

December 19th, 2019

ANNOUNCEMENT

Eurobank-Ergasias S.A. (“Eurobank”) and doValue S.p.A. (“doValue”) enter into “Europe” and “Cairo” transactions (“Transactions”)

- **Strategic partnership with doValue through the sale of FPS and portion of Cairo securitization de-risks Eurobank**
- **Delivering the most critical milestone towards the completion of the accelerated NPE reduction plan announced on 26 November 2018**
- **Cairo securitization to opt-in for the Hellenic Asset Protection Scheme**
- **NPE ratio at 15% in Q1-2020**
- **Transactions increase Eurobank’s recurring profitability - targeted recurring¹ return on tangible book value close to 10% in 2020**

Eurobank announces that it has signed with doValue binding agreements for: (a) the sale of 80% of its subsidiary Eurobank Financial Planning Services (“FPS”) - project “Europe” and (b) the sale of a portion of Mezzanine and Junior Securitization Notes of the €7.5 billion multi-asset NPE Securitization (project “Cairo”).

The key components of Europe transaction are the following:

- Eurobank has entered into a strategic partnership with doValue for the management of its Non Performing Exposures (“NPE”) through the sale of 80% of FPS. The remaining 20% interest in the share capital of FPS will continue to be held by Eurobank.
- Eurobank’s Troubled Asset Group (“TAG”), part of which was up to now FPS, will be transferred to FPS.
- Eurobank has signed a 10-year servicing contract with FPS for the servicing of €5.6bn of Eurobank’s NPE and €5.7bn of Eurobank’s retail early arrears, as well as any future production of them.
- In addition, FPS is managing the €2 billion residential mortgage NPE securitization (project “Pillar”), Cairo securitization and third party mandates from international investors reaching a total perimeter of approximately €26 billion, for which it will also offer real estate management services.
- The agreement values the platform at up to €360 million. More specifically, the acquisition of the 80% interest in FPS has been valued at €248 million in enterprise value (€310 million for 100%), plus an earn-out of up to €40 million (€50 million for 100%) linked to the achievement of certain financial KPIs over a 10-year horizon.

¹ Before discontinued operations and restructuring costs (after tax).

- The Executive Chairman and CEO of FPS will be Messrs. Theodoros Kalantonis and Anastasios Panousis, respectively.

The key components of Cairo transaction are the following:

- 20% of the mezzanine notes and the minimum required percentage of the junior notes will be sold to doValue for a consideration in cash. The implied valuation based on the nominal value of the senior notes and the sale price of the mezzanine and junior notes corresponds to 33.3% of the total gross book value of the securitized portfolio.
- Eurobank will retain 5% of mezzanine and junior notes. Furthermore, it will retain 100% of senior notes and will opt-in for the Hellenic Asset Protection Scheme (“Hercules”).
- The remaining mezzanine and junior notes to be potentially distributed to shareholders, subject, inter alia, to corporate and regulatory approvals.
- Cairo senior, mezzanine and junior notes notional amounts are as follows: €2.4 billion, €1.5 billion and €3.6 billion, respectively. The Cairo transaction’s parameters have taken into account the estimated cost of Hercules and are subject to the targeted rating confirmation.

The parties aim to close the Transactions by end Q1 2020, subject to obtaining of relevant regulatory approvals in line with market practice.

The Transactions are part of the accelerated NPE reduction plan announced on 26 November 2018.

The 10-year strategic agreement with doValue, according to which Eurobank will assign the servicing of its future early arrears and NPE production to FPS, emphasizes the long-term partnership. FPS has developed itself within the broader Greek NPE servicing industry since 2006, being part of Eurobank’s Group, attracting third party mandates from international investors and providing the full range of servicing activities. Through this agreement, FPS becomes the leading independent servicer in Greece, leveraging the existing platform and staff’s expertise with doValue’s best-in-class practices and top servicing experience in Southern Europe: Italy, Iberia, Greece and Cyprus.

The Cairo securitization is expected to be the first that will opt-in for Hercules. Together with Pillar securitization, they are the first NPE securitizations in Greece and key components of Eurobank’s frontloaded NPE reduction strategy, which aims to achieve the targeted NPE ratio of below 15%.

Eurobank CEO Fokion Karavias said: “With this milestone agreement, we are entering the final stages towards completion of our accelerated plan for the cleanup of our



balance sheet. As Eurobank delivers on its plan, it becomes the first Greek bank to turn the corner on the major legacy issue of the NPE stock. We are already focusing now on financing the growth of the economy in Greece and the region and delivering returns for our shareholders of close to 10% ROE. We are delighted for an agreement and the beginning of a long-term partnership with doValue, which - adding FPS to its existing business in Italy and Spain - is set to establish itself as the top loan servicer and REO manager in South Europe.”

Financial Advisors to Eurobank: Alantra Corporate Portfolio Advisors International Limited, Mediobanca – Banca di Credito Finanziario S.p.A. and PricewaterhouseCoopers Business Solutions S.A.
Legal Advisors to Eurobank: Allen & Overy LLP, Karatzas & Partners Law Firm, Koutalidis Law Firm, Milbank LLP