

# 2022

## CONDENSED INTERIM FINANCIAL STATEMENTS



FOR THE 9 MONTH PERIOD  
ENDED 30/09/2022  
(IN ACCORDANCE WITH  
INTERNATIONAL ACCOUNTING  
STANDARD 34)

JANUARY 2023



**HELLENIC  
FINANCIAL STABILITY  
FUND**

# TABLE OF CONTENTS

STATEMENT OF FINANCIAL POSITION	<b>03</b>
STATEMENT OF COMPREHENSIVE INCOME FOR THE 9 MONTH PERIOD ENDED ON 30/09/2022	<b>04</b>
STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTH PERIOD ENDED ON 30/09/2022	<b>05</b>
STATEMENT OF CHANGES IN EQUITY	<b>06</b>
STATEMENT OF CASH FLOWS	<b>07</b>
<b>NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS</b>	<b>08-21</b>
1 General Information	<b>09</b>
2 Summary of Significant Accounting Policies	<b>10</b>
2.1 Basis of Preparation	<b>10</b>
2.2 Adoption of International Financial Reporting Standards (IFRS)	<b>10</b>
2.3 Critical Judgements and Estimates	<b>12</b>
3 Segment Reporting	<b>12</b>
4 Cash and Balances with Banks	<b>14</b>
5 Financial Assets at Fair Value through Profit or Loss	<b>14</b>
6 Receivables from Banks under Liquidation	<b>17</b>
7 Other reserves	<b>17</b>
8 Interest Income	<b>18</b>
9 Personnel Expenses	<b>18</b>
10 General Administrative and Other Operating Expenses	<b>18</b>
11 Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss	<b>19</b>
12 Related Party Transactions	<b>20</b>
13 Post Balance Sheet Events	<b>20</b>

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION

Amounts in '000€	Note	30/09/2022	31/12/2021
<b>ASSETS</b>			
Cash and balances with Banks	4	886,544	887,284
Financial assets at fair value through profit or loss	5	1,776,013	1,936,991
Property and equipment		102	359
Intangible assets		6	40
Accrued income receivable		3,727	-
Receivables from banks under liquidation	6	949,362	949,362
Other assets		344	1,111
<b>Total Assets</b>		<b>3,616,098</b>	<b>3,775,147</b>
<b>LIABILITIES</b>			
Other liabilities		1,021	1,918
<b>Total Liabilities</b>		<b>1,021</b>	<b>1,918</b>
<b>EQUITY</b>			
Capital		42,163,558	42,163,558
Accumulated losses		(38,614,365)	(38,456,213)
Other reserves	7	65,884	65,884
<b>Total Equity</b>		<b>3,615,077</b>	<b>3,773,229</b>
<b>Total Liabilities &amp; Equity</b>		<b>3,616,098</b>	<b>3,775,147</b>

The Notes from pages 08 to 21 form an integral part of these interim financial statements

Athens, 16 January 2023

The Chairman of the BoD

Andreas Verykios

The Chief Executive Officer

The Deputy Chief Executive  
Officer

The Chief Finance Officer

Ilias E. Xirouhakis

Nikolas Valantasis

Evangelia D. Chatzitsakou



# STATEMENT OF COMPREHENSIVE INCOME

## STATEMENT OF COMPREHENSIVE INCOME FOR THE 9-MONTH PERIOD ENDED 30/09/2022

Amounts in '000€	Note	01/01/2022 - 30/09/2022	01/01/2021 - 30/09/2021
Interest income	8	9,838	14,585
Personnel expenses	9	(3,538)	(3,363)
General administrative & other operating expenses	10	(3,201)	(10,000)
Loss from financial instruments at fair value through profit or loss	11	(160,978)	(428,975)
Depreciation and amortization of property, equipment, and intangible assets		(305)	(318)
Other income		34	7
Finance costs		(2)	(5)
<b>Loss for the period</b>		<b>(158,152)</b>	<b>(428,069)</b>
<b>Total comprehensive expenses for the period</b>		<b>(158,152)</b>	<b>(428,069)</b>

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# STATEMENT OF COMPREHENSIVE INCOME

## STATEMENT OF COMPREHENSIVE INCOME FOR THE 3-MONTH PERIOD ENDED 30/09/2022

Amounts in '000€	Note	01/07/2022 - 30/09/2022	01/07/2021 - 30/09/2021
Interest income	8	3,727	4,204
Personnel expenses	9	(917)	(870)
General administrative & other operating expenses	10	(768)	(1,166)
Gain / (loss) from financial instruments at fair value through profit or loss	11	109,557	(3,001)
Depreciation and amortization of property, equipment, and intangible assets		(97)	(109)
Other income		-	3
Finance costs		-	(1)
<b>Profit / (Loss) for the period</b>		<b>111,502</b>	<b>(940)</b>
<b>Total comprehensive income / (expenses) for the period</b>		<b>111,502</b>	<b>(940)</b>

The Notes from pages 08 to 21 form an integral part of these interim financial statements



# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY

Amounts in '000€	Capital	Accumulated losses	Other Reserves	Total
<b>Balance as of 01/01/2021</b>	<b>42,163,558</b>	<b>(37,697,440)</b>	-	<b>4,466,118</b>
Loss for the period from 01/01/2021 to 30/09/2021	-	(428,069)	-	<b>(428,069)</b>
<b>Balance as of 30/09/2021</b>	<b>42,163,558</b>	<b>(38,125,509)</b>	-	<b>4,038,049</b>
Loss for the period from 01/10/2021 to 31/12/2021	-	(330,704)	-	<b>(330,704)</b>
Special reserve of ar.3,par.3 of HFSF Law (Note 7)	-	-	65,884	<b>65,884</b>
<b>Balance as of 31/12/2021</b>	<b>42,163,558</b>	<b>(38,456,213)</b>	<b>65,884</b>	<b>3,773,229</b>
Loss for the period from 01/01/2022 to 30/09/2022	-	(158,152)	-	<b>(158,152)</b>
<b>Balance as of 30/09/2022</b>	<b>42,163,558</b>	<b>(38,614,365)</b>	<b>65,884</b>	<b>3,615,077</b>

The Notes from pages 08 to 21 form an integral part of these interim financial statements



# STATEMENT OF CASH FLOWS

## STATEMENT OF CASH FLOWS

Amounts in '000€	01/01/2022 - 30/09/2022	01/01/2021 - 30/09/2021
<b>Cash flows from operating activities</b>		
<b>Loss for the period</b>	<b>(158,152)</b>	<b>(428,069)</b>
<b>Adjustments for non-cash items included in statement of comprehensive income and other adjustments:</b>	<b>151,974</b>	<b>416,581</b>
Interest Income	(9,838)	(14,585)
Loss from financial instruments at fair value through profit or loss	160,978	428,975
Gain from disposal of fixed assets	-	(2)
Payroll provisions and accruals	527	1,870
Depreciation and amortization of property, equipment and intangible assets	305	318
Finance costs	2	5
<b>Net (increase) / decrease in operating assets:</b>	<b>767</b>	<b>(688)</b>
Change in other assets	767	(688)
<b>Net decrease in operating liabilities:</b>	<b>(1,288)</b>	<b>(757)</b>
Change in other liabilities	(1,288)	(757)
Interest received	6,111	10,381
<b>Net cash used in operating activities</b>	<b>(588)</b>	<b>(2,552)</b>
<b>Cash flows from investing activities</b>		
Participation in share capital increase of investments	-	(394,673)
Proceeds from disposal of property, equipment and intangibles assets	1	3
Purchase of property, equipment and intangibles assets	(14)	(80)
<b>Net cash flows used in investing activities</b>	<b>(13)</b>	<b>(394,750)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(139)	(201)
<b>Net cash flows used in financing activities</b>	<b>(139)</b>	<b>(201)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(740)</b>	<b>(397,503)</b>
Cash and cash equivalents at the beginning of the period	887,284	1,435,103
<b>Cash and cash equivalents at the end of the period</b>	<b>886,544</b>	<b>1,037,600</b>

The Notes from pages 08 to 21 form an integral part of these interim financial statements





# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS



## Note 1 | General Information

The Hellenic Financial Stability Fund (hereinafter “the Fund” or “HFSF”) was founded on 21/07/2010 under Law 3864/2010 as a private legal entity and does not belong to the public sector, neither to the broader public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as in force. On a supplementary basis, the provisions of company 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 (“HCAP”), however the administrative autonomy and independence of the HFSF is not affected according to the provisions of the Law 4389/2016 and for this reason the Fund is not consolidated in the HCAP’s Financial Statements. The Fund shall comply with the obligations arising from the Master Financial Facility Agreement (hereinafter MFafa) signed on 15/03/2012 and the 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.

As of the date of the issuance of the Fund’s interim condensed financial statements for the nine-month period ended 30 September 2022, the Board of Directors comprised of the following members:

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

The interim financial statements were approved by the Fund’s Board of Directors on 16 January 2023.

## Note 2 | Summary of Significant Accounting Policies

### 2.1 Basis of preparation

The interim condensed financial statements of the Fund for the nine-month period ended 30/09/2022 (the “interim financial statements”) have been prepared in accordance with the International Financial Reporting Standard 34 “Interim Financial Reporting”, as endorsed by the EU. These interim financial statements include selected explanatory notes and do not include all the information required for annual financial statements. Therefore, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31/12/2021, which have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) as endorsed by the EU.

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

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

### 2.2 Adoption of International Financial Reporting Standards (IFRS)

#### 2.2.1. New standards, amendments and interpretations to existing standards applied from 1 January 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 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 Interim 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 has no impact on the Interim 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 recognise such sales proceeds and related cost in the Income Statement. The adoption of these amendments has no impact on the Interim 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 has no impact on the Interim 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). The amendments applicable to the Fund are:

**IFRS 9 Financial Instruments: Fees in the ‘10 per cent’ test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability. Only fees paid or received between the entity (the borrower) and the lender are included, including fees paid or received by either the entity or the lender on the other’s behalf. The adoption of this amendment has no impact on the Interim 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 Interim Financial Statements of the Fund.

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

## 2.2.2. New standards and amendments to existing standards effective after 2022

- **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 not yet been endorsed by the EU.
- **IAS 1 (Amendment): Classification of liabilities as current or non-current** (effective for annual periods beginning on or after 1 January 2023). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment Classification of liabilities as current or non-current was issued in January 2020 and was effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the COVID-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023.
- **IAS 1 and IFRS Practice Statement 2 (Amendments): Disclosure of Accounting Policies** (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'Four-Step Materiality Process'.
- **IAS 8 (Amendment): Definition of Accounting Estimates** (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- **IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require companies to 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.
- **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.
- **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.

The amendments to existing standards effective after 2022 have been endorsed by the EU, except for the amendments to IAS 1 Presentation of Financial Statements and IFRS 16 Leases which have not been endorsed by the EU.

None of these new standards, amendments and interpretations to existing standards effective after 2022 is expected to have a material impact on the Fund's Financial Statements.

## 23 Critical Judgments and Estimates

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were similar to those applied in the annual financial statements for the year ended 31 December 2021.

### Note 3 | Segment Reporting

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

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

**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 subparagraph of par. 6 of art. 27A of L.4172/2013.

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

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



## Analysis by Operating Segment

Amounts in '000€					01/01/2022- 30/09/2022
	Systemic Banks	Other Banks	Banks under Liquidation	Other	Total
Interest income	-	-	-	9,838	<b>9,838</b>
Personnel expenses	(1,435)	(1,023)	(106)	(974)	<b>(3,538)</b>
General administrative & other operating expenses	(1,418)	(356)	(38)	(1,389)	<b>(3,201)</b>
Loss from financial instruments at FVTPL	(108,131)	(52,847)	-	-	<b>(160,978)</b>
Depreciation and amortization of property, equipment and intangible assets	(60)	(31)	(12)	(202)	<b>(305)</b>
Other comprehensive income	-	-	-	34	<b>34</b>
Finance Cost	(2)	-	-	-	<b>(2)</b>
<b>Profit / (Loss) for the period</b>	<b>(111,046)</b>	<b>(54,257)</b>	<b>(156)</b>	<b>7,307</b>	<b>(158,152)</b>

30/09/2022

<b>Total segment assets</b>	1,704,985	71,027	949,362	890,724	<b>3,616,098</b>
<b>Total segment liabilities</b>	(408)	(220)	(16)	(377)	<b>(1,021)</b>

Amounts in '000€					01/01/2021- 30/09/2021
	Systemic Banks	Other Banks	Banks under Liquidation	Other	Total
Interest income	-	-	-	14,585	<b>14,585</b>
Personnel expenses	(2,262)	-	(100)	(1,001)	<b>(3,363)</b>
General administrative & other operating expenses	(7,968)	-	(172)	(1,860)	<b>(10,000)</b>
Loss from financial instruments at FVTPL	(428,975)	-	-	-	<b>(428,975)</b>
Depreciation and amortization of property, equipment and intangible assets	(101)	-	(13)	(204)	<b>(318)</b>
Other comprehensive income	-	-	-	7	<b>7</b>
Finance Cost	(4)	-	-	(1)	<b>(5)</b>
<b>Profit / (Loss) for the period</b>	<b>(439,310)</b>	<b>-</b>	<b>(285)</b>	<b>11,526</b>	<b>(428,069)</b>

31/12/2021

<b>Total segment assets</b>	1,813,116	123,874	949,362	888,794	<b>3,775,147</b>
<b>Total segment liabilities</b>	(362)	(883)	(13)	(660)	<b>(1,917)</b>



## Note 4 | Cash and Balances with Banks

Amounts in '000€	30/09/2022	31/12/2021
Cash and balances with banks	60	48
Balances with BoG	28	22
Cash management account in BoG	886,456	887,214
<b>Total</b>	<b>886,544</b>	<b>887,284</b>

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 BoG” line relates to balances, which are compulsory deposited and maintained in a special interest account at BoG for the Fund’s day-to-day obligations.

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

The cash balance in the cash management account is at all times available to be utilized by the Fund in order to fulfil its purposes.

The cash in the cash management account is placed on repos, reverse repos, buy/sell back, sell/buy back with counterparty the Greek State in accordance with paragraph 11 (h) of the art. 15 of Law 2469/1997.

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

The balance includes the Fund’s participations, as presented in the following table:

Amounts in '000€	30/09/2022	31/12/2021
Participation in banks	1,753,889	1,916,480
Other participations	22,124	20,511
<b>Total</b>	<b>1,776,013</b>	<b>1,936,991</b>

### Participation in systemic and other banks

The Fund had initially classified under this line the shares received from its participation in the share capital increases (SCI) of the four systemic banks that took place in 2013 and the share capital increases of NBG and Piraeus Bank that took place in December 2015. The Fund has designated these shares at initial recognition at fair value through profit or loss and subsequently the gains or losses are recognized in the statement of comprehensive income. In 2020 and early 2021, Eurobank, Piraeus Bank and Alpha Bank 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 initial 16,533,102 transferred to HFSF from the Greek State according to the last subpar. of par. 6 of art. 27A of L.4172/2013 as well as the additional 753,826,957 acquired by the HFSF in the Bank’s share capital increase that took place in December 2021.

### **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 15<sup>th</sup> June 2021 approved the Share Capital Increase of Alpha Holdings up to Euro 0.8 billion, as well as the abolition of the pre-emption 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 2<sup>nd</sup>, the participation of the Fund in the entity’s share capital amounts to 9%.

### **Shareholding in Attica Bank**

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

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

### **Other participations**

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

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

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

### Fair value of shares

The following table presents the fair value of the shares as well as the levels of the fair value hierarchy. The fair value of the shares in systemic banks and Attica Bank was determined based on the market prices in the Athens Exchange (ATHEX) at the reporting date.

The fair value of the shares in Cairo Mezz Plc and Phoenix Vega Mezz Plc was determined based on the EN.A. Plus segment of the Alternative Market of ATHEX.

The Level 1 classification is based on the fact that the market prices are unadjusted quotes in active markets.

Fair value - Level 1		
Amounts in '000€	30/09/2022	31/12/2021
Alpha Services and Holdings S.A.	170,178	227,396
Eurobank Ergasias Services and Holdings S.A.	44,581	46,425
National Bank of Greece S.A.	1,118,013	1,083,282
Piraeus Financial Holdings S.A.	350,090	435,503
Attica Bank S.A.	71,027	123,874
Cairo Mezz PLC	517	626
Phoenix Vega Mezz Plc	21,607	19,885
<b>Total</b>	<b>1,776,013</b>	<b>1,936,991</b>

HFSF's percentage participation in systemic banks, Attica Bank and other participations as of 30/09/2022 and 31/12/2021 was as follows:

Percentage Participation	30/09/2022	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.	62.93%	62.93%
Cairo Mezz PLC	1.40%	1.40%
Phoenix Vega Mezz Plc	27.00%	27.00%

As of 31/12/2021 the HFSF law provided for participation with restricted and full voting rights. Following the law amendments in 2022, all shares have full voting rights.



## Note 6 | Receivables from Banks under Liquidation

Up to 30/09/2022 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 €11,727 million were assessed as non-recoverable.

The funding gap, the cumulative impairment and the collections per bank under liquidation as of 30/09/2022 are presented in the following table:

Amounts in '000€				30/09/2022
Bank under Liquidation	Funding Gap	Cumulative Impairment	Cumulative Collections	Estimated Recoverable Amount
Achaiki Cooperative Bank	209,474	(120,161)	(57,000)	32,313
ATEbank	7,470,717	(6,263,055)	(549,500)	658,162
Dodecanese Cooperative Bank	258,548	(105,106)	(93,500)	59,941
Evia Cooperative Bank	105,178	(83,794)	(3,200)	18,184
First Business Bank	456,970	(426,669)	(13,500)	16,801
Hellenic Post Bank	3,732,554	(3,612,082)	(18,500)	101,972
Lamia Cooperative Bank	55,494	(26,971)	(17,600)	10,923
Lesvos-Limnos Cooperative Bank	55,517	(35,027)	(13,800)	6,689
Probank	562,734	(523,287)	(14,000)	25,447
Proton Bank	259,622	(246,307)	(8,838)	4,477
T-Bank	226,957	(223,604)	(3,353)	-
Western Macedonia Cooperative Bank	95,244	(60,791)	(20,000)	14,454
<b>Total</b>	<b>13,489,008</b>	<b>(11,726,855)</b>	<b>(812,791)</b>	<b>949,362</b>

## Note 7 | Other reserves

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

Consequently, the amount of €65,884, included in other reserves as of 30/09/2022 and 31/12/2021, refers to the value of the initial 16,533,102 shares of Attica Bank transferred to the HFSF by the Ministry of Finance in accordance with the article 27A of Law 4172/2013 on Deferred Tax Credit at the price of €3.985 which was the Attica bank’s share price as of 20/10/2021, date of transfer of these shares.

## Note 8 | Interest Income

A breakdown of the Fund's interest income for the 9-month period ended 30/09/2022 and 30/09/2021 is presented in the table below:

Amounts in '000€	01/01/2022 - 30/09/2022	01/01/2021 - 30/09/2021
Interest income from cash management account	9,838	14,585
<b>Total</b>	<b>9,838</b>	<b>14,585</b>

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 9 | Personnel Expenses

The number of employees under payroll, including the members of the executive BoD members, was 43 as of 30/09/2022 and 30/09/2021. The total personnel expenses for the 9-month period ended 30/09/2022 and 30/09/2021 are analyzed as follows:

Amounts in '000€	01/01/2022 - 30/09/2022	01/01/2021 - 30/09/2021
Salaries	(2,985)	(2,825)
Employer's contributions	(553)	(538)
<b>Total</b>	<b>(3,538)</b>	<b>(3,363)</b>

The average number of employees, including the executive BoD members, for the 9-month period ended 30/09/2022 and 30/09/2021 was 44 and 42 respectively.

## Note 10 | General Administrative and Other Operating Expenses

Amounts in '000€	01/01/2022 - 30/09/2022	01/01/2021 - 30/09/2021
Utilities and rentals	(109)	(89)
General Council remuneration	(340)	(372)
Selection Panel remuneration	(27)	(55)
Lawyers' fees	(207)	(1,155)
Audit firms' fees	(6)	(27)
Advisors' fees	(1,221)	(7,026)
Professionals' fees	(32)	(37)
Custody fees	(42)	(32)
Insurance fees	(847)	(845)
Other fees	(133)	(137)
Other expenses	(237)	(223)
<b>Total</b>	<b>(3,201)</b>	<b>(10,000)</b>

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.

## Note 11 | Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss

The figure includes the gains or losses resulting from the revaluation of the shares held in systemic banks, Attica Bank and other participations and the result related to the CoCos issued by Piraeus Bank which were converted into shares.

The breakdown of the gain or loss by financial instruments for the 9-month period ended 30/09/2022 and 30/09/2021 is presented in the table below:

Amounts in '000€

01/01/2022 - 30/09/2022 01/01/2021 - 30/09/2021

<b>Gain / (Loss) from shares</b>		
Alpha Services and Holdings S.A.	(57,218)	27,807
Eurobank Ergasias Services and Holdings S.A.	(1,844)	12,051
National Bank of Greece S.A.	34,731	58,746
Piraeus Financial Holdings S.A.	(85,413)	(521,197)
Attica Bank S.A.	(52,847)	-
Cairo Mezz PLC	(109)	8
Phoenix Vega Mezz PLC	1,722	16,880
<b>Subtotal</b>	<b>(160,978)</b>	<b>(405,705)</b>
<b>Gain / (Loss) from CoCos</b>		
Piraeus Bank	-	(23,270)
<b>Subtotal</b>	<b>-</b>	<b>(23,270)</b>
<b>Total</b>	<b>(160,978)</b>	<b>(428,975)</b>

### CoCo Conversion

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

The difference between the CoCos fair value and the market value of the Conversion shares was recorded as a loss in line "Gain/(Loss) from financial instruments at fair value through profit or loss" of HFSF's statement of comprehensive income. Based on the bank's share price as of 4 January 2021 (€1.241), the value of the Conversion shares amounted to c. €490 million as of 04/01/2021. The loss from the CoCo Conversion was €1,382 million out of which the amount of €1,359 million was recorded as a loss for the year ended 31/12/2020 and the remaining €23 million as a loss for the year ended 31/12/2021.

## Note 12 | Related Party Transactions

Related parties include the Fund's Management, close relatives to the Management, companies owned by the Management and credit institutions in which the Fund has substantial influence over the financial and operating policies. The significant transactions entered into by the HFSF with related parties during the 9-month period ended 30/09/2022 and 30/09/2021 and the outstanding balances as of 30/09/2022 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 the first 9 months of 2022 amounted to €661 thousand (first 9 months in 2021: €659 thousand). Furthermore, an amount of €80 thousand (first 9 months in 2021: €81 thousand) had been paid for social security contributions.

### Transactions and balances with banks

Following the contribution of EFSF FRNs to the systemic banks in the context of the pre-subscription agreements and subsequently due to the participation of the HFSF in the recapitalization of the banks in 2013 and 2015 and also following the transfer of shares of Attica Bank to the HFSF, in accordance with article 27A of Law 4172/2013 on Deferred Tax Credit (DTC), as amended and currently in force, the HFSF, as of October 20<sup>th</sup>, 2021 became a 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 banks' shares held by the Fund as of 30/09/2022 amounted to € 1,753.9 million (31/12/2021: €1,916.5 million).

The custody fees, paid to the banks, relating to shares held by HFSF, for the 9-month period ended 30/09/2022 and 30/09/2021 amounted to €42.4 thousand and €32.3 thousand, respectively.

Other fees, paid to the National Bank of Greece, relating to lease agreement amounted to €3.3 thousand for the 9-month period ended 30/09/2022 and €3.3 thousand for the 9-month period ended 30/09/2021.

## Note 13 | Post Balance Sheet Events

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

### 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.

### Key Terms Agreement with the Private Investors of Attica Bank

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

### Shareholding in Galaxy Cosmos Mezz Plc

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

of Alpha Services and Holdings S.A. in kind, through distribution to its shareholders of 1 share issued by the Company for every 27 shares of Alpha Services and Holdings S.A. The first day of trading of the shares on the EN.A. PLUS segment of the Alternative Market of Athens Stock Exchange was the 31st of October 2022.

#### **Shareholding in Sunrise Mezz Plc**

On October 27, 2022, the Hellenic Financial Stability Fund acquired 48,228,450 common registered voting shares (with a nominal value of €0.14 each), representing a percentage of 27.00% of the total number of shares and voting rights of "Sunrise Mezz Plc", in accordance with the provision of article 14 of the Alternative Market's Regulation. The acquisition took place following the decrease of the share capital of Piraeus Financial Holdings S.A. in kind, through distribution to its shareholders of 1 share issued by the Company for every 7 shares of Piraeus Financial Holdings S.A. The first day of trading of the shares on the EN.A. PLUS segment of the Alternative Market of Athens Stock Exchange was the 31st of October 2022.

#### **Capital Return from Phoenix Vega Mezz Plc**

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

#### **Additional Shareholding in Attica Bank**

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 Deferred Tax Credit (DTC), as amended and currently in force, the HFSF, as of December 5th, 2022, holds 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. €24,445, 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.

#### **Participation of the HFSF to the foreseen share capital increase of Attica Bank**

At the Bank's General Assembly which was held on Dec. 30, 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.

Based on the above and following the Key Terms Agreement, as of 30/09/2022, entered into between the HFSF, TMEDE, Ellington & Rinoa, the HFSF will participate to the foreseen share capital increase, up to the amount of €329m, in accordance with the provisions of article 8.7 of the HFSF law as in force, and in any case after obtaining the necessary approvals in accordance with the current legislation and fulfilling the agreed terms.

#### **Divestment Strategy Finalization**

In early November 2022, HFSF concluded the draft version of Divestment Strategy and in line with its BoD decision, submitted the Strategy to the Minister of Finance for his review and comments on 11<sup>th</sup> November 2022. On 29<sup>th</sup> November, Minister of Finance, taking into account the opinion of Bank of Greece, communicated to HFSF his comments on the draft Strategy. On 13<sup>th</sup> December 2022, the BoD of HFSF approved the final version of Divestment Strategy sent to the Minister of Finance for his approval. On 20<sup>th</sup> December 2022, Divestment Strategy became effective following the Minister of Finance official consent as per the provisions of HFSF law.



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