2022

ANNUAL
FINANCIAL
REPORT

FOR THE YEAR
ENDED 31/12/2022

November 2023

HELLENIC
FINANCIAL STABILITY
FUND

TABLE OF CONTENTS

Notes to the Annual Financial Statements

CHAIRMAN'S FOREWORD

The Greek financial system has recovered strongly and is now robust to support the real economy. Systemic banks have cleaned up their balance sheets, returned to profitability and significantly strengthened their capital and liquidity position.

2022 was a remarkable year for the Greek systemic banks in terms of profitability. Strong net interest income performance, steadily improving asset quality and tightly managed costs have enabled banks to generate capital organically. We note that all four systemic banks have now reached a single-digit ratio of non-performing exposures converging close to the European average. In parallel and despite deleveraging, net interest income strengthened due to the expansion of both their net interest margin and the volume of their serviced portfolio, as well as faster repricing of loans relative to deposits. The industry regained its competitiveness, which redefined the financing model of the banks taking advantage of the favorable rising interest rates environment. Greek banks' performance year to date continues robustly, as evident by the significant returns in terms of tangible book values and strong asset quality metrics, despite the recent macroeconomic and geopolitical challenges globally.

2022 was also a milestone year for Hellenic Financial Stability Fund. Following the last amendment of HFSF's founding Law, in June 2022, the Fund's divestment was promoted to an objective of equal importance to the Fund's objective of contributing to the maintenance of the stability of the Greek banking system, for the benefit of the public interest. Thus, our dual mission is to make every reasonable effort to dispose of all our shares in systemic banks before December 31, 2025, subject to maintaining financial stability and ensuring their fair value.

The divestment journey effectively started with the update of the Divestment Strategy, which was fulfilled in cooperation with all pertinent parties and approved by the Ministry of Finance in December 2022. As per its Strategy, the Fund will follow a transparent and competitive process, while maintaining confidentiality, as deemed appropriate for each transaction. Divestment decisions will be based on an assessment of the prevailing market conditions as well as the fairness of the value offered for its holdings without compromising its financial stability obligations.

The Fund strongly believes that the successful execution of the divestment process will provide significant benefits to the wider Greek economy, whether through increasing the free float of Greek bank shares, providing more opportunities for foreign investment in the Greek banking sector at scale and attracting large credible long-term investors who will add value to banks and strengthen their role in the economy. To this end, we closely monitor developments, both at the bank level and at the broader market level, and we are ready to implement divestment transactions for our holdings, as long as the right conditions are met.

As a testament to its commitment for divestment, HFSF has successfully completed three divestment transactions, with Eurobank being fully privatized in October 2023 via a targeted share buy-back and Alpha Bank also returning to full private ownership within November 2023, with the participation of a strategic partner in its equity capital.

In addition, within November 2023, HFSF also sold 22% of its stake in National Bank of Greece via a Greek Public and an International offering, being on aggregate 8.04 times oversubscribed, with significant interest from leading international institutional investors, marking a major milestone for the Greek banking system.

In parallel, HFSF in its capacity as the major shareholder of Attica Bank has expended considerable effort during 2022 to support Attica bank in its attempt to both accomplish its operating and business transformation and at the same time deal with the legacy of non-performing loans. All this effort materialised in the successful share capital increase of the Bank in April 2023 and the agreement between HFSF and a private investor to commit to a roadmap that aims to create the fifth pillar in the Greek banking system through the merger between Attica Bank and Pancreta.

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 special rights as defined in article 10 of HFSF Law, as long as the Fund hold shares or other capital instruments or the Fund monitors the restructuring plans of the above said credit institutions.

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. Has 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 2022

KEY MILESTONES

HFSF Law Amendment (2022)

Law 4941/2022 (Official Gazette A 113/16.6.2022) amended various provisions of HFSF Law. 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), 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.

Attica Bank

From January 2022 onwards and following the share capital increase of €250 million completed on 21 December 2021, the Bank begun its multi-stage turnaround, as agreed among private shareholders, TMEDE and Ellington Solutions S.A. (along with its Investment vehicle ES GINI Investments Limited), focusing among others, in reshaping its future standing, with the aim of cleaning up its legacy NPE portfolios and executing a transformation plan that will allow the Bank to return to sustainable profitability and growth.

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.

Following the Transaction Term Sheet, signed among shareholders, on December 9th, 2021 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.

Following the December 2nd, 2022, conversion of 269,212,032 Warrants, issued by Attica Bank S.A. and held by the Greek State, into 269,212,032 ordinary registered shares with voting rights and a nominal value of €0.07 each in the share capital of Attica Bank S.A. and the transfer of such ordinary shares to the HFSF without consideration, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit, as amended and currently in force, the HFSF, as of December 5th, 2022, was holding 1,039,572,091 ordinary shares with voting rights and a nominal value of €0.07 each, corresponding to 69.5% of the total ordinary shares and voting rights of Attica Bank S.A. Upon the completion of the transaction, the Fund's other reserves were increased by c. €24.4 million, i.e. the value of the 269,212,032 shares at the price of €0.0908 which was the Attica bank's share price as of 05/12/2022, date of transfer of these shares, in accordance with the provisions of art.3 par. 3 of HFSF Law.

At the Bank's General Assembly which was held on 30 December 2022, the shareholders representing 98.02% of the Bank's share capital unanimously approved, among others, an up to € 473,346,868.50 share capital increase, with pre-emptive rights in favor of the Bank's existing shareholders.

On December 22nd, 2022, the Fund following its Board of Directors decision dated as of December 19th, 2022, deposited in an account in the name of Attica Bank held with the Bank of Greece the amount of €329 million, as prepayment of its participation in the aforementioned Share Capital Increase of Attica Bank. A pledge and financial collateral were created on this account in favor of the HFSF under the relevant agreement dated as of December 22nd, 2022 (Pledge Agreement), which set out the conditions for the release and use of the amounts in the account, as well as the conditions for the enforcement of the pledge and the return of the amount to the HFSF.

Divestment Strategy of HFSF

Following the publication of Law 4941/2022 on 16 June 2022, the Fund moved swiftly to implement its requirements in order to complete its divestment within the prescribed horizon (i.e. by end-2025). This effort had various aspects, including inter alia an update of its Divestment Strategy, the engagement of financial advisors, and the holding of discussions with investors interested in acquiring stakes in systemic banks.

As per article 8 of the HFSF Law, the Board of Directors of the Fund drew up a well-reasoned Divestment Strategy, which includes, among others, the general program for the disposal of shares of credit institutions held by HFSF, including specific guidelines for each credit institution that shall be taken into account in the divestment process.

The Divestment Strategy adheres to the principles of free competition and transparency, as it is governed, by way of illustration and not limitation, by the following fundamentals: the viability of the credit institution, macroeconomic and market conditions, the anticipated consequences of the divestment strategy to the financial sector, the establishment of a timetable for the implementation of the divestment strategy, as well as, the disposal in a reasonable and timely manner of all the shares of the Fund, taking into account the return of the Greek financial sector to a purely private shareholding structure.

Moreover, the Divestment Strategy includes provisions indicatively for the following: the appropriate competitive bidding procedures and conditions for participation, the requirements of transparency and compliance with capital market legislation, and the potential disposal structures.

On 20 December 2022, and following the approval by HFSF's Board of Directors, the Divestment Strategy became effective following the Minister of Finance official consent as per the provisions of HFSF law and was published on HFSF's corporate website.

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.

Dividend Income 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.

SIGNIFICANT EVENTS OCCURRED IN 2023

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

Attica Bank

On 2 February 2023, it was agreed between the HFSF, TMEDE and Rinoa LTD - Ellington Solutions S.A. the immediate exit of Rinoa LTD - Ellington Solutions S.A. from the Key Terms Agreement dated 30.09.2022, including the previous transaction agreements. On the same date, TMEDE entered into the Key Terms Agreement substituting the exiting entities, and as a consequence the agreement continued to be valid and binding for the HFSF and TMEDE.

Following that, on 20 April 2023, HFSF and TMEDE executed an exit agreement from the Key Terms Agreement and the previous transaction agreements (Exit Agreement). On the same date, a new investment agreement was concluded amongst the HFSF, Thrivest Holdings LTD ("Thrivest") being the new private investor who expressed its interest in participating in the Share Capital Increase ("SCI") by a letter of intent dated 18.01.2023, Pancreta Bank ("Pancreta") and Attica Bank, which set the commercial terms of their investment in the SCI and a side letter to the Pledge Agreement amongst the HFSF, Attica Bank and Bank of Greece which amended the Pledge Agreement was also executed.

The investment agreement included among others i) the participation of HFSF, Thrivest and Pancreta in the second SCI of €473.3m of Attica Bank; and ii) the roadmap for a subsequent merger of Attica Bank with Pancreta (the "New Bank"), subject to several conditions, including a third share capital increase in the New Bank.

On 24 April 2023, the amount of €329 million which has been deposited as a prepayment of HFSF's participation in the SCI, was released and transferred to the Attica Bank's account for the SCI.

On 26 April 2023, the Bank announced that the share capital increase of €473.3m was successfully fully covered. More specifically, as per the announcement, 78% of the SCI was subscripted for by investors exercising their pre-emptive rights, with payment of a total amount of €369.6m (split among HFSF with c. €329.0 million, e-EFKA with c. €39.8 million and c. €0.9 million from other existing investors). Furthermore, the unsubscribed shares (c. 22% of the SCI or €103.7 million) were allocated as follows: (a) €33.8 million were allocated to Pancreta, (b) €29.9 million were allocated to Thrivest and (c) €40 million were subscribed by other investors, that their percentage in the share capital of Attica Bank does not exceed 5%. As a result, the final subscription percentage of the SCI amounts to 100.00% and the amount of funds raised to €473.3m.

On 10 November 2023, following the conversion of 4,978,524 warrants issued by Attica Bank and held by the Greek State into 4,978,524 ordinary registered shares with voting rights and a nominal value of €0.05 each in the share capital of Attica Bank and the transfer of such ordinary shares to the HFSF without consideration, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit as amended and currently in force, the HFSF, as of 13 November 2023, holds 36,279,370 ordinary shares with voting rights and a nominal value of €0.05 each, corresponding to 72.54% of the total ordinary shares and voting rights of Attica Bank. Upon the completion of the transaction, the Fund's other reserves were increased by c. €58.2 million, i.e. the value of the 4,978,524 shares at the price of €11.70 which was the Attica Bank's share price on 13 November 2023, date of transfer of these shares, in accordance with the provisions of art.3 par.3 of HFSF Law.

Divestment from Eurobank Ergasias Services and Holdings S.A.

Following Eurobank Ergasias Services and Holdings ("Eurobank") initial binding offer dated 22 September 2023 for the acquisition of shares via a targeted share buy-back which after discussions was set at a price of €1.80 per share, and a parallel competitive process launched on 25 September 2023 and completed on 6 October 2023, the HFSF sold its entire stake in Eurobank for € 93,745,211.40.

This pertains to the completion of the first divestment of HFSF's holding, in line with the HFSF Divestment Strategy, with a premium of 18.4% to the closing price of the share on the Athens Stock Exchange on 22 September 2023 (date of initial binding offer), and a premium of 27.3% to the closing price of the share on the Athens Stock Exchange on 6 October 2023 (end date of the competitive process). Following the conclusion and settlement of the transaction, the HFSF does not participate in the share capital of Eurobank and the term of its representative in Eurobank's Board of Directors was immediately terminated.

On the same date, the tripartite relationship framework agreement executed amongst the HFSF, Eurobank and Eurobank S.A. on 23 March 2020, was also automatically terminated.

Divestment from Alpha Services and Holdings S.A.

On 13 November 2023, the HFSF sold its entire stake in Alpha Services and Holdings S.A., namely 211,138,299 common registered shares (the "Shares" and each a "Share"), corresponding to 8.9781% of Alpha's paid-up share capital and voting rights, to UniCredit S.p.A., pursuant to a share purchase agreement entered into between HFSF and UniCredit on 12 November 2023.

The transaction followed the completion of a competitive process launched by HFSF on 30 October 2023, triggered by a binding offer from UniCredit for the acquisition of the Shares (the "UniCredit Offer") received by HFSF, on 23 October 2023.

UniCredit purchased all of the Shares at a price of €1.39 per Share, representing a premium of 9.4% to the undisturbed closing price of the Shares on the Athens Stock Exchange on 20 October 2023, being the last business day prior to the receipt of the UniCredit Offer, and a discount of 0.4% to the closing price of the Shares on the Athens Stock Exchange on 10 November 2023.

Following the conclusion and settlement of the transaction, the HFSF received the total consideration of € 293,482,235.61, does not participate in the share capital of Alpha Bank and the term of its representative in Alpha Bank's Board of Directors was immediately terminated.

Divestment from National Bank of Greece S.A.

On 12 November 2023, the Fund's BoD approved, inter alia, the disposal of a stake of 20% shareholding in National Bank of Greece S.A. ("NBG"), corresponding to 182,943,031 common registered voting shares with a nominal value of €1.00 each in the share capital of NBG, which the HFSF could increase in its sole discretion by up to 18,294,303 ordinary shares (the "Upsize Option" and all the shares offered pursuant to the Offering the "Offer Shares"), at an offering price (the "Offer Price") ranging between €5.00 and €5.44 per each Offer Share. The Offer Shares were offered in parallel through:

a) a public offering in Greece to Retail Investors and Qualified Investors (the "Greek Public Offering")
b) outside Greece (i) in the United States of America, to persons reasonably believed to be qualified institutional buyers and (ii) outside of the United States, to certain other institutional investors (the "International Offering")

The Offering was completed on 16 November 2023. HFSF fully exercised its Upsize Option, thus a total of 201,237,334 Offer Shares were offered in the Offering. Pursuant to a decision of the Fund's BoD made on 16 November 2023, the Offer Price was set within the price range (€5.00 – €5.44), at €5.30 per Offer Share.

Taking into account valid subscriptions only, the total demand that was expressed in the Offering (i.e. in aggregate through the Greek Public Offering and the International Offering) amounted to 1,617,300,838 Offer Shares, exceeding the 201,237,334 Offer Shares to be disposed through the Offering (following full exercise of the Upsize Option by the HFSF), by approximately 8.04 times.

HFSF's total gross proceeds raised from the Offering, before deducting the expenses of the Offering borne by the HFSF, amount to €1,066,557,870.20 and the HFSF's shareholding in NBG was decreased from 42.39% to 18.39%.

Composition of the HFSF's BoD

On 31/05/2023, Mr. Christof Gabriel Maetze resigned from his position as Independent Non – Executive Member of the BoD.

On 27/09/2023, Mr. Panagiotis Tridimas resigned from his position as Non-Executive Member of the BoD, Representative of the MoF which was effective as of 10/10/2023.

On 10/10/2023, Mr. Michalis Kefaloyiannis was nominated by the MoF as Non-Executive Member of the BoD, replacing Mr. Panagiotis Tridimas.

On 06/11/2023, Mrs. Eleni Dendrinou was nominated as Non-Executive Member of the BoD, replacing Mr. Christof Gabriel Maetze.

FINANCIAL OVERVIEW

KEY FINANCIAL INDICATORS

STATEMENT OF FINANCIAL POSITION		
AMOUNTS IN € MILLION	31/12/2022	31/12/2021
Cash and balances with Banks	568	887
Financial assets at fair value through profit or loss	2,228	1,937
Receivables from banks under liquidation	817	949
Other assets	330	2
TOTAL ASSETS	**3,943**	**3,775**
Capital	42,164	42,164
TOTAL EQUITY	**3,938**	**3,773**

€ 319 MILLION DECREASE IN CASH AND BALANCES WITH BANKS AS COMPARED TO 31/12/2021 RESULTING FROM:

Outflows of:

- €329 million relating to the share capital increase of Attica Bank. This amount is classified in other assets as a prepayment of the HFSF for its participation in the share capital increase of the Bank that took place in April 2023.
- €8 million relating to other payments for operating purposes

Inflows of:

- €13 million relating to the proceeds of the cash management account
- €5 million relating to the dividend income from Phoenix Vega Mezz Plc

Further information is provided in Note 5

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, Sunrise Mezz and Galaxy Cosmos Mezz. As of 31/12/2022, the market value of shares amounted to € 2,228 million (out of which € 2,207 million relate to the banks' shares and €21 million to other participations) versus € 1,937 million as of 31/12/2021 (out of which € 1,916 million related to the banks' shares and € 21 million to other participations).

Further information is provided in Note 6

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 € 817 million as of 31/12/2022 versus € 949 million as of 31/12/2021.

Further information is provided in Note 9

EQUITY:

The profit for the year 2022 amounted to €141 million and the accumulated loss decreased to € 38,315 million from € 38,456 million as of 31/12/2021. **The capital amounted to € 42,164 million as of 31/12/2022** and 31/12/2021**.**

STATEMENT OF COMPREHENSIVE INCOME		
AMOUNTS IN € MILLION	**01/01/2022 - 31/12/2022**	**01/01/2021 - 31/12/2021**
Interest income	13	18
Dividend income	5	-
Personnel expenses	(5)	(4)
General administrative & other operating expenses	(7)	(14)
Impairment of receivables from banks under liquidation	(132)	(393)
Gain/(Loss) from financial instruments at fair value through profit or loss	267	(365)
Profit/(Loss) for the period	**141**	**(759)**

€ 13 MILLION INTEREST INCOME:

Interest income amounted to €13 million versus €18 million in 2021. The interest income of 2022 represents the proceeds from the Fund's deposits in the cash management account.
Further information is provided in Note 14.

€ 5 MILLION DIVIDEND INCOME:

HFSF received the amount of c. €4.9 million from Phoenix Vega Mezz Plc following its share capital decrease with the reduction in the nominal value of the share and the return of capital via cash distribution to the shareholders.
Further information is provided in Note 15.

PERSONNEL EXPENSES:

During 2022, the personnel expenses amounted to €4.6 million versus € 4.3 million in 2021. The average number of employees, including the executive BoD members, for the 12-month period ended 31/12/2022 and 31/12/2021 was 42.
Further information is provided in Note 16.

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 c. €7 million including the advisory fees in relation to the share capital increase Attica Bank and some additional projects undertaken by HFSF. The respective amount for 2021 was c. €14 million.
Further information is provided in Note 17.

IMPAIRMENT OF RECEIVABLES FROM BANKS UNDER LIQUIDATION:

The impairment of receivables from banks under liquidation amounted to €132 million for 2022 versus €393 million for 2021.
Further information is provided in Note 9.

GAIN FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

The gain from financial instruments at fair value through profit or loss amounted to € 267 million for 2022 and is mainly due to the revaluation result of the Fund's participations as follows:

- the revaluation result of shares (2022: gain of € 267 million, 2021: loss of € 341 million)
- the revaluation result from Piraeus Bank's CoCos conversion that took place on 4 January 2021 (2022: Nil, 2021: loss of € 23 million)

Further information is provided in Note 18.

OVERVIEW OF THE FUND'S PORTFOLIO

As of the end of December 2022, the HFSF participated in the below banks' share capital, holding a significant number of shares with full voting rights as per below:

NBG	PIRAEUS FINANCIAL HOLDINGS S.A	ALPHA SERVICES & HOLDINGS S.A.	EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A	ATTICA BANK S.A.
40.39%	27.00%	8.99%	1.40%	69.51%

Due to market volatility, the stock prices of Alpha Holdings and Attica bank were decreased by 7% and 57% respectively, while the stock prices were increased by 28% for NBG, 12% for Piraeus Holdings and 18% for Eurobank Holdings within financial year 2022.

The HFSF has appointed a Representative to each Bank under Law 3864/2010 in order to ensure the exercise of its rights that stem from its shareholding to banks' share capital and the Relationship Framework Agreement as in force. As of 31/12/2022, the Representative* for each Bank is presented below:

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

*It is noted that HFSF has no Representative in Eurobank and Alpha Bank, following the divestment activities in October and November 2023, respectively (Note 23).

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, non-performing management & Specialized Asset Solutions, transactional banking, leasing, factoring, brokerage, asset management, real estate management and insurance related services.

The Group operates mainly in Greece but also abroad through its branch in Cyprus and its subsidiaries in North Macedonia, Cyprus, Romania, Bulgaria, Luxembourg, Netherland and U.K. Following the respective Bank's decision in 2021, the Group ceased its operation in Egypt, Malta and London and therefore the NBG Egypt Branch, the NBG London Branch and the subsidiaries NBG Malta Ltd (formerly known as NBG Bank Malta Ltd) and NBG Malta Holdings Ltd are currently under liquidation.

Key financial figures[1]	
Asset size figures	
Total assets (€ billion)	78.1
Gross Loans (€ billion)	37.1
Deposits (€ billion)	55.2
Equity (€ billion)	6.5
Liquidity	
Loans to Deposits Ratio (%)	59
LCR (%)	259
Eurosystem Funding (€ billion)	8.1
Profitability	
NIM (%)	2.1
Recurring Cost to Core Income Ratio (%)	46.9
Asset quality	
NPE Ratio (%)	5.2
NPE Coverage (%)	87.3
Cost of Risk (%)	0.7
Capital	
CET1 (%)	16.6

The table and the graph below provide an overview of the key financial results for NBG and its share price performance for 2022, respectively:

NBG'S SHARE PRICE PERFORMANCE[2]

[1] As included in Bank's published financial information for the year ended 31/12/2022.
[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.

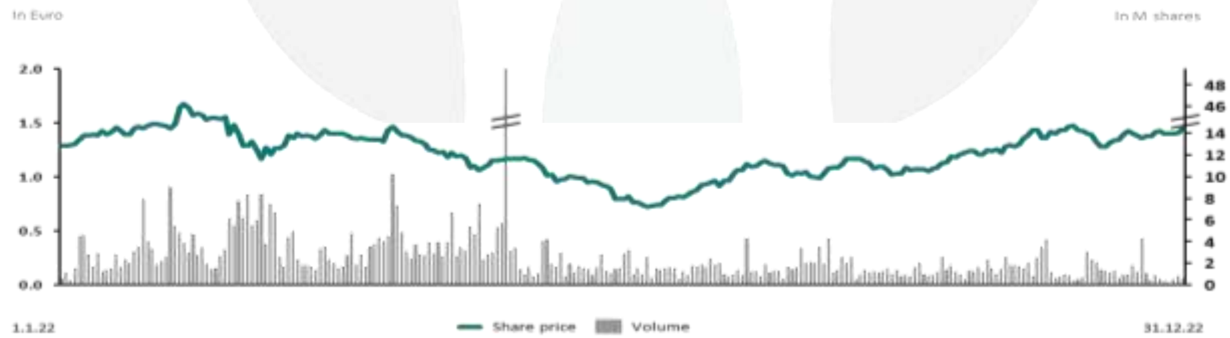
Piraeus Financial Holdings S.A. and its subsidiaries provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance, real estate management, leasing, factoring and other services.

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)	75.7
Gross Loans (€ billion)	38.8
Deposits (€ billion)	58.4
Equity (€ billion)	6.6
Liquidity	
Loans to Deposits Ratio (%)	62
LCR (%)	201
Eurosystem Funding (€ billion)	5.5
Profitability	
NIM (%)	1.8
Recurring Cost to Core Income Ratio (%)	45.2
Asset quality	
NPE Ratio (%)	6.8
NPE Coverage (%)	54.1
Cost of Risk (%)	0.8
Capital	
CET1 (%)	13.0

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 2022, respectively:

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



[3] As included in Bank's published financial information for the year ended 31/12/2022.
[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, hotel 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 2022, respectively:

Key financial figures[5]	
Asset size figures	
Total assets (€ billion)	78.0
Gross Loans (€ billion)	39.9
Deposits (€ billion)	50.2
Equity (€ billion)	6.3
Liquidity	
Loans to Deposits Ratio (%)	77
LCR (%)	161
Eurosystem Funding (€ billion)	13.0
Profitability	
NIM (%)	1.75
Recurring Cost Income Ratio (%)	53.7
Asset quality	
NPE Ratio (%)	7.8
NPE Coverage (%)	41
Cost of Risk (%)	0.8
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 31/12/2022.
[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 and in Central and Southeastern Europe.

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 2022, respectively:

Key financial figures[7]	
Asset size figures	
Total assets (€ billion)	81.5
Gross Loans (€ billion)	43.5
Deposits (€ billion)	57.2
Equity (€ billion)	6.7
Liquidity	
Loans to Deposits Ratio (%)	73
LCR (%)	173
Eurosystem Funding (€ billion)	8.8
Profitability	
NIM (%)	1.9
Recurring Cost to Income Ratio (%)	32.6
Asset quality	
NPE Ratio (%)	5.2
NPE Coverage (%)	74.6
Cost of Risk (%)	0.7
Capital	
CET1 (%)	16.0

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

[7]As included in Bank's published financial information for the year ended 31/12/2022.
[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 subsidiary operate 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 2022, respectively:

Key financial figures[9]	
Asset size figures	
Total assets (€ billion)	3.1
Gross Loans (€ billion)	1.7
Deposits (€ billion)	3.0
Equity (€ billion)	(0.05)
Liquidity	
Loans to Deposits Ratio (%)	43
LCR (%)	161
Eurosystem Funding (€ billion)	-
Profitability	
NIM (%)	3.1
Recurring Cost to Income Ratio (%)	n.a.
Asset quality	
NPE Ratio (%)	39.1
NPE Coverage (%)	60
Cost of Risk (bps)	n.a.
Capital	
CET1 (%)	(6.2)

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 31/12/2022.
[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, (b) a member nominated jointly by the Bank of Greece and the Ministry of Finance, and (c) a member.

APPOINTMENTS

Except for the executive member, who shall be nominated jointly by the Ministry of Finance and the Bank of Greece, as well as the two non-executive members who shall be appointed by the Ministry of Finance and the Bank of Greece, respectively, 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. Their term of office shall be three years, renewable, and may not exceed the duration of the Fund. For independent non-executive members a total of seven (7) years limitation of the term of office in the Fund's governing bodies applies.

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 the influence of any nature.

To achieve 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.

OBSERVERS

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, attend the meetings of the Board of Directors as Observers without voting rights.

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

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

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 is 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 Compliance, 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 statements of 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 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
Konstantinos Tsatsaronis	Independent Non-Executive Member
Marco Giovanni Mazzucchelli	Independent Non-Executive Member
Eleni Dendrinou	Independent Non-Executive Member
Michalis Kefaloyiannis	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 called and chaired 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 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 2022, the General Council convened eighteen (18) times and the Executive Board nineteen (19) times until July 2022. As mentioned above, on 16 July 2022, the administrative bodies were restructured with the abolition of the seven-member General Council and the three-member Executive Board and the appointment of a nine-member BoD. The new administrative body convened eighteen (18) times from July till December 2022. The participation of each member is presented in the following tables:

The members and the number of meetings up to 16 July 2022 are presented in the tables below:

GENERAL COUNCIL		
Total Number of Meetings up to 16/07/2022		18
Member of the General Council	Role in General Council	Nº of participations in the General Council Meetings
Andreas Verykios	Chairman	18/18
Konstantinos Tsatsaronis	Member	18/18
Marco Giovanni Mazzucchelli	Member	18/18
Panagiotis Tridimas	Member, Representative of the MoF	18/18
Christof Gabriel Maetze	Member	18/18
Paul Anne F Bodart	Member (until 16/07/2022)	18/18
Vassilios Spiliotopoulos	Member, appointed by the BoG	18/18

EXECUTIVE BOARD		
Total Number of Meetings up to 16/07/2022		19
Member of Executive Board**	Role in the Executive Board	Nº of participations in the Executive Board Meetings*
Ilias E. Xirouhakis	Chief Executive Officer	18/19
Nikolaos Valantasis	Deputy Chief Executive Officer (Since 24/01/2022)	19/19
Fotis Kourmousis	Member (Since 11/04/2022)	10/10

*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 2022.

**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.

The members and the number of meetings following 16 July 2022 are presented in the table below:

BOARD OF DIRECTORS		
Total Number of Meetings following 16/07/2022		18
Member of the Board of Directors	Role in Board of Directors	Nº of participations in the Board of Directors Meetings
Andreas Verykios	Independent Non-Executive Member / Chairman	18/18
Ilias E. Xirouhakis	Executive Member / Chief Executive Officer	18/18
Nikolaos Valantasis	Executive Member / Deputy Chief Executive Officer	18/18
Fotis Kourmousis	Executive Member	18/18
Konstantinos Tsatsaronis	Independent Non-Executive Member	18/18
Marco Giovanni Mazzucchelli	Independent Non-Executive Member	17/18
Panagiotis Tridimas	Non-Executive Member, Representative of the MoF	18/18
Christof Gabriel Maetze	Independent Non-Executive Member	16/18
Vassilios Spiliotopoulos	Non-Executive Member, Representative of the BoG	18/18

*On 31/05/2023, Mr. Christof Gabriel Maetze resigned from his position as Independent Non – Executive BoD Member.
*On 27/09/2023, Mr. Panagiotis Tridimas resigned from his position as Non-Executive BoD Member, Representative of the MoF which was effective as of 10/10/2023.
*On 10/10/2023, Mr. Michalis Kefaloyiannis was nominated by the MoF as Non-Executive BoD Member, replacing Mr. Panagiotis Tridimas.
*On 06/11/2023, Mrs. Eleni Dendrinou was nominated as Non-Executive BoD Member, replacing Mr. Christof Gabriel Maetze.

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, the Fund's Internal Rules and Organisational Structure (IROS), and the Audit Committee Charter.

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 and accounting. The Board of Directors may appoint Observers to the Audit Committee.

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

- Mrs. Eleni Dendrinou, Chair
- Mr. Vassilios Spiliotopoulos, Member
- Mr. Sotirios Drekos, External Expert
- Mr. Konstantinos Tsatsaronis, Observer (since Jan. 2023)

Mrs. Dendrinou assumed her responsibilities in November 2023 as Non-Executive Member to the Board of Directors and Chair of the Audit Committee, following the end of the term of Mr. Christof Maetze, Non-Executive Member to the Board of Directors and Chair of the Audit Committee in May 2023. As per the HFSF enactment law, the Selection Panel of the Fund (the SP) managed the selection process and assessment and proposed to the Minister of Finance a short list of candidates. The Minister of Finance is by law the authority who, based on the SP shortlist, appointed the new Non-Executive Member of the Board of Directors in November 2023, who was then appointed as the Chair of the Audit Committee by the Board of Directors.

Mr. Konstantinos Tsatsaronis was appointed as Observer to the Audit Committee with a Board of Directors decision in January 2023.

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by providing advice and/or opinions on 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 controls
- 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 the 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. **Four (4) Audit Committee meetings were held in 2022.**

The participation of the AC members in 2022 is presented in the following table:

AUDIT COMMITTEE		
Total Number of Meetings in 2022		4
Member of the Audit Committee	Role in the Audit Committee	Number of Participations in the Audit Committee
Christof Maetze	Chair	4/4
Vassilis Spiliotopoulos	Member	4/4
Sotiris Drekos	Member	3/4

EXECUTIVE BOARD MEMBERS' CURRICULUM VITAE

ILIAS E. XIROUHAKIS

NIKOLAOS VALANTASIS

FOTIS KOURMOUSIS

ILIAS E. XIROUHAKIS

Chief Executive Officer

Mr. Ilias E. Xirouhakis is a seasoned professional with 30 years of experience in the financial sector, mainly in senior managerial positions of banks and other companies of the financial industry 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 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 executive and non-executive board members, of INSEAD Institute (France), with special focus in 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. Prior to joining the HFSF he was employed by Barclays for the past 9 years in New York – USA, where he served as a Director. He held various position in the Investment Banking & Capital Markets Strategy division, and was the US Head of Model Strategy & 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 is an Executive Board member at the Hellenic Financial Stability Fund, under the supervision of the Ministry of Finance, since April 2022.

Since 2019 he is a non-executive Member of Board Committees 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 of 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 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 31/12/2022, the members of the Board of Directors received the remuneration listed in the below tables for their relationship with the Fund.

BOARD OF DIRECTORS			
NAME	**POSITION DURING 2022**	**PERIOD IN THE POSITION**	**REMUNERATION* 01/01/22 – 31/12/22 (€)**
Andreas Verykios	Non-Executive Member, Chairman	01/01 - 31/12/2022	140,000
Ilias E. Xirouhakis	Executive Member, Chief Executive Officer	01/01 - 31/12/2022	230,000
Nikolaos Valantasis	Executive Member, Deputy Chief Executive Officer	24/01 - 31/12/2022	183,632
Fotis Kourmousis	Executive Member	11/04 - 31/12/2022	108,503
Marco Giovanni Mazzucchelli	Independent Non-Executive Member	01/01 - 31/12/2022	55,000
Panagiotis Tridimas	Non-Executive Member, Representative of the MoF	01/01 - 31/12/2022	54,000
Christof Gabriel Maetze	Independent Non-Executive Member	01/01 - 31/12/2022	58,000
Paul Anne F Bodart	Independent Non-Executive Member	01/01 - 16/07/2022	28,889
Konstantinos Tsatsaronis	Independent Non-Executive Member	01/01 - 31/12/2022	56,000
Vassilios Spiliotopoulos	Non-Executive Member, Representative of the BoG	01/01 - 31/12/2022	60,000

*As far as Board of Directors members are concerned, the amount of € 109,089 has been paid by the Fund as social security contribution in accordance with the law (not included in the above table). The remuneration of the executive BoD 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.

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

34 EMPLOYEES

(not including the 3 Executive BoD Members)

12 FEMALE **22** 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[11] 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 2022, 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.

[11] 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 22 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.

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 and Governance for NPE management.
- Monitors the Supported Credit Institutions' performance against targets set for NPE resolution, as well as progress on key initiatives, transactions 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 ("SIC") in order to ensure the achievement of the Fund's objectives. The SIC constitutes all 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 the adoption of appropriate principles and policies to ensure adequate and effective and consistent application of the SIC.

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 divisions as well as the evaluation of any control weakness and the necessary remedial actions.

The SIC, the design of which is in continuous development, aims at mitigating risks to an acceptable 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 governance, risk management, and internal control processes via the coordination and oversight of the audit work.

By the proposal of the Chief Executive Officer and by the decision of the Board of Directors, a person of recognized standing and professional expertise in auditing is appointed as Chief Audit Executive and heads the Internal Audit Division, with a fixed term contract extending until the Fund's termination date. The Chief Audit Executive 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 budget are approved by the Audit Committee and the Board of Directors. The Chief Audit Executive 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 add value and improve the organization's operational effectiveness. It helps the organization accomplish its objectives by:

a. bringing a systematic and disciplined approach to 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 oversight of Internal Controls over Financial Reporting (ICFR) and monitors the adequacy and effectiveness of the ICFR based on the reports received from the Internal Audit division and the external auditors. The Audit Committee oversees the preparation of the financial statements of the Fund in accordance with the International Financial Reporting Standards (IFRS) 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, and the accuracy and validity of the report output.

The ICFR includes, 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 related 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 and their transactions.

The 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 Board of Directors, 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 Division evaluates the design and operating effectiveness of ICFR by performing periodic and/or ad hoc risk-based audits in line with its internal audit plan.

ETHICAL STANDARDS

The importance of HFSF's mandate and its role in the banking system requires 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 ("ICES"), which includes relevant policies, manuals, and procedures.

This system enables the Fund to carry out 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 applies 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, independence, impartiality, and discretion, and without regard to self-interest avoiding any situation likely to give rise to a personal conflict of interest.

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. Due to the nature of its activities, the Fund's direct environmental impact is considered as minimal, but we take all necessary measures to further mitigate it, where applicable.

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[12].

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.

This measure however was temporarily suspended, following the developments on the Covid-19 pandemic, since HFSF employees started working remotely for safety purposes, which, as a side benefit, led to a further reduction of journeys to/from work and therefore reducing the Fund's environmental footprint. In addition, virtual meetings are generally encouraged, which owning to the Covid-19 pandemic were further promoted.

HFSF waste management

Despite the fact that waste generated as a result of the Fund's activities is not significant, we take all possible measures to effectively manage the limited amounts produced and prevent impacts to the environment.

In this context, a series of measures are taken, as follows:

- 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[13]. We are committed to have an active role, with actions for the well-being of our employees and the society.

---

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

[13] 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'

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, 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, 32% of HFSF's staff during 2022 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.

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.

Society contribution

Further to its institutional role, to contribute towards maintaining the stability of the Greek banking system for the sake of public interest, HFSF is an integral part of Greek society and therefore actively supports various organizations and initiatives aiming to contribute to the improvement of the quality of life of socially vulnerable groups.

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[14].

HFSF's Governance

The Fund's governance structure was revised in June 2022 as part of the updated HFSF Law, and provides that as of July 16 the Board of Directors as the governing body of the Fund will replace the existing governing bodies (General Council and Executive Board). Therefore, from two tier governance structure (General Council and Executive Board) the Fund moved to a more simple one

[14] 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.'

tier structure (Board of Directors). The Board of Directors consists of nine (9) members, out of which six (6) are nonexecutive and three (3) are executive members. Four (4) of its non-executive members, including its Chairman, are selected among persons with international banking experience. 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 and a representative of the Bank of Greece.

Transparency and Accountability

Transparency and Accountability have been pivotal elements of the Fund's identity since the very beginning. On those grounds, HFSF acts with strict loyalty and confidentiality while also ensuring the independence of its personnel. To achieve this, the Fund has designed a system of Internal Control over Ethical Standards ("ICES"), which includes relevant policies, procedures, and manuals.

Compliance with Laws and Regulations

HFSF always operates in full compliance with all applicable laws and regulations. Full socioeconomic compliance with European, national, and industry related laws and regulations are the minimum baseline of the Fund. Moreover, HFSF operates in line with the European Union legislation pertaining to State-aid and the relevant practices of the European Commission, as well as international good practices as set out in the ICGN Global Governance Principles.

Ethics Framework

The Code of Conduct is applicable to all HFSF personnel, and in connection with the Conflicts of Interest Policy, the Personal Dealing Policy, the Information Barriers Policy and the Whistleblowing Procedure constitute the compliance policies of the Fund. HFSF Code of Conduct aim is to create through its principles an environment where employees can perform to the best of their capabilities, maintaining its reputation through an effective governance framework.

Operating on a zero-tolerance approach with respect to corruption, the Fund supports and implements policies and procedures against corruption and anti-competitive behaviour, in agreement with all applicable national and international laws and regulations.

The Fund is committed to comply with the applicable privacy rules, regulations and other obligations and takes all necessary measures to protect sensitive data. The Fund also respects the privacy rights of the Banks and takes this responsibility extremely seriously by treating their information with the utmost confidentiality. For this reason, it is strongly committed to protecting the Banks' information, as any failure may result in fines, legal settlements, and loss of business. Moreover, the Fund in order to comply with the increased demands in the area of data protection law and minimize potential risks, has taken additional steps to review, update and create, where necessary, the appropriate policies and procedures (SOPs) to ensure the appropriate level of data protection and the overall GDPR Compliance.

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 31/12/2022, 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 31/12/2022 that affected the Fund's annual financial statements for the year ended 31/12/2022.

Athens, 30 November 2023

The Chief Executive Officer	The Deputy Chief Executive Officer	The Executive Member of the BoD
Ilias E. Xirouhakis	Nikolaos Valantasis	Fotis Kourmousis
	The Chairman of the BoD	
	Andreas Verykios	
The Independent Non – Executive Member of the BoD	The Independent Non – Executive Member of the BoD	The Independent Non – Executive Member of the BoD
Konstantinos Tsatsaronis	Eleni Dendrinou	Marco Giovanni Mazzucchelli
The Non-Executive Member of the BoD, Representative of the MoF		The Non-Executive Member of the BoD, Representative of the BoG
Michalis Kefaloyiannis		Vassilios Spiliotopoulos

KPMG Certified Auditors S.A.
44 Syggrou Avenue
117 42 Athens, Greece
Telephone +30 210 6062100
Fax: +30 210 6062111
Email: info@kpmg.gr

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 2022, 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 2022 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 Law 3864/2010, as in force.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as 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 Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants as incorporated in Greek legislation, and the ethical requirements that are relevant to the audit of the financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with the requirements of the applicable legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors 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 Board of Directors for the Financial Statements

Board of Directors 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 Law 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, Board of Directors 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 Board of Directors.

- Conclude on the appropriateness of Board of Directors 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 Board of Directors 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 Law 4548/2018

Total Equity of the Fund as of 31 December 2022 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, 1 December 2023

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	31/12/2022	31/12/2021
ASSETS			
Cash and balances with Banks	5	567,636	887,284
Financial assets at fair value through profit or loss	6	2,228,207	1,936,991
Property and equipment	7	976	359
Intangible assets	8	6	40
Receivables from banks under liquidation	9	817,243	949,362
Other assets	10	329,197	1,111
Total Assets		**3,943,265**	**3,775,147**
LIABILITIES			
Other liabilities	11	4,968	1,918
Total Liabilities		**4,968**	**1,918**
EQUITY			
Capital	12	42,163,558	42,163,558
Accumulated losses		(38,315,590)	(38,456,213)
Other reserves	13	90,329	65,884
Total Equity		**3,938,297**	**3,773,229**
Total Liabilities & Equity		**3,943,265**	**3,775,147**

The Notes from pages 61 to 94 form an integral part of these annual financial statements

Athens, 30 November 2023

The Chairman of the BoD

Andreas Verykios

The Chief Executive Officer	The Deputy Chief Executive Officer	The Chief Financial & Operating Officer
Ilias E. Xirouhakis	Nikolas Valantasis	Evangelia D. Chatzitsakou

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

Amounts in '000€	Note	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Interest income	14	13,419	17,631
Dividend Income	15	4,861	-
Personnel expenses	16	(4,595)	(4,310)
General administrative & other operating expenses	17	(7,352)	(14,065)
Impairment of receivables from banks under liquidation	9	(132,120)	(393,098)
Profit / (Loss) from financial instruments at fair value through profit or loss	18	266,772	(364,505)
Depreciation and amortization of property, equipment and intangible assets		(400)	(427)
Other income		39	7
Finance costs		(1)	(6)
Profit / (Loss) for the period		**140,623**	**(758,773)**
Total comprehensive income / (expenses) for the period		**140,623**	**(758,773)**

The Notes from pages 61 to 94 form an integral part of these annual financial statements

Athens, 30 November 2023

The Chairman of the BoD

Andreas Verykios

The Chief Executive Officer	The Deputy Chief Executive Officer	The Chief Financial & Operating Officer
Ilias E. Xirouhakis	Nikolas Valantasis	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 01/01/2021	**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**
Profit for the period from 01/01/2022 to 31/12/2022	-	140,623	-	**140,623**
Special reserve of ar. 3, par. 3 of HFSF Law (Note 12)	-	-	24,445	**24,445**
Balance as of 31/12/2022	**42,163,558**	**(38,315,590)**	**90,329**	**3,938,297**

The Notes from pages 61 to 94 form an integral part of these annual financial statements

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

Amounts in '000€	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Cash flows from operating activities		
Profit / (Loss) for the period	**140,623**	**(758,773)**
Adjustments for non-cash items included in statement of comprehensive income and other adjustments:	**(150,384)**	**740,775**
Interest Income	(13,419)	(17,631)
Dividend Income	(4,861)	-
Impairment charges of receivables from banks under liquidation	132,120	393,098
(Gain) / Loss from financial instruments at fair value through profit or loss	(266,772)	364,505
(Gain) / Loss from disposal of fixed assets	1	(2)
Payroll provisions and other accrued expenses	2,146	372
Depreciation and amortization of property, equipment and intangible assets	400	427
Finance costs	1	6
Net (increase)/decrease in operating assets:	**914**	**(466)**
Change in other assets	914	(466)
Net increase/(decrease) in operating liabilities:	**164**	**(1,180)**
Change in other liabilities	164	(1,180)
Interest received	**13,419**	**17,631**
Net cash from / (used in) operating activities	**4,736**	**(2,013)**
Cash flows from investing activities		
Participation in share capital increase of investments	-	(545,439)
Prepayment for participation in future share capital increase of investments	(329,000)	-
Dividend Income	4,861	-
Proceeds from disposal of property, equipment and intangibles assets	1	3
Purchase of property, equipment and intangibles assets	(37)	(101)
Net cash used in investing activities	**(324,175)**	**(545,537)**
Cash flows from financing activities		
Repayment of lease liabilities	(209)	(270)
Net cash used in financing activities	**(209)**	**(270)**
Net decrease in cash and cash equivalents	**(319,648)**	**(547,820)**
Cash and cash equivalents at the beginning of the year	887,284	1,435,104
Cash and cash equivalents at the end of the year	**567,636**	**887,284**

The Notes from pages 61 to 94 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
Eleni Dendrinou	Independent Non-Executive Member
Konstantinos Tsatsaronis	Independent Non-Executive Member
Marco Giovanni Mazzucchelli	Independent Non-Executive Member
Michalis Kefaloyiannis	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 30 November 2023.

Note 2 | Summary of Significant Accounting Policies

2.1. Basis of preparation

The Fund's financial statements for the year ended 31/12/2022 (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 01/01/2022 up to 31/12/2022. 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 further decreased. 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. Following a second triggering of the DTC law in December 2022, the Ministry of Finance transferred to HFSF an additional of 269,212,032 shares of Attica Bank S.A. without consideration, increasing the HFSF's stake in the bank at 69.5%. On 2 February 2023, it was agreed between the HFSF, TMEDE and Rinoa LTD - Ellington Solutions S.A. the immediate exit of Rinoa LTD - Ellington Solutions S.A. and TMEDE entered into the Key Terms Agreement substituting the exiting entities, and as a consequence the agreement continued to be valid and binding for the HFSF and TMEDE. Following that, on in April 2023, HFSF and TMEDE executed an exit agreement from the Key Terms Agreement and the previous transaction agreements. On the same date, a new investment agreement was concluded amongst the HFSF, Thrivest Holdings LTD ("Thrivest") being the new private investor who expressed its interest in participating in the Share Capital Increase by a letter of intent dated 18.01.2023, Pancreta Bank ("Pancreta") and Attica Bank, which set the commercial terms of their investment in the SCI. On 26 April 2023, the Bank announced that the share capital increase of €473.3m was successfully fully covered and HFSF's shareholding remained at 69.5%. On 10 November 2023, following a new triggering of the DTC law, 4,978,524 new ordinary registered shares with voting rights were transferred by the Greek State to the HFSF without consideration and the Fund's percentage in the bank's share capital increased to 72.54%. However, based on the investment agreement mentioned above, the Fund's voting power over the Bank's BoD is not equivalent to its shareholding. More specifically, the Fund's BoD voting rights are limited to 4/13 members and given the fact that all decisions about the bank's relevant activities require a simple majority of the BoD and HFSF cannot make any decision unilaterally, it does not have control over the Bank.

Following the HFSF Law amendments in 2022, the HFSF holds shares with full voting rights. Moreover, 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.

Following Eurobank's initial binding offer dated 22 September 2023 for the acquisition of shares via a targeted share buy-back which, after discussions, was set at a price of €1.80 per share, and a parallel competitive process launched on 25.09.2023 and completed on 06.10.2023, the HFSF sold its entire stake in Eurobank for c. €94 million. On the same date, the tripartite relationship framework agreement executed amongst the HFSF, Eurobank and Eurobank S.A. on 23 March 2020, was also automatically terminated.

On 13 November 2023, the HFSF sold its entire stake in Alpha Services and Holdings S.A., namely 211,138,299, corresponding to 8.9781% of Alpha's paid-up share capital and voting rights, to UniCredit S.p.A. at a price of €1.39 per share, pursuant to a share purchase agreement entered into between HFSF and UniCredit on 12 November 2023. The Transaction followed the completion of a competitive process launched by HFSF on 30 October 2023, triggered by a binding offer from UniCredit for the acquisition of the Shares (the "UniCredit Offer") received by HFSF, on 23 October 2023. Following the conclusion and settlement of the transaction, the HFSF received the total consideration of c. €294 million, does not participate in the share capital of Alpha Bank and the term of its representative in Alpha Bank's BoD was immediately terminated.

On 12 November 2023, the Fund's BoD approved, inter alia, the disposal of a stake of 20% shareholding in NBG, corresponding to 182,943,031 common registered voting shares with a nominal value of €1.00 each in the share capital of NBG, which the HFSF could increase in its sole discretion by up to 18,294,303 ordinary shares (the "Upsize Option and all the shares offered pursuant to the Offering the "Offer Shares"), at an offering price (the "Offer Price") ranging between €5.00 and €5.44 per each Offer Share. The Offer Shares were offered in parallel through (a) a public offering in Greece to Retail Investors and Qualified Investors (the "Greek Public Offering") and (b) outside Greece (i) in the United States of America, to persons reasonably believed to be qualified institutional buyers and (ii) outside of the United States, to certain other institutional investors (the "International Offering"). The Offering was completed on 16 November 2023. HFSF fully exercised its Upsize Option, thus a total of 201,237,334 Offer Shares were offered in the Offering. Pursuant to a decision of the Fund's BoD made on 16 November 2023, the Offer Price was set within the price range (€5.00 – €5.44), at €5.30 per Offer Share. Taking into account valid subscriptions only, the total demand that was expressed in the Offering (i.e. in aggregate through the Greek Public Offering and the International Offering) amounted to 1,617,300,838 Offer Shares, exceeding the 201,237,334 Offer Shares to be disposed through the Offering (following full exercise of the Upsize Option by the HFSF), by approximately 8.04 times. HFSF's total gross proceeds raised from the Offering, before deducting the expenses of the Offering borne by the HFSF, amount to c. €1,067 million and the HFSF's shareholding in NBG was decreased from 42.39% to 18.39%.

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. €568 million as of 31.12.2022.

- The fact that the HFSF is not directly affected by the "Ukraine crisis" and the conflict in the Middle East and the Fund's participations hold non-significant exposure in Russian, Ukrainian or any other assets of those areas involved in the conflicts.

- 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 geopolitical tensions caused by the ongoing Russia - Ukraine war, the rising conflict in the Middle East, and their ramifications on regional and global stability and security, as well as the European and Greek economy, (b) a potential prolongation or exacerbation of the ongoing inflationary wave and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, as well as any potential social and/or political ramifications these may entail, (c) the time period that the ECB will retain policy rates at their current twenty-year highs, exerting upwards pressures on sovereign and private borrowing costs and discouraging investment, and the possibility of further interest rate hikes if inflation persists, (d) the prospect of Greece's major trade partners, primarily the Euro Area, facing a severe economic slowdown or even a temporary downturn, (e) the persistently large current account deficits that have started to become again a structural feature of the Greek economy, (f) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the countries of presence, (g) the effective and timely implementation of the reform agenda required to meet the RRF milestones and targets and to boost productivity, competitiveness, and resilience, and (h) the eventual impact of the recent Thessaly floods on Greek GDP, employment, inflation, public finances, and demographics, as well as the possibility of similar disasters becoming prevalent in the near future due to the climate change.

Materialization of the above risks, 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 uncertainty in the market due to the Ukrainian and Middle East 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 fixed Fund's life duration, (b) the Fund's strong liquidity position, (c) the activation of new fiscal measures in response to pressures from increased inflation, and (d) the fact that its major participations are going concern, has been concluded 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 systemic banks' shares 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. 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. 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 for which despite the majority of the shareholding interests, the Fund concluded that given the investment agreement signed with the bank and the other two private shareholders, i.e. Thrivest and Pancreta, according to which the Fund's BoD voting rights are limited to 4/13 members and the fact that all decisions about the bank's relevant activities require a simple majority of the BoD and HFSF cannot make any decision unilaterally, the Fund does not have control over the Bank. In accordance with IAS 28 and given 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 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.

Finally, this category also includes the shares of the SPVs which derived from the securitization of the systemic banks' NPE portfolios and are listed in the Alternative Market.

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.

<u>Level 1:</u> 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.

<u>Level 2:</u> 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 announced the final funding gap up to the date of the Fund's issuance of financial statements, the event was considered adjusting and a liability was 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 31/12/2025 which is the Fund's termination date 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 include costs that are directly associated with identifiable and unique software products that are anticipated to generate future economic benefits beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Intangible assets are amortized using the straight-line method over the useful life of the asset and up to 31/12/2025 which is the Fund's termination date 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 2022:

- **IFRS 16 (Amendment): COVID-19 Related Rent Concessions** (effective for annual periods beginning on or after 1 April 2021 and effective for the consolidated and separate Financial Statements from 1 January 2022). 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. The adoption of this amendment has no impact on the Financial Statements of the Fund.

- **IFRS 3 (Amendments): Reference to the Conceptual Framework** (effective for annual periods beginning on 1 January 2022). The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The adoption of these amendments have no impact on the Financial Statements of the Fund.

- **IAS 16 (Amendments): Property, Plant and Equipment: Proceeds before Intended Use** (effective for annual periods beginning on 1 January 2022). 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 recognize such sales proceeds and related cost in the Income Statement. The adoption of these amendments have no impact on the Financial Statements of the Fund.

- **IAS 37 (Amendments): Onerous Contracts: Cost of Fulfilling a Contract** (effective for annual periods beginning on 1 January 2022). The amendments specify which costs a company includes when assessing whether a contract will be loss-making. The adoption of these amendments had no impact on the Financial Statements of the Fund.

- **Annual Improvements to IFRS Standards 2018–2020 Cycle** (effective for annual periods beginning on or after 1 January 2022, as issued by the IASB):

  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. The adoption of this amendment has no impact on the Financial Statements of the Fund.

  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 adoption of this amendment has no impact on the Financial Statements of the Fund.

The amendments to existing standards effective from 1 January 2022 have been endorsed by the EU.

2.18.2 New standards, amendments and interpretations to existing standards effective after 2022:

New standard

- **IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023). 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 been endorsed by the EU but is not applicable to the Fund.

Amendments

- **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'. The Fund is currently assessing the impact of this amendment, but taking into account the fact that the significant accounting policies disclosed in Note 2 "Summary of significant accounting policies" in this Annual Report include all material accounting policies, the Fund expects to disclose fewer accounting policies for the annual reporting period beginning 1 January 2023.

- **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. There was no impact on the Financial Statements from the adoption of this amendment.

- **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 recognise 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. Given that the Fund is exempted from income tax, these amendments have no impact on the Fund's Financial Statements.

- **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. This amendment is not applicable to the Fund.

- **IFRS 16 (Amendment): Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024). The amendment clarifies how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The requirements are applied retrospectively back to sale and leaseback transactions that were entered into after the date of initial application of IFRS 16. This amendment is not applicable to the Fund as it has no sale and leaseback transactions.

- **IAS 1 (Amendments): Classification of liabilities as current or non-current** (effective for annual periods beginning on or after 1 January 2024). The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments also clarify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are expected to be effective for annual periods beginning on or after January 1, 2024 with early adoption permitted. The adoption of these amendments have no impact on the Financial Statements of the Fund.

- **IAS 1 (Amendment): Non-current Liabilities with Covenants** (effective for annual periods beginning on or after 1 January 2024). The new amendments clarify that if the right to defer settlement is subject to the entity complying with specified conditions (covenants), this amendment will only apply to conditions that exist when compliance is measured on or before the reporting date. Additionally, the amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The adoption of this amendment has no impact on the Financial Statements of the Fund.

- **Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment to IFRS 4).** The amendment, which has been endorsed by the EU, introduces two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in the Statement of Other Comprehensive Income, rather than in the Income Statement, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued (i.e. the difference between the amounts that would be recognized in profit or loss in accordance with IFRS 9 and the amounts recognized in profit or loss in accordance with IAS 39) – "overlay approach" and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021 – "deferral approach". The entities that defer the application of IFRS 9 will continue to apply IAS 39. This amendment is not applicable to the Fund as it has no insurance contracts.

The Amendment 'Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual periods beginning on or after 1 January 2021) extended the expiry date of the extension described above from 1 January 2021 to 1 January 2023.

The amendments to existing standards effective after 2022 have been endorsed by the EU, except for the amendments to IAS 1: "Classification of liabilities as current or non-current" and "Non-current Liabilities with Covenants" and the amendment to IFRS 16: "Lease Liability in a Sale and Leaseback", which have not been endorsed by the EU.

Note 3 | Critical Accounting Estimates and Assumptions in the Application of Accounting Principles

The preparation of financial statements in accordance with IFRS requires that the management makes judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the financial statements. The management believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31/12/2022. 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 toοκ 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.

Note 4 | Segment Reporting

The Fund's operating segments are consistent with the management reporting system. Income and expenses are associated with each segment and are included in determining business 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, Phoenix Vega Mezz Plc, Sunrise Mezz Plc and Galaxy Cosmos 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 Law 4051/2012 as amended by Law 4224/2013.

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

Analysis by Operating Segment

Amounts in '000€	Systemic Banks	Other Banks	Banks under Liquidation	Other	01/01/2022-31/12/2022 Total
Interest income	-	-	-	13,419	**13,419**
Dividend income	4,861	-	-	-	**4,861**
Personnel expenses	(1,879)	(1,229)	(144)	(1,343)	**(4,595)**
General administrative & other operating expenses	(2,897)	(2,459)	(50)	(1,946)	**(7,352)**
Impairment of receivables from banks under liquidation	-	-	(132,120)	-	**(132,120)**
Gain/(loss) from financial instruments at FVTPL	343,776	(77,004)	-	-	**266,772**
Depreciation and amortization of property, equipment and intangible assets	(77)	(39)	(15)	(269)	**(400)**
Other comprehensive income	-	-	-	39	**39**
Finance Cost	(1)	-	-	-	**(1)**
Profit / (Loss) for the period	**343,783**	**(80,731)**	**(132,329)**	**9,900**	**140,623**
					31/12/2022
Total segment assets	2,156,893	71,315	817,243	897,814	**3,943,265**
Total segment liabilities	(1,363)	(2,253)	(16)	(1,336)	**(4,968)**

Amounts in '000€	Systemic Banks	Other Banks	Banks under Liquidation	Other	01/01/2021-31/12/2021 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 period	**(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)**

Note 5 | Cash and Balances with Banks

Amounts in "000€	31/12/2022	31/12/2021
Cash and balances with banks	60	48
Balances with Central Bank	845	22
Cash management account in BoG	566,731	887,214
Total	**567,636**	**887,284**

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 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 decrease of cash balance is due to the fact that on 22 December 2022, HFSF deposited, in an account held with the Bank of Greece in the name of Attica Bank, the amount of €329 million as prepayment for its participation up to the aforementioned amount in the Share Capital Increase of Attica Bank. This amount was classified in other assets as of 31/12/2022. The share capital increase was completed on 24 April 2023, and the amount of €329 million was released and transferred to the Attica Bank's account for the SCI.

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

The balance includes the Fund's participation in banks and other participations, as presented in the following table:

Amounts in '000€	31/12/2022	31/12/2021
Participation in banks	2,207,266	1,916,480
Other participations	20,941	20,511
Total	**2,228,207**	**1,936,991**

Participation in systemic banks and other banks

The Fund had initially classified under this line the shares received from its participation in the share capital increases 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 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"). 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 ones 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 ones acquired by HFSF in the Bank's share capital increases.

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 S.A.

Following the 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 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 7 December 2021, the 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 amounted to 62.9% against its initial percentage of 68.2%.

Following the December 2nd, 2022, conversion of 269,212,032 Warrants, issued by Attica Bank S.A. and held by the Greek State, into 269,212,032 new ordinary registered shares with voting rights and a nominal value of €0.07 each in the share capital of Attica Bank S.A. and the transfer of such ordinary shares to the HFSF without consideration, in accordance with article 27A of Law 4172/2013 on DTC, as amended and currently in force, the HFSF, as of December 5th, 2022, was holding 1,039,572,091 ordinary shares with voting rights and a nominal value of €0.07 each, corresponding to 69.5% of the total ordinary shares and voting rights of Attica Bank S.A.

At the Bank's General Assembly which was held on 30 December 2022, the shareholders representing 98.02% of the Bank's share capital unanimously approved, among others, an up to € 473,346,868.50 share capital increase, with pre-emptive rights in favor of the Bank's existing shareholders. On 22 December 2022, the Fund following its Board of Directors decision dated as of 19 December 2022, deposited in an account in the name of Attica Bank held with the Bank of Greece the amount of €329 million, as prepayment of its participation in the aforementioned Share Capital Increase of Attica Bank. This amount was classified in Other Assets as of 31/12/2022.

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 Plc.

On 4 August 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.

On 27 October 2022, the Fund acquired 48,228,450 common registered voting shares representing a percentage of 27.00% of the total number of shares and voting rights of "Sunrise Mezz Plc”, following the decrease in kind of the share capital of Piraeus Holdings, through distribution to its shareholders of 1 share issued by Sunrise Mezz Plc for every 7 shares of Piraeus Financial Holdings S.A.

On 27 October 2022, the Fund acquired 7,819,937 common registered voting shares, representing a percentage of 8.995% of the total number of shares and voting rights of "Galaxy Cosmos Mezz Plc", following the decrease in kind of the share capital of Alpha Holdings, through distribution to its shareholders of 1 share issued by Galaxy Cosmos Mezz Plc for every 27 shares of Alpha Services and Holdings S.A.

The shares of Cairo Mezz Plc, Phoenix Vega Mezz Plc, Sunrise Mezz Plc and Galaxy Cosmos 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, Phoenix Vega Mezz Plc, Sunrise Mezz Plc and Galaxy Cosmos 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€	31/12/2022	31/12/2021
Alpha Services and Holdings S.A.	211,138	227,396
Eurobank Ergasias Services and Holdings S.A.	54,945	46,425
National Bank of Greece S.A.	1,384,400	1,083,282
Piraeus Financial Holdings S.A.	485,468	435,503
Attica Bank S.A.	71,315	123,874
Participation in banks	**2,207,266**	**1,916,480**
Cairo Mezz Plc	385	626
Phoenix Vega Mezz Plc	13,166	19,885
Sunrise Mezz Plc	5,464	-
Galaxy Cosmos Mezz Plc	1,926	-
Other participations	**20,941**	**20,511**
Total	**2,228,207**	**1,936,991**

Movement of shares

The movement of the Fund's participation in the systemic banks, Attica Bank, Cairo Mezz Plc, Phoenix Vega Mezz Plc, Sunrise Mezz Plc and Galaxy Cosmos Mezz Plc during the 12-month period ended on 31/12/2022 is presented in the table below:

No of Shares*	Alpha Holdings	Eurobank Holdings	NBG	Piraeus Holdings	Attica Bank	Cairo Mezz Plc	Phoenix Vega Mezz Plc	Sunrise Mezz Plc	Galaxy Cosmos Mezz Plc
Shares held as of 01/01/2022	211,138,299	52,080,673	369,468,775	337,599,150	770,360,059	4,340,056	337,599,150	-	-
Additions	-	-	-	-	269,212,032	-	-	48,228,450	7,819,937
Disposals	-	-	-	-	-	-	-	-	-
Shares held as of 31/12/2022	**211,138,299**	**52,080,673**	**369,468,775**	**337,599,150**	**1,039,572,091**	**4,340,056**	**337,599,150**	**48,228,450**	**7,819,937**

**The total number of shares are freely transferrable and have full voting rights, following 2022 HFSF Law amendments*

HFSF's percentage participation in systemic banks, Attica Bank and other participations as of 31/12/2022 and 31/12/2021 was as follows:

Percentage Participation	31/12/2022	31/12/2021
Alpha Services and Holdings S.A.	8.99%	9.00%
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%	27.00%
Attica Bank S.A.	69.51%	62.93%
Cairo Mezz Plc	1.40%	1.40%
Phoenix Vega Mezz Plc	27.00%	27.00%
Sunrise Mezz Plc	27.00%	-
Galaxy Cosmos Mezz Plc	8.99%	-

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.	BB-	B	Ba3
Eurobank Ergasias Services and Holdings S.A.	BB	B	-
Piraeus Financial Holdings S.A	-	B-	Ba3

Banks	Fitch	S&P	Moodys
Alpha Bank S.A.	BB-	BB-	Ba2
Eurobank S.A.	BB-	BB-	Ba2
National Bank of Greece S.A.	BB	BB-	Ba1
Piraeus Bank S.A	BB-	B+	Ba2
Attica Bank S.A.	-	-	B3

Note 7 | Property and Equipment

Amounts in '000€	Vehicles & equipment	Leasehold improvements	Right-of use Asset	Total
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**	**14**	**248**	**359**
Balance 1 January 2022	**522**	**264**	**899**	**1,685**
Additions	32	-	946	978
Disposals and write-offs	(9)	-	-	(9)
Balance 31 December 2022	**545**	**264**	**1,845**	**2,654**
Accumulated depreciation	**(424)**	**(250)**	**(651)**	**(1,325)**
Depreciation charge	(98)	(14)	(249)	(361)
Disposals and write-offs	8	-	-	8
Balance 31 December 2022	**(514)**	**(264)**	**(900)**	**(1,678)**
Net book value 31 December 2022	**31**	**0**	**945**	**976**

Note 8 | Intangible Assets

Amounts in '000€	Software
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**
Balance 1 January 2022	**346**
Additions	5
Disposals and write-offs	-
Balance 31 December 2022	**351**
Accumulated depreciation	**(306)**
Depreciation charge	(39)
Balance 31 December 2022	**(345)**
Net book value 31 December 2022	**6**

Note 9 | Receivables from Banks under Liquidation

Up to 31/12/2022 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 €11,849 million were assessed as non-recoverable. The funding gap, the cumulative impairment and the collections per bank under liquidation as of 31/12/2022 are presented in the following table:

Amounts in '000€ 31/12/2022

Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,474	(124,389)	(57,000)	28,085
ATEbank	7,470,717	(6,349,769)	(549,500)	571,448
Dodecanese Cooperative Bank	258,548	(113,265)	(93,500)	51,782
Evia Cooperative Bank	105,178	(90,971)	(3,200)	11,007
First Business Bank	456,970	(429,466)	(13,500)	14,004
Hellenic Post Bank	3,732,554	(3,627,848)	(18,500)	86,206
Lamia Cooperative Bank	55,494	(26,893)	(17,600)	11,001
Lesvos-Limnos Cooperative Bank	55,517	(35,589)	(13,800)	6,128
Probank	562,734	(528,707)	(14,000)	20,027
Proton Bank	259,622	(248,032)	(8,838)	2,752
T-Bank	226,957	(223,604)	(3,353)	-
Western Macedonia Cooperative Bank	95,244	(60,441)	(20,000)	14,803
Total	**13,489,008**	**(11,858,974)**	**(812,791)**	**817,243**

The movement of the Fund's receivables, including impairment charges and collections, from the banks under liquidation during the 12-month period ended 31/12/2022 is presented in the following table:

Amounts in '000€ 01/01/2022-31/12/2022

Bank under Liquidation	Opening balance	Additions	Collections	(Impairment charges)/ Reversals	Closing balance
Achaiki Cooperative Bank	32,313	-	-	(4,228)	28,085
ATEbank	658,162	-	-	(86,714)	571,448
Dodecanese Cooperative Bank	59,941	-	-	(8,159)	51,782
Evia Cooperative Bank	18,184	-	-	(7,177)	11,007
First Business Bank	16,801	-	-	(2,797)	14,004
Hellenic Post Bank	101,972	-	-	(15,766)	86,206
Lamia Cooperative Bank	10,923	-	-	78	11,001
Lesvos-Limnos Cooperative Bank	6,689	-	-	(561)	6,128
Probank	25,447	-	-	(5,420)	20,027
Proton Bank	4,477	-	-	(1,725)	2,752
T-Bank	-	-	-	-	-
Western Macedonia Cooperative Bank	14,454	-	-	349	14,803
Total	**949,362**	**-**	**-**	**(132,119)**	**817,243**

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. €132 million for the year ended 31/12/2022 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 significant increase noted in interest rates environment during the year.

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)/ Reversals	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	-	-	-	-	-
Western Macedonia Cooperative Bank	10,993	-	-	3,460	14,454
Total	**1,342,460**	**-**	**-**	**(393,098)**	**949,362**

Note 10 | Other Assets

Amounts in '000€	31/12/2022	31/12/2021
Prepayment for the SCI of Attica Bank S.A.	329,000	-
Prepaid Expenses	155	1,076
Guarantees	42	35
Total	**329,197**	**1,111**

On 22 December 2022, HFSF deposited, in an account held with the Bank of Greece in the name of Attica Bank, the amount of €329 million classified in other assets as a prepayment of the HFSF for its participation in the share capital increase of the Bank that took place in April 2023. Upon the completion of the share capital increase, the amount was released and transferred to the Attica Bank's account for the SCI.

Note 11 | Other Liabilities

Amounts in '000€	31/12/2022	31/12/2021
Creditors and suppliers	1,171	483
Lease Liabilities	946	207
Taxes payable	551	678
Contributions payable to social security funds	154	177
Accrued expenses	2,146	373
Total	**4,968**	**1,917**

Note 12 | 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, 2021 & 31 December 2022	**42,163,558**

Note 13 |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*".

On 20 October 2021, following the triggering of the Deferred Tax Credit ("DTC") law and in accordance with the article 27A of Law 4172/2013, the Ministry of Finance transferred to HFSF without consideration 16,533,102 shares of Attica Bank at the price of €3.985 which was the bank's share price as of 20/10/2021, date of transfer of these shares. The total value of these shares was €65,884 thousand and included in HFSF's other reserves as of 31/12/2021.

On 5 December 2022, following the second triggering of DTC law, the Ministry of Finance transferred to HFSF without consideration additional 269,212,032 shares of Attica Bank at the price of €0.0908 which was the bank's share price as of 05/12/2022, date of transfer of these shares. The total value of these shares was €24,445 thousand and was also included in HFSF's other reserves as of 31/12/2022.

Consequently, as of 31 December 2022, the Fund's other reserves amount to €90,329 thousand (31/12/2021: 65,884 thousand) and refers to the initial value at the date of the respective two transfers of Attica Bank's shares by the Ministry of Finance to HFSF without consideration due to triggering of the DTC law triggering in accordance with article 27A of Law 4172/2013.

Note 14 | Interest Income

The Fund's interest income for the 12-month period ended 31/12/2022 and 31/12/2021 is presented in the table below:

Amounts in '000€	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Interest income from cash management account	13,419	17,631
Total	**13,419**	**17,631**

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 15 | Dividend Income

On 15 November 2022, HFSF received the amount of €4,861 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.

Note 16 | Personnel Expenses

The number of employees under payroll, including the executive BoD members, was 37 and 43 as of 31/12/2022 and 31/12/2021 respectively. The total personnel expenses for the 12-month period ended 31/12/2022 and 31/12/2021 are analyzed as follows:

Amounts in '000€	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Salaries	(3,892)	(3,610)
Employer's contributions	(703)	(700)
Total	**(4,595)**	**(4,310)**

The average number of employees, including the executive BoD members, for the 12-month period ended 31/12/2022 and 31/12/2021 was 42.

Note 17 | General Administrative and Other Operating Expenses

Amounts in '000€	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Utilities and rentals	(146)	(121)
BoD / General Council remuneration	(498)	(506)
Selection Panel remuneration	(27)	(55)
Lawyers' fees	(776)	(1,795)
Audit firms' fees	(37)	(58)
Advisors' fees	(4,135)	(9,787)
Professionals' fees	(42)	(48)
Custody fees	(66)	(67)
Insurance fees	(1,129)	(1,130)
Other fees	(173)	(178)
Other expenses	(323)	(321)
Total	**(7,352)**	**(14,065)**

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 €7.4 million including the advisory fees in relation to the HFSF's participation in the share capital increase of Attica Bank and some additional projects undertaken by the HFSF.

Note 18 | Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The figure includes the gain or loss 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. The breakdown of the gain or loss by financial instruments for the 12-month period ended 31/12/2022 and 31/12/2021 is presented in the table below.

Amounts in '000€	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Gain/(Loss) from shares		
Alpha Services and Holdings S.A.	(16,258)	24,006
Eurobank Ergasias Services and Holdings S.A.	8,520	16,291
National Bank of Greece S.A.	301,117	247,913
Piraeus Financial Holdings S.A.	49,965	(556,645)
Attica Bank S.A.	(77,004)	(92,776)
Cairo Mezz PLC	(240)	91
Phoenix Vega Mezz PLC	(6,718)	19,885
Sunrise Mezz PLC	5,464	-
Galaxy Cosmos Mezz PLC	1,926	-
Subtotal	**266,772**	**(341,235)**
Gain/(loss) from CoCos		
Piraeus Bank	-	(23,270)
Subtotal	-	**(23,270)**
Total	**266,772**	**(364,505)**

.

Note 19 | 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 20 | 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 31/12/2022 and 31/12/2021 and the outstanding balances as of 31/12/2022 and 31/12/2021 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 2022 amounted to €974 thousand (2021: €885 thousand). Furthermore, an amount of €109 thousand (2021: €109 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 as amended and currently in force, on 20 October 2021, the HFSF became shareholder of Attica Bank S.A., the Fund considers the banks to be related parties as defined in IAS 24.

The fair value of the shares held by HFSF as of 31/12/2022 amounted to €2,207 million (31/12/2021: €1,917 million).

The custody fees, paid to the systemic banks, relating to shares held by HFSF, for the year ended 31/12/2022 and 31/12/2021 amounted to €66 thousand and €67 thousand, respectively.

Other fees, paid to the National Bank of Greece, relating to lease agreement amounted to €4 thousand for the period ended 31/12/2022 and 31/12/2021.

Note 21 | Independent Auditor's Fees

KPMG Certified Auditors SA has served as the independent statutory auditor for the year ended 31/12/2022 and 31/12/2021 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€	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Audit and review fees for statutory audit of financial statements	30	30
Total	**30**	**30**

Note 22 | 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 2022, 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.

HFSF conducted a Risk Control Self-Assessment (RCSA) in order to map, assess and manage major existing or imminent risks resulting from its activities, forming the basis for the enhancement of the Internal Control Framework.

The RCSA exercise aims to:
• Identify risks and understand their impact on the achievement of the Fund's strategy and objectives,
• Mitigate Operational & Reputational risks,
• Enhance processes & day to day operations.

Note 23 | Post Balance Sheet Events

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

Attica Bank

On 2 February 2023, it was agreed between the HFSF, TMEDE and Rinoa LTD - Ellington Solutions S.A. the immediate exit of Rinoa LTD - Ellington Solutions S.A. from the Key Terms Agreement dated 30.09.2022, including the previous transaction agreements. On the same date, TMEDE entered into the Key Terms Agreement substituting the exiting entities, and as a consequence the agreement continued to be valid and binding for the HFSF and TMEDE.

Following that, on 20 April 2023, HFSF and TMEDE executed an exit agreement from the Key Terms Agreement and the previous transaction agreements (Exit Agreement). On the same date, a new investment agreement was concluded amongst the HFSF, Thrivest Holdings LTD ("Thrivest") being the new private investor who expressed its interest in participating in the Share Capital Increase ("SCI") by a letter of intent dated 18.01.2023, Pancreta Bank ("Pancreta") and Attica Bank, which set the commercial terms of their investment in the SCI and a side letter to the Pledge Agreement amongst the HFSF, Attica Bank and Bank of Greece which amended the Pledge Agreement was also executed.

The investment agreement included among others i)the participation of HFSF, Thrivest and Pancreta in the second SCI of €473.3m of Attica Bank; and ii) the roadmap for a subsequent merger of Attica Bank with

Pancreta (the “New Bank”), subject to several conditions, including a third share capital increase in the New Bank.

On 24 April 2023, the amount of €329 million which has been deposited as a prepayment of HFSF’s participation in the SCI, was released and transferred to the Attica Bank’s account for the SCI.

On 26 April 2023, the Bank announced that the share capital increase of €473.3m was successfully fully covered. More specifically, as per the announcement, 78% of the SCI was subscripted for by investors exercising their pre-emptive rights, with payment of a total amount of €369.6m (split among HFSF with c. €329.0 million, e-EFKA with c. €39.8 million and c. €0.9 million from other existing investors). Furthermore, the unsubscribed shares (c. 22% of the SCI or €103.7 million) were allocated as follows: (a) €33.8 million were allocated to Pancreta, (b) €29.9 million were allocated to Thrivest and (c) €40 million were subscribed by other investors, that their percentage in the share capital of Attica Bank does not exceed 5%. As a result, the final subscription percentage of the SCI amounts to 100.00% and the amount of funds raised to €473.3m.

On 10 November 2023, following the conversion of 4,978,524 warrants issued by Attica Bank and held by the Greek State into 4,978,524 new ordinary registered shares with voting rights and a nominal value of €0.05 each in the share capital of Attica Bank and the transfer of such ordinary shares to the HFSF without consideration, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit as amended and currently in force, the HFSF, as of 13 November 2023, holds 36,279,370 ordinary shares with voting rights and a nominal value of €0.05 each, corresponding to 72.54% of the total ordinary shares and voting rights of Attica Bank. Upon the completion of the transaction, the Fund’s other reserves were increased by c. €58.2 million, i.e. the value of the 4,978,524 shares at the price of €11.70 which was the Attica Bank’s share price on 13 November 2023, date of transfer of these shares, in accordance with the provisions of art.3 par.3 of HFSF Law.

Divestment from Eurobank Ergasias Services and Holdings S.A.

Following Eurobank Ergasias Services and Holdings (“Eurobank”) initial binding offer dated 22 September 2023 for the acquisition of shares via a targeted share buy-back which after discussions was set at a price of €1.80 per share, and a parallel competitive process launched on 25 September 2023 and completed on 6 October 2023, the HFSF sold its entire stake in Eurobank for € 93,745,211.40.

This pertains to the completion of the first divestment of HFSF’s holding, in line with the HFSF Divestment Strategy, with a premium of 18.4% to the closing price of the share on the Athens Stock Exchange on 22 September 2023 (date of initial binding offer), and a premium of 27.3% to the closing price of the share on the Athens Stock Exchange on 6 October 2023 (end date of the competitive process). Following the conclusion and settlement of the transaction, the HFSF does not participate in the share capital of Eurobank and the term of its representative in Eurobank’s Board of Directors was immediately terminated.

On the same date, the tripartite relationship framework agreement executed amongst the HFSF, Eurobank and Eurobank S.A. on 23 March 2020, was also automatically terminated.

Divestment from Alpha Services and Holdings S.A.

On 13 November 2023, the HFSF sold its entire stake in Alpha Services and Holdings S.A., namely 211,138,299 common registered shares (the “Shares” and each a “Share”), corresponding to 8.9781% of Alpha’s paid-up share capital and voting rights, to UniCredit S.p.A., pursuant to a share purchase agreement entered into between HFSF and UniCredit on 12 November 2023.

The transaction followed the completion of a competitive process launched by HFSF on 30 October 2023, triggered by a binding offer from UniCredit for the acquisition of the Shares (the “UniCredit Offer”) received by HFSF, on 23 October 2023.

UniCredit purchased all of the Shares at a price of €1.39 per Share, representing a premium of 9.4% to the undisturbed closing price of the Shares on the Athens Stock Exchange on 20 October 2023, being the last business day prior to the receipt of the UniCredit Offer, and a discount of 0.4% to the closing price of the Shares on the Athens Stock Exchange on 10 November 2023.

Following the conclusion and settlement of the transaction, the HFSF received the total consideration of € 293,482,235.61, does not participate in the share capital of Alpha Bank and the term of its representative in Alpha Bank's Board of Directors was immediately terminated.

Divestment from National Bank of Greece S.A.

On 12 November 2023, the Fund's BoD approved, inter alia, the disposal of a stake of 20% shareholding in NBG, corresponding to 182,943,031 common registered voting shares with a nominal value of €1.00 each in the share capital of NBG, which the HFSF could increase in its sole discretion by up to 18,294,303 ordinary shares (the "Upsize Option and all the shares offered pursuant to the Offering the "Offer Shares"), at an offering price (the "Offer Price") ranging between €5.00 and €5.44 per each Offer Share. The Offer Shares were offered in parallel through:

a) a public offering in Greece to Retail Investors and Qualified Investors (the "Greek Public Offering")
b) outside Greece (i) in the United States of America, to persons reasonably believed to be qualified institutional buyers and (ii) outside of the United States, to certain other institutional investors (the "International Offering")

The Offering was completed on 16 November 2023. HFSF fully exercised its Upsize Option, thus a total of 201,237,334 Offer Shares were offered in the Offering. Pursuant to a decision of the HFSF's BoD made on 16.11.2023, the Offer Price was set within the price range (€5.00 – €5.44), at €5.30 per Offer Share.

Taking into account valid subscriptions only, the total demand that was expressed in the Offering (i.e. in aggregate through the Greek Public Offering and the International Offering) amounted to 1,617,300,838 Offer Shares, exceeding the 201,237,334 Offer Shares to be disposed through the Offering (following full exercise of the Upsize Option by the HFSF), by approximately 8.04 times.

HFSF's total gross proceeds raised from the Offering, before deducting the expenses of the Offering borne by the HFSF, amount to €1,066,557,870.20 and the HFSF's shareholding in NBG was decreased from 42.39% to 18.39%.

Composition of the HFSF's BoD

On 31/05/2023, Mr. Christof Gabriel Maetze resigned from his position as Independent Non – Executive Member of the BoD.

On 27/09/2023, Mr. Panagiotis Tridimas resigned from his position as Non-Executive Member of the BoD, Representative of the MoF which was effective as of 10/10/2023.

On 10/10/2023, Mr. Michalis Kefaloyiannis was nominated by the MoF as Non-Executive Member of the BoD, replacing Mr. Panagiotis Tridimas.

On 06/11/2023, Mrs. Eleni Dendrinou was nominated as Non-Executive Member of the BoD, replacing Mr. Christof Gabriel Maetze.

HELLENIC
FINANCIAL STABILITY
FUND