

11 April 2022

ANNOUNCEMENT

Subject: Project Starlight – Agreement for the sale of a non-performing exposures portfolio and for the sale of APS Debt Servicer

Hellenic Bank Public Company Limited (the “Bank”) announces that it has entered into an agreement for the sale of a non-performing exposures (“NPE”) portfolio and for the sale of APS Debt Servicing Cyprus Ltd (the “APS Debt Servicer”).

The agreement is a package transaction involving (a) the securitisation of c. €1,32 bn¹ NPEs (the “Starlight Portfolio”) and (b) the sale of the Bank’s servicing platform, APS Debt Servicer, to Oxalis Holding S.A.R.L. (“Oxalis”) which is an entity managed and advised by Pacific Investment Management Company LLC (“PIMCO”) (the “Transaction”).

The Transaction comprises:

- The transfer of the Starlight Portfolio to a Cypriot Credit Acquiring Company (the “CyCAC”) and the subsequent sale of 100% of the shares in the CyCAC to Oxalis,
- The securitisation of the Starlight Portfolio and the issuance of senior, mezzanine and junior notes,
- Oxalis to acquire 95% of the Mezzanine and Junior Notes of the securitisation of the Starlight Portfolio,
- Oxalis to acquire 33,3% of the Senior Note of the securitisation of the Starlight Portfolio,
- The Bank will retain 66,7% of the Senior Note and 5% of each of the Mezzanine and Junior Notes,
- Sale of 100% of the shares in the APS Debt Servicer² to Themis Portfolio Management Ltd (“Themis”), a Cypriot debt management and recovery and property management company, owned by funds managed by PIMCO, and
- Signing of a long-term exclusive servicing agreement for the management of the residual NPE portfolio of the Bank and any additional future defaults that might arise.

Transaction highlights:

- A. Significant de-risking with pro-forma NPE ratio (exc. APS-NPEs) of c. 3,4%**
- Upon completion, the Transaction will significantly de-risk the Bank’s balance sheet by reducing NPEs by €0,72 bn, leading to a residual NPE portfolio of c. €0,65³ bn, of which €0,43³ bn are covered by the Asset Protection Scheme (APS),
 - The Bank’s NPE ratio pro forma for the Transaction will decrease from 21,0%³ as of Dec-21 to c. 11,6% and to c. 4,4% excluding the APS-NPEs; taking into account the acquisition of a performing loan portfolio from RCB Bank Limited⁴ the proforma NPE ratio (excluding APS-NPEs) is reduced to c. 3,4%³, and

¹ €1,32 bn of Total Contractual Amount and €0,74 bn of Gross Book Value (“GBV”)

² Formerly known as APS Holdings

³ Dec-21 ratios refer to indicative unaudited financial results for the year ended 31 December 2021, which are subject to finalisation and approval

⁴ As per announcement dated 24 March 2022 titled “Completion of the acquisition of Tranche A relating to the performing loan portfolio of RCB Bank” [Announcement](#)

- The frontloaded de-risking of the balance sheet will allow the Bank to normalize its cost of risk going forward as well as benefit from the interest income stemming from the 66,7% retention of the Senior Note.

B. Capital accretive transaction with a positive CET 1 impact of c. 15bps

- The Transaction has an overall positive capital impact on the CET 1 ratio of c. 15 bps based on Dec-20 financial numbers upon completion, taking into account the portfolio deconsolidation and the gain relating to the sale of the APS Debt Servicer,
- The Transaction values the Starlight Portfolio at an implied price of €320 mn, corresponding to a P/GBV of 41% which compares well with other similar transactions,
- The Transaction furthermore values 100% of the Enterprise Value of the APS Debt Servicer, along with the 10-year contract for the management and servicing of the Bank's NPEs, at €37 mn which includes a €5 mn earn-out linked to the achievement of certain targets,
- Oxalis acquiring 95% of the Mezzanine and Junior Notes for a consideration of €86 mn,
- Oxalis acquiring 33,3% of the Senior Note at par, and
- The Bank will retain 5% of the Mezzanine and Junior Notes, to comply with risk retention rules.

C. Long term partnership for the management of the residual NPE portfolio

- Through the Transaction, the Bank is entering into an exclusive long-term servicing agreement (the "SLA") for the management of its residual NPE portfolio as well as any future NPE formation,
- Initial term of the SLA is 10 years, and
- The Bank is expecting to benefit in achieving its NPE deleveraging targets from its partnership with PIMCO given the latter's long-standing experience and track record in the NPE sector in Europe.

The Transaction is expected to close by the end of 2022 and is subject to regulatory and antitrust approvals and consents. The Transaction is at arm's length and is the result of a two-stage competitive process with significant investor interest. It is noted that Poppy S.A.R.L., which owns 17,3% of the Bank's share capital, is owned by investment funds managed by PIMCO.

Oliver Gatzke, CEO of Hellenic Bank said:

This is a transformative transaction making a decisive step in dealing with the Bank's NPEs. The transaction substantially de-risks the Bank's balance sheet from NPEs, reducing the NPE ratio to a proforma 3,4%. The transaction was done in a capital accretive manner while the Bank's participation in the financing of the Senior Note will ensure an interest income benefit in the coming years. We have also successfully agreed the sale of the APS Debt Servicer. With this agreement and the disposal of our NPE portfolio, we can now focus on our strategic objectives of growing and transforming the Bank for the benefit of our customers, our employees and our shareholders.

Barclays Bank PLC acting through its Investment Bank ("Barclays") acted as the Bank's Lead Financial Advisor and Securitisation Sole Arranger. PricewaterhouseCoopers ("PwC") acted as Technical Financial Advisor. Allen & Overy LLP and Clifford Chance LLP advised on international legal matters and Georgiades & Pelides LLC on Cypriot law matters.

Further information regarding Project Starlight can be found in a presentation available on the Bank's website, www.hellenicbank.com , under Investor Relations.

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