

DIVIDEND POLICY FOR HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS S.A.

1 Introduction

1.1 Scope

This document refers to the main principles and guidelines which the “Hellenic Corporation of Assets and Participations S.A.” (the “Corporation” or “HCAP”) should follow (i) with regard to its dividend distribution according to the provisions of law 2190/1920 and the Company’s founding Law (4389/2016) and (ii) in order to set dividend expectations regarding decisions taken by a company within the HCAP group (direct or other subsidiary, according to the definition of law 4389/2016 and excluding the HFSF and HRADF), relevant to the management of their profits, which ultimately determine the amount of dividend to be declared to HCAP. The policy therefore sets out guidelines which HCAP should follow in order to set its dividend policy based on said expectations.

1.2 Legal and regulatory framework

Dividends are payments made to stockholders from a company's net profits /earnings. According to the definition of article 36 of Tax Law 4172/2013 “the term "dividends" means income derived from company shares, founding titles or other participation rights in profits which are not debt, as well as income from other corporate rights, including units, shares including interim dividends and mathematical reserves, participations in profits from partnerships, distributions of profits by any legal person or legal entity as well as any other related distributed amount”.

The legal provisions regarding the dividend policy of HCAP are set out in Article 199 of Law 4389/2016. Also, articles 44, 44a, 45, 46, 46a of Law 2190/1920 for sociétés anonymes, about earnings’ distribution to shareholders are applied to HCAP’s direct & other subsidiaries’ dividend policies.

In addition, several provisions of special legislation for the Corporation’s subsidiaries about dividend distribution complete the legal and regulatory framework for the setting of their dividend policies.

1.2 Purpose

This document sets the general framework about internal governance principles for a) the Corporation’s dividend policy, and b) its direct & other subsidiaries dividend expectations policy.

This policy seeks to lay down a broad framework for the distribution of dividend by each individual company whilst appropriately balancing the need of this company to retain resources for its growth & sustainability. Through this policy, the Corporation also endeavours to increase its assets' long-term financial value and to support the Government's growth policy as provided in the Corporation's founding law.

The policy sets out the circumstances and different factors for consideration by the Boards of Directors of the direct & other subsidiaries at the time of decision making on distribution or retention of profits, in the interest of providing transparency to the shareholders and fulfilling the Corporation's scope.

The policy is not a replace / substitute to the decision of the Boards of Directors for recommending dividend, which is taken every year after having taken into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

2 Main Provisions

The legal provisions regarding the dividend policy of HCAP as set out in Law 4389/2016, states:

"1. Subject to paragraph 2, the distribution of Corporation's earnings is made in accordance with the dividend policy, which forms part of the Rules of Provisions, and which ensures the following distribution:

a) 50% of Corporation's earnings are paid as a dividend to the Greek State and is distributed according to Law 4336/2015, and

b) the remaining profits shall be used as follows:

i) A part will be paid as a dividend to the Greek State and used by the Greek State for investments in accordance with Article 200, paragraph 3 of this Law;

(ii) A part will be used by the Corporation for investments in accordance with Article 200, paragraph 2 of this Law and may be also retained as reserves, including to cover potential future losses.

The Corporation's profits shall be calculated as provided for in the Rules of Procedure, in the chapter "Financial Reporting Standards and Framework for Financial Reporting Preparation". The Corporation's profit distribution is decided and approved through its Annual General Meeting.

2. Article 12 of Law 3864/2010 and Article 2(14) to (18) of Law 3986/2011 shall continue to apply to the Hellenic Financial Stability Fund (HFSF) and the Hellenic Republic Asset Development Fund (HRADF) respectively, and the HFSF will transfer the amounts directly to the Greek state".

For a complete understanding and the implementation of HCAP's dividend policy, HCAP's investment policy should also be taken into account.

3 Dividend Expectations Policy for HCAP's Subsidiaries

3.1 Factors affecting dividend expectations policy

The Corporation expects that the companies within its group must analyze certain legal, corporate and financial factors before framing their dividend policies. The following are some of the main factors that impact dividend policy and must be taken into consideration from the companies when deciding their long-term dividend policy:

- The companies' strategic objectives as included in their Statements of Commitments
- The companies' lifecycle (companies in an early stage of operation may restrain from dividends pay out until they reach a certain level of maturity)
- The companies' business cycles
- The companies' capital structure and the way this affects their credit rating
- The companies' access to funding and the degree of leverage
- The type of industry/ and of their competitors' (a similar dividend approach within same industry and competitors may affect companies' policy)
- The companies' long term financial value
- The companies long - term investment plans
- The companies long - term financial obligations
- The choice of pay out method
 - Stable versus target dividend pay out
 - Constant pay out related to a dividends / earnings ratio
 - Pay out of residual earnings only
 - Other
- Any Legal constraints
- Specific restrictions imposed by the regulatory framework in regards to the amount / type / pay out time of dividends
- General Fiscal Framework

In addition, the following factors must be considered when deciding their short-term dividend policy:

- Possible own shares repurchase programs
- Smoothness of dividend payments (constant or constantly increasing dividends)
- Company's liquidity situation (working capital needs, short term debts)
- Profitable known investment needs in the near future and on-going investment projects
- Stock market value (for listed companies)
- General Fiscal Framework
- Specific targets on return on capital set by HCAP

The above factors must be considered separately, but possible interrelations between them should also be taken into account. In particular, the short - term factors are reviewed in order to decide for any deviations from the long - term dividend expectations, or in order to make sure that the long – term dividend expectations are met.

3.2 Risk considerations in dividend expectations policy

In order to reduce the likelihood of clearly unjustifiable distribution/retention decisions, the following mitigating measures should be taken:

- Smooth or sizeable dividend flows should be balanced against the need for key capital expenditures.
- Capital expenditures should be defined at arms – length and justified on the basis of capital budgeting.
- Several factors affecting profits must be forecasted in detail such as shortages and price fluctuations in the supply of raw materials, possible substantial demand reduction, competition, etc.
- Excess cash retention and cash buffers that are not justified by clear business needs should be avoided. In the business needs, sector risk must be included like riskiness of real estate investment for ETAD, need to distribute significant short and long- term dividend revenues from ETAD portfolio, etc.

- In order to decide interim dividend distribution, the company must consider, among other factors, forecasts and possible errors on them for the annual financial statements.
- Especially, for decisions on capital returns, the capital retention needs imposed by lawful or contractual obligations (business, legal, etc.) must be considered.

3.3 Dividend expectations policy principles

- The Boards of both direct and other subsidiaries, are responsible for proposing their individual companies' dividend policies. The General Assembly of the individual companies approves and adopts the proposed policy.
- The principles for expectations for dividend which HCAP communicates to the direct and other subsidiaries must be predictable and will normally be fixed for a period of several years.
- HCAP's dividend expectations for a given year are discussed with and communicated to the management of the individual companies (direct or other subsidiaries) so that the Boards of the companies are informed about HCAP's expectations before they put forward their proposal for the dividend distribution.
- The Boards of each company must consider the factors and principles stated in paragraph 3.1, 3.2 or any other principles and best practices they consider appropriate, complementary of what they take into account upon practicing the usual company's management.
- The individual companies' Boards must document any decision concerning dividend distribution and must be able to provide reasoned justifications for their decisions about the dividend policies of their companies. The above should not be considered as undermining of the independence of the decision - making process of the Board of the companies. The Boards are fully responsible for their decisions about the dividend policies of their companies.
- All dividends should be paid in cash.

4 Dividend Expectations Policy Management

4.1 Responsibilities

Participants	Responsibilities
HCAP General Assembly (Greek State)	Approval of policy and updates.
HCAP Board of Directors	Setting of principles and guidelines for the policy.
HCAP Senior Management responsible for investments	Definition of the subject of the policy. Revision of policy in order to be aligned with BoD guidelines and the applicable legislation.
HCAP Board of Directors	Disclosure of the policy to subsidiaries' BoDs.
Board of Directors of direct and indirect subsidiaries	Compliance with the principles of this policy.
HCAP Senior Management responsible for investments in collaboration with the HCAP representatives in subsidiaries' Boards	Coordination and monitoring of the implementation of the rules and principles of this document.
HCAP Board of Directors and Senior Management responsible for investments	Provision of guidance, advice and proposals to the subsidiaries' BoDs and senior management about incidents that may cause violations to the principles of this policy.
HCAP and subsidiaries Audit Committees	Audits about the implementation of policy's principles.

4.2 Exceptions

Exceptions from the application of this policy rules, made only in exceptional cases, upon approval by the General Assembly (upon suggestion from the Board of Directors after Supervisory Board endorsement) and if such exceptions do not conflict with the spirit of the main rules of this policy.

Requests for exemption from the rules and principles set by this policy are submitted sufficiently documented to the governing bodies by the interested persons.

In the event of an exception, this should be regarded as an isolated incident without creating a precedent for future decisions for the application or exemption from the requirements of this policy.