)**	**4,038,049**

The Notes from pages 8 to 23 form an integral part of these interim financial statements

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

Amounts in '000€	01/01/2021 - 30/09/2021	01/01/2020 - 30/09/2020
Cash flows from operating activities		
Loss for the period	**(428,069)**	**(1,553,000)**
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	**416,581**	**1,548,561**
Interest Income	(14,585)	(19,682)
Impairment charges of receivables from banks under liquidation	-	77,874
Loss from financial instruments at fair value through profit or loss	428,975	1,486,842
Gain from disposal of fixed assets	(2)	-
Payroll provisions and accruals	1,870	3,236
Depreciation and amortization of property, equipment and intangible assets	318	284
Finance costs	5	7
Net increase in operating assets:	**(688)**	**(557)**
Change in other assets	(688)	(557)
Net increase/(decrease) in operating liabilities:	**(757)**	**43**
Change in other liabilities	(757)	43
Interest received	**10,381**	**14,388**
Net cash from/(used in) operating activities	**(2,552)**	**9,436**
Cash flows from investing activities		
Participation in share capital increase of investments	(394,673)	-
Proceeds from disposal of property, equipment and intangibles assets	3	-
Purchase of property, equipment and intangibles assets	(80)	(179)
Net cash flows used in investing activities	**(394,750)**	**(179)**
Cash flows from financing activities		
Repayment of lease liabilities	(201)	(179)
Net cash flows used in financing activities	**(201)**	**(179)**
Net increase/(decrease) in cash and cash equivalents	**(397,503)**	**9,078**
Cash and cash equivalents at the beginning of the period	1,435,103	1,354,557
Cash and cash equivalents at the end of the period	**1,037,600**	**1,363,635**

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Note 1 | General Information

The Hellenic Financial Stability Fund (hereinafter "the Fund" or "HFSF") was founded on 21/07/2010 under Law 3864/2010 as a private legal entity and does not belong to the public sector, neither to the broader public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as in force. On a supplementary basis, the provisions of company codified Law 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 (hereinafter MoF). According to Law 4389/2016[1], HFSF is a direct subsidiary of the Hellenic Company of Assets and Participations ("HCAP"), however the administrative autonomy and independence of the HFSF is not affected according to the provisions of the Law 4389/2016. The Fund shall comply with the obligations arising from the Master Financial Facility Agreement (hereinafter MFAFA) signed on 15/03/2012 and the new FAFA signed on 19/08/2015. According to Law 4549/2018, the Fund's tenure has been extended up to 31/12/2022. By decisions of the Minister of Finance, the duration of the Fund may be extended further, if deemed necessary for the fulfilment of its scope.

As of the date of the issuance of the Fund's interim condensed financial statements for the nine-month period ended 30 September 2021, the Executive Board and General Council comprised of the following members:

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

* On 15/02/2021, Mr. Martin Czurda resigned from his position as CEO and executive member of the Executive Board.
* On 06/04/2021, Mrs. Marica S. Ioannou – Frangakis resigned from her position as executive member of the Executive Board which was effective as of 13/04/2021.
* On 06/04/2021, Mr. Iordanis Aivazis was nominated by the BoG and assumed his responsibilities on 14/04/2021 as executive member of the Executive Board, replacing Mrs. Marica S. Ioannou - Frangakis.
* On 21/05/2021, Mr. Ilias E. Xirouhakis resigned from his position as Deputy CEO and executive member of the Executive Board and assumed his responsibilities as CEO and executive member of the Executive Board, replacing Mr. Martin Czurda.
* On 02/12/2021, the Decision of the Minister of Finance was published, based on which Mr. Nikolaos Valantasis is appointed as Deputy CEO and executive member of the Executive Board.

The interim condensed financial statements were approved by the Fund's General Council on 14 December 2021.

[1] Consequently, given that HCAP does not exercise control or substantial influence on HFSF, the Fund's Financial Statements are not consolidated to the HCAP's financial statements.

Note 2 | Summary of Significant Accounting Policies

2.1 Basis of preparation

The interim condensed financial statements of the Fund for the nine-month period ended 30/09/2021 (the "interim financial statements") have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". These interim financial statements include selected explanatory notes and do not include all the information required for full annual financial statements. Therefore, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31/12/2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the EU.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim period, except for the adoption of new and amended standards as set out in Note 2.2 below.

The amounts are presented in thousand Euro rounded to the whole, unless otherwise stated (i.e., "bn" stands for billion, "m" stands for million).

2.2 Adoption of International Financial Reporting Standards (IFRS)

2.2.1 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 a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. The amendment is mandatory for annual reporting periods beginning on or after 1 June 2020. The adoption of this amendment has no impact on the Interim 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 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 Interim 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 Interim 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.

2.2.2 New standards and amendments to existing standards effective after 2021

-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.

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

-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 a company 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, in response to the COVID-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023. 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 to the counterparty of cash, equity instruments, other assets or services.

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

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

-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 apply to transactions such as leases for the lessee and decommissioning obligations.

-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 '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 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 not yet been endorsed by the EU, except for the amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020, which have been endorsed by the EU.

2.3 Critical Judgments and Estimates

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were similar to those applied in the annual financial statements for the year ended 31 December 2020.

Note 3 | Segment Reporting

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

Systemic Banks: This segment includes all the financial institutions which had received capital advances and were eventually recapitalized by the Fund in 2013 and 2015 as per capital requirements, i.e., Alpha Bank, Eurobank, NBG and Piraeus Bank. Following their corporate transformation, Alpha Services and Holdings S.A., Eurobank Ergasias Services and Holdings S.A. and Piraeus Financial Holdings S.A. substituted the banks respectively. Other participations such us Cairo Mezz Plc and Phoenix Vega Mezz Plc are also included in this segment. For more information see note 5.

Banks under Liquidation: This segment includes the banks which have been placed under liquidation and the Fund has provided for their funding gap on behalf of the HDIGF, in accordance with the Law 4051/2012 as amended by Law 4224/2013.

Other: This segment includes the Fund's results relating to internal operations and procedures which ensure the appropriate design and implementation of the Fund's policies and principles. It also includes the cash and balances with banks and the interest income derived from cash and balances with banks.

Analysis by Operating Segment

01/01/2021-30/09/2021

Amounts in '000€	Systemic Banks	Banks under Liquidation	Other	Total
Interest income	-	-	14,585	**14,585**
Personnel expenses	(2,262)	(100)	(1,001)	**(3,363)**
General administrative & other operating expenses	(7,968)	(172)	(1,860)	**(10,000)**
Loss from financial instruments at FVTPL	(428,975)	-	-	**(428,975)**
Depreciation and amortization of property, equipment and intangible assets	(101)	(13)	(204)	**(318)**
Other comprehensive income	-	-	7	**7**
Finance Cost	(4)	-	(1)	**(5)**
Profit / (Loss) for the period	**(439,310)**	**(285)**	**11,526**	**(428,069)**

30/09/2021

Total segment assets	1,655,869	1,342,460	1,043,625	**4,041,954**
Total segment liabilities	(1,463)	(25)	(2,417)	**(3,905)**

01/01/2020-30/09/2020

Interest income	-	-	19,682	**19,682**
Personnel expenses	(2,048)	(101)	(800)	**(2,949)**
General administrative & other operating expenses	(3,215)	(270)	(1,256)	**(4,741)**
Impairment of receivables from banks under liquidation	-	(77,874)	-	**(77,874)**
Loss from financial instruments at FVTPL	(1,486,842)	-	-	**(1,486,842)**
Depreciation and amortization of property, equipment and intangible assets	(81)	(11)	(192)	**(284)**
Other comprehensive income	-	-	15	**15**
Finance Cost	(5)	(1)	(1)	**(7)**
Profit / (Loss) for the period	**(1,492,190)**	**(78,257)**	**17,447**	**(1,553,000)**

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 4 | Cash and Balances with Banks

Amounts in '000€	30/09/2021	31/12/2020
Cash and balances with banks	73	34
Balances with Central Bank	30	29
Cash management account in BoG	1,037,497	1,435,041
Total	**1,037,600**	**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.

Note 5 | Financial Assets at Fair Value through Profit or Loss

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

Amounts in '000€	30/09/2021	31/12/2020
Participation in the systemic banks	1,638,447	1,176,917
Other participations	17,423	535
CoCos issued by Piraeus Bank	-	512,720
Total	**1,655,870**	**1,690,172**

Participation in systemic banks
The Fund has classified under this line the shares received from its participation in the share capital increases (SCI) of the four systemic banks that took place in 2013 and the share capital increases of NBG and Piraeus Bank that took place in December 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. During 2020 and early 2021, Eurobank, Piraeus Bank and Alpha Bank completed their 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 corporate transformations, 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").

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 recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the year in p&l of HFSF's financial results for 2020). The loss from the CoCo Conversion for the 9-month period ended 30/09/2021 is the amount of €23 million. Based on the bank's share price as of 4 January 2021 (€1.241), the value of the Conversion shares amounted to €490 million and the total cumulative loss from the conversion amounted to €1,550 million.

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

Share Capital Increase of Alpha Services And Holdings S.A
The extraordinary General Meeting that was held on June 15th approved the Share Capital Increase of Alpha Holdings up to €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 Bank's share capital amounts to 9%.

Other participations
In 2020, Eurobank Holdings distributed to its shareholders shares issued by Eurobank Holdings under the corporate name Cairo Mezz Plc, registered in Cyprus ("Cairo Mezz"). Subsequently, HFSF holding 52,080,673 shares of Eurobank Holding, received 4,340,056 shares of Cairo Mezz. The shares of Cairo Mezz are listed on the EN.A. PLUS segment of the Alternative Market.

On 04.08.2021, Piraeus Holdings S.A. distributed to its shareholders shares issued by Piraeus Holdings 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 the company 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 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 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€	30/09/2021	31/12/2020
Alpha Services and Holdings S.A.	231,197	161,426
Eurobank Ergasias Services and Holdings S.A.	42,185	30,134
National Bank of Greece S.A.	894,114	835,369
Piraeus Financial Holdings S.A.	470,951	149,988
Cairo Mezz PLC	543	535
Phoenix Vega Mezz Plc	16,880	-
Total	**1,655,870**	**1,177,452**

Movement of shares

The movement of the Fund's participation in the systemic banks, Phoenix Vega Mezz Plc and Cairo Mezz during the 9-month period ended on 30/09/2021 is presented in the table below:

No of Shares	Alpha Holdings*	Eurobank Holdings*	NBG*	Piraeus Holdings*	Phoenix Vega Mezz Plc *	Cairo 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	337,599,150	-
Disposals	-	-	-	-		-
Shares held as of 30/09/2021	211,138,299	52,080,673	369,468,775	337,599,150	337,599,150	4,340,056
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	337,599,150	4,340,056
Participation with restricted voting rights	7.21%	1.40%	1.47%	0.01%	0.00%	0.00%
Participation with full voting rights	1.79%	0.00%	38.92%	26.99%	27.00%	1.40%

* 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.

HFSF's percentage participation in systemic banks as of 30/09/2021 and 31/12/2020 was as follows:

Percentage Participation	30/09/2021	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%

Contingent Convertible bonds (CoCos)

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

CoCos are hybrid securities that exhibit characteristics of both debt and equity. They are essentially another capital raising option, which enable banks to meet regulatory capital requirements, through strengthening their capital ratios. CoCos issued by NBG and Piraeus Bank were taken into account in the Common Equity Tier 1 (CET1) ratio. Following the corporate transformation of Piraeus Bank (Hive Down), CoCos were held by Piraeus Holdings. The key features of CoCos are outlined below.

Key features of CoCos

Maturity and interest

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

Conversion upon a trigger event

If the CET1 ratio of the bank, calculated on a consolidated or a solo basis, is lower than 7% or the bank misses a second coupon payment, the CoCos are automatically converted into ordinary shares. The number of ordinary shares is determined by dividing 116% of the nominal value of the outstanding CoCos by the subscription price as defined in the CoCos' issuance Programme. The same rule applies, if HFSF decides to exercise its option on the 7th annual anniversary from the issuance date.

Embedded Optionalities

The following options are embedded into CoCos:

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

Redemption of NBG's CoCos

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

Conversion of Piraeus Bank CoCos

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

The difference between the CoCos fair value and the market value of the Conversion shares recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. The loss from the CoCo Conversion for the year ended 31/12/2020 is the amount of €1,359 million (loss for the year in p&l of HFSF's financial results for 2020). The loss from the CoCo Conversion for the 9-month period ended 30/09/2021 is the amount of €23 million. Based on the bank's share price as of 4 January 2021 (€1.241), the value of the Conversion shares amounted to €490 million and the total cumulative loss from the conversion amounted to €1,550 million.

Fair value of CoCos

The notional amount and fair value of CoCos per bank as of 30/09/2021 and 31/12/2020 are presented as follows:

	Fair Value		Notional Amount	
Amounts in '000€	30/09/2021	31/12/2020	30/09/2021	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 30 September 2021	**-**

Note 6 | Receivables from Banks under Liquidation

Up to 30/09/2021 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 €11,334 million were assessed as non-recoverable.

The funding gap, the cumulative impairment and the collections per bank under liquidation as of 30/09/2021 are presented in the following table:

Amounts in '000€				30/09/2021
Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,474	(118,055)	(57,000)	34,419
ATEbank	7,470,717	(5,960,043)	(549,500)	961,174
Dodecanese Cooperative Bank	258,548	(144,563)	(93,500)	20,484
Evia Cooperative Bank	105,178	(84,472)	(3,200)	17,507
First Business Bank	456,970	(407,105)	(13,500)	36,366
Hellenic Post Bank	3,732,554	(3,499,420)	(18,500)	214,634
Lamia Cooperative Bank	55,494	(29,225)	(17,600)	8,669
Lesvos-Limnos Cooperative Bank	55,517	(38,113)	(13,800)	3,604
Probank	562,734	(520,292)	(14,000)	28,441
Proton Bank	259,622	(244,614)	(8,838)	6,170
T-Bank	226,957	(223,604)	(3,353)	-
Western Macedonia Cooperative Bank	95,244	(64,251)	(20,000)	10,993
Total	**13,489,008**	**(11,333,757)**	**(812,791)**	**1,342,460**

Note 7 | Interest Income

A breakdown of the Fund's interest income for the 9-month period ended 30/09/2021 and 30/09/2020 is presented in the table below:

Amounts in '000€	01/01/2021 - 30/09/2021	01/01/2020 - 30/09/2020
Interest income from cash management account	14,585	19,682
Total	**14,585**	**19,682**

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 8 | Personnel Expenses

The number of employees under payroll, including the members of the Executive Board, was 43 and 38 as of 30/09/2021 and 30/09/2020 respectively. The total personnel expenses for the 9-month period ended 30/09/2021 and 30/09/2020 are analyzed as follows:

Amounts in '000€	01/01/2021 - 30/09/2021	01/01/2020 - 30/09/2020
Salaries	(2,825)	(2,465)
Employer's contributions	(538)	(484)
Total	**(3,363)**	**(2,949)**

The average number of employees, including the members of the Executive Board, for the 9-month period ended 30/09/2021 and 30/09/2020 was 42 and 37 respectively.

Note 9 | General Administrative and Other Operating Expenses

Amounts in '000€	01/01/2021 - 30/09/2021	01/01/2020 - 30/09/2020
Utilities and rentals	(89)	(83)
General Council remuneration	(372)	(311)
Selection Panel remuneration	(55)	(35)
Lawyers' fees	(1,155)	(951)
Audit firms' fees	(27)	(12)
Advisors' fees	(7,027)	(2,367)
Professionals' fees	(37)	(56)
Custody fees	(32)	(19)
Insurance fees	(845)	(530)
Other fees	(138)	(173)
Other expenses	(223)	(203)
Total	**(10,000)**	**(4,741)**

Based on Fund's business and operational framework it is mandatory to acquire the services of reputable and expert advisors (legal, financial, etc.) who will safeguard the decision-making process which will be in the benefit of the public. Given this point, HFSF had to proceed with general administrative and operating expenses of €10.0m including the advisory fees in relation to the HFSF's participation to the share capital increases of Piraeus Holdings and Alpha Holdings and some additional projects undertaken by the HFSF.

Note 10 | Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The figure includes the gains or losses resulting from the revaluation of the shares held in systemic banks and other participations and the result for the period related to the CoCos issued by Piraeus Bank which were converted into shares.
The breakdown of the gain or loss by financial instrument for the 9-month period ended 30/09/2021 and 30/09/2020 is presented in the table below.

Amounts in '000€	01/01/2021 - 30/09/2021	01/01/2020 - 30/09/2020
Gain/(loss) from shares		
Alpha Services and Holdings S.A.	27,807	(237,690)
Eurobank Ergasias Services and Holdings S.A.	12,051	(28,264)
National Bank of Greece S.A.	58,746	(716,769)
Piraeus Financial Holdings S.A.	(521,197)	(222,098)
Cairo Mezz PLC	8	312
Phoenix Vega Mezz Plc	16,880	-
Subtotal	**(405,705)**	**(1,204,509)**
Gain/(loss) from CoCos		
Piraeus Bank	(23,270)	(282,333)
Subtotal	**(23,270)**	**(282,333)**
Total	**(428,975)**	**(1,486,842)**

Note 11 | 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 9-month period ended 30/09/2021 and 30/09/2020 and the outstanding balances as of 30/09/2021 and 31/12/2020 are presented below.

Transactions with key management personnel
The members of the Executive Board and the General Council, as well as close relatives or companies controlled individually or jointly by them, did not enter into transactions with the Fund. The gross remuneration paid in the first 9 months of 2021 amounted to €659 thousand (first 9 months in 2020: €710 thousand). Furthermore, an amount of €81 thousand (first 9 months in 2020: €85 thousand) had been paid for social security contributions.

Transactions and balances with systemic banks
Following the contribution of EFSF FRNs to the systemic banks in the context of the pre-subscription agreements and subsequently due to the participation of the HFSF in the recapitalization of the banks in 2013 and 2015, the Fund considers the systemic banks (and its' parents, i.e. Holdings, where applicable) to be related parties as defined in IAS 24.

The fair value of the shares held by the Fund as of 30/09/2021 amounted to €1,638.4 million (31/12/2020: €1,176.9 million) and the fair value of CoCos was nil as of 30/09/2021 (31/12/2020: €489.5 million).

The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the 9-month period ended 30/09/2021 and 30/09/2020 amounted to €32.3 thousand and €19.2 thousand, respectively.

Other fees, paid to the National Bank of Greece, relating to lease agreement amounted to €3.3 thousand for the period ended 30/09/2021 and €3.3 thousand for the period ended 30/09/2020.

Note 12 | Post Balance Sheet Events

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

Amendment in HFSF Law
An amendment in HFSF Law (3864/2010) has taken 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.

Shareholding in Attica Bank
Following in October 19th, 2021 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.

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 planned share capital increase of Attica Bank along with HFSF. In this context the Fund decided to participate in the Increase by exercising 15,220,674 pre-emptive rights for the acquisition of New Shares from the total of 16,533,102 that holds in the Bank. 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. Ensuring the growth of the banking system is one of the Fund's key priorities, which will also be applied in the case of Attica Bank, proving HFSF's complete and substantial commitment to its mission.

Composition of the Executive Board
On 02/12/2021, the Decision of the Minister of Finance was published, based on which Mr. Nikolaos Valantasis is appointed as Deputy CEO and executive member of the Executive Board.

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