

Athens, 19 June 2013

Announcement – Eurobank and Fairfax Financial Holdings announce transaction to strengthen and enhance the operations of Eurobank Properties

Eurobank Ergasias S.A. (“Eurobank”) and Fairfax Financial Holdings Limited (“Fairfax”) announce that their respective management teams agreed on the principal terms of a proposed transaction (the “Transaction”) aiming to further strengthen their relationship as shareholders of Eurobank Properties S.A. (“Eurobank Properties”) but also broaden considerably the ability and resources of Eurobank Properties to become the leading real estate company in Greece and the surrounding region.

Key terms of the Transaction are as follows:

- (a) Eurobank Properties would proceed with a share capital increase to raise c. €200 mn with pre-emption rights in favor of Eurobank Properties’ existing shareholders (the “Rights”) at an offer price per new share of €4.80;
- (b) Fairfax would purchase Eurobank’s Rights at an aggregate cash consideration of c. €20 mn and also exercise its own Rights, thereby by investing approx. €164 mn, it will be increasing its participation to c. 42% (from c. 19% currently), while Eurobank would hold c. 33.5%, assuming that all other shareholders of Eurobank Properties will exercise their Rights; and
- (c) Eurobank and Fairfax would enter into a shareholders’ agreement that would allow Eurobank to retain management control of Eurobank Properties until 30 June 2020, while Fairfax would have representation in the board of directors of Eurobank Properties and customary veto rights for transactions of this type. This agreement shall be in force for as long as Eurobank’s participation in Eurobank Properties remains above 20%,.

Prem Watsa, Chairman and CEO of Fairfax Financial Holdings said: *“The Greek people have worked through tremendous hardship but we think the light is now visible at the end of the tunnel. We believe that Greece has taken significant steps towards addressing many of the key areas of its economy, thus encouraging foreign investment and creating a positive momentum that will foster increased employment and development in the country. Within this context, we have decided to strengthen our cooperation with Eurobank Properties and its parent Eurobank, one of the most prominent banks in Greece and in the region which has been instrumental in setting up and guiding Eurobank Properties during its first years of operation. Indeed, we believe Eurobank Properties to be one of the best run real estate companies in Southern Europe. The company has a strong real estate portfolio, strong earnings, significant growth prospects, and a top tier management team led by CEO George Chryssikos. George, is a rare talent, not only in Greece but in the world of real estate investing. His tireless devotion to Eurobank Properties throughout the recent financial crisis is testament to his unwavering commitment to its shareholders, but also to Greece generally.”*

Nikolaos Karamouzis, Deputy Chief Executive Officer of Eurobank, in charge of Eurobank Properties, said: *“Eurobank has a strong track record in creating franchise value by implementing a clear strategic business vision through top-quality, independent management teams. We are now pleased to embark on a joint*

partnership with a long-term quality investor like Fairfax Financial Holdings, which has committed to invest approximately €144 million in a €200 million capital increase of Eurobank Properties. This is a vote of confidence to the country, its policies and to the company itself in challenging times. The proceeds from the capital increase, combined with the strong liquidity of the company and its low level of leverage, generate significant financial resources for future investments. This is a transformational transaction for Eurobank Properties, enabling the company to play a leading role in real estate privatizations and the commercial real estate market in Greece and in the region.”

The Transaction is subject to finalizing documentation and obtaining all regulatory and other required approvals and is expected to close within the third quarter of 2013. Eurobank expects that the Transaction would further strengthen its capital position following its successful recapitalization from the HFSF and its recent liability management exercise.

Eurobank Equities acted as financial advisor to Group Eurobank for the transaction.

Fairfax Financial Holdings Limited is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management.

Eurobank is a European banking organization with total assets of €65bn, offering universal banking services across eight countries.