



# H1 2023 Report on Performance against HFSF Operational Strategy 2023-25

*Period covered: January until June 2023*

Athens | July 2023

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# Evolution of HFSF role since its foundation in 2010

## PHASE 1 | 2010-2013

### Build-up phase

- Set-up of recapitalisation apparatus and processes, with support by the Greek State and other local and international official institutions

### Sector Consolidation

- Support of large transactions to stabilise sector around four systemic banks

## PHASE 2 | 2013-2019

### Recapitalisation

- Participation in banks' recapitalisation transactions
- Set-up of operating framework (Relationship Framework Agreements, Representative at the Board of Directors, etc.), in line with L.3864/2010 and other official agreements

### Stewardship

- Monitoring of restructuring plan implementation, in compliance with Relationship Framework Agreements

## PHASE 3 | Since 2019

### Active Shareholder

- Support of banks' recovery and turnaround, focusing on generation of sustainable value
- Participation in issuances of financial instruments (equity/ debt) of credit institutions under HFSF law

### Divestment

- Execution of divestment transactions on commercial terms, in compliance with the Divestment Strategy law

*Primarily structural actions within formally defined framework of rules, imposed by official sector; few commercial decisions*

*Primarily commercial decisions relating to value creation and public interest; divestment decisions*

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# We remain committed to our Mission of maintaining financial stability to safeguard public interest, while disposing our holdings effectively | Our Vision & Values guide us in executing our Strategy

**VISION**

*Sustainable, prosperous banking sector of private ownership, which acts as an enabler of growth for the Greek economy and serves society*



**MISSION**

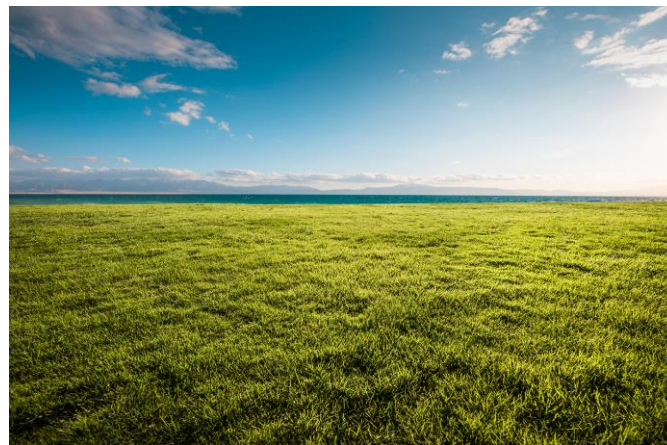
*Maintain the stability of the Greek banking system, for the sake of public interest*

**and**

*Dispose, in whole or partially, financial instruments held in credit institutions*

**VALUES**

*Integrity*  
*Objectivity*  
*Inclusion*  
*Independence*



**STRATEGY**

<b>Stewardship</b>	<b>Divestment</b> <i>Preparation &amp; Execution</i>
<ul style="list-style-type: none"> <li>Review and assess the performance of our holdings</li> <li>Act as engaged shareholder to support banks in generating sustainable value</li> </ul>	<ul style="list-style-type: none"> <li>Monitor market-wide criteria and engage with private investors</li> <li>Choice of disposal timing and structure</li> </ul>

*See slides 4-5 for performance against Strategy*

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# Stewardship | Ensuring strong governance arrangements are in place at banks, while managing our holdings on a commercial basis; also, supporting banks to create sustainable value through system-wide & bank-specific initiatives

*Review and assess the performance of our holdings*

**Ensuring that strong governance & leadership are maintained at banks\***

- ❖ Assessed the collective suitability of banks' Boards
- ❖ Assessed banks' individual Board member suitability
- ❖ Assessed banks' succession plans for key Board and Executive Committee roles

**Managing our holdings on a commercial basis (continuous)**

- ❖ Actively engaging in banks' Boards & Committees to ensure banks' strategies, performance, governance and risk management are appropriate and aligned to deliver sustainable shareholder value, while safeguarding our aspirations and catering for constant compliance with our contractual arrangements (continuous)
- ❖ Maintaining updated HFSF view on individual banks' performance and prospects to inform our active shareholding approach, our Divestment Strategy and our corresponding decision-making (continuous)
- ❖ Executed Investment Agreement with Thrivest Holdings, Pancreta Bank and Attica Bank, with the aim to lead to the merger of Attica Bank with Pancreta Bank and to the creation of a fifth pillar bank
- ❖ Participated with EUR329 million in Attica Bank's share capital increase in April 2023
- ❖ Supported Attica Bank in the reconstitution of its Board & Committees



*Act as engaged shareholder to support banks in generating sustainable value*

**In process of designing systemic initiatives**

- ❖ Re-defined sustainable value creation, in the context of ESG opportunities and risks
- ❖ Systematically assessed banking sector developments, challenges and key priorities for local banks
- ❖ Held targeted workshops with think-tanks to exchange views
- ❖ Developed long-list of system-wide initiatives
- ❖ Designed and implemented prioritisation framework for said initiatives
- ❖ Initiated preparation of HFSF's Sustainability Report 2022, in accordance with GRI standards and UNEP-FI Principles for Responsible Banking. Started the materiality assessment process to determine potential (positive and negative) impacts – both direct and indirect via its banks' shareholdings
- ❖ Within April 2023 and following the global banking turmoil, performed targeted impact assessment from externalities and rising interest rates on Greek Systemic Banks' funding and liquidity position

**In process of preparing bank-specific initiatives**

- ❖ Re-defined sustainable value creation, in the context of ESG opportunities and risks
- ❖ Currently performing preparatory work to ensure readiness for bank-specific meetings that shall further dialogues on specific pockets of value

*\*To be discontinued for systemic banks, following the execution of the new relevant Relationship Framework Agreements*

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# Divestment | Designed and socialised our Divestment framework; in parallel, monitoring the market & investor appetite to identify favourable conditions to transact, while ensuring execution readiness

## Monitor market-wide criteria and engage with private investors

### Released Divestment Strategy

- ❖ Published HFSF Divestment Strategy (extract) in January 2023, providing transparency to potential investors, other market players and the public notably around our divestment principles, transaction options, investor selection et al
- ❖ Catered for third-party review of HFSF Divestment Strategy to ensure utmost transparency, adherence to best practices and compliance with applicable laws and regulations

### Remaining current on market (continuous)

- ❖ Systematically monitoring and reporting on market-wide criteria – as defined in our Divestment Strategy – to identify favourable conditions to transact and ensure that our Divestment Strategy remains appropriate and robust in the context of the evolving environment (continuous)

### Engaging with international investment ecosystem (continuous)

- ❖ Engaging with Greek Systemic Banks and their shareholders to exchange views in the context of HFSF's divestment role (continuous)
- ❖ Engaging with bona fide investors – as defined in Divestment Strategy – and the broader investment community and market to socialise HFSF Divestment Strategy, communicate HFSF views and gauge investor interest for participation in Greek Systemic Banks (continuous)



## Choice of disposal timing and structure

### Ensuring readiness for the execution of any transaction (continuous)

- ❖ Designed internal divestment processes per type of transaction, in compliance with our Divestment Strategy
- ❖ Designed and currently executing the process for the appointment of a Panel of Financial Advisors and a Panel of Legal Advisors (and/or appointment of appropriate legal counsels as applicable and as the case may be) – subject to legal and other regulatory requirements – to be in the position to swiftly and effectively execute on Divestment Strategy as opportunities arise (ongoing)
- ❖ Defining and reviewing/ updating available transactions windows for each holding (continuous)

### Engaging in potential transactions in pipeline (ongoing)

- ❖ Exploring current disposal opportunities (ongoing)
- ❖ Initiated the preparation for the potential execution of a specific capital market transaction, including appointment of Disposal Advisor and Legal Counsel