



# Project Starlight

Agreement for the sale of a non-performing exposures portfolio and for the sale of APS Debt Servicer

11 April 2022



# Transaction highlights

Hellenic Bank (the “Bank”) has entered into an agreement for the sale of an NPE portfolio and the sale of APS Debt Servicing Cyprus Ltd (“APS Debt Servicer”). The agreement is a package transaction involving (a) the securitisation of €1,32 bn<sup>1</sup> 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”)<sup>3</sup>

## Substantial de-risking of the balance sheet

- ❑ Landmark transaction which significantly de-risks the Bank’s balance sheet
- ❑ NPE ratio (exc. APS-NPEs) of c. 4,4%<sup>2</sup> pro forma for the Transaction compared to c. 14,4%<sup>2</sup> in Dec-21; taking into account the Bank’s acquisition of performing loan portfolio from RCB Bank, the pro forma NPE ratio (exc. APS-NPEs) is c. 3,4%<sup>2</sup>
- ❑ 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

## Positive capital impact

- ❑ Transaction will result in positive capital impact of c. 15bps based on Dec-20 figures
- ❑ Overall total transaction value of €357 mn between the Starlight portfolio and the APS Debt Servicer
- ❑ The transaction values the Starlight portfolio at an implied price of €320 mn; Oxalis to acquire 33,3% of the Senior Note at par and 95% of the Mezzanine & Junior Notes for a consideration of €86 mn
- ❑ The transaction values 100% of the Enterprise Value of the APS Debt Servicer, along with the 10 years 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

## Long term partnership

- ❑ The Bank will enter into an exclusive long-term servicing agreement (“SLA”) with Themis Portfolio Management Ltd (servicer affiliated with entities managed and advised by Pacific Investment Management Company LLC) through a 10-year SLA for the management of the residual NPEs and any additional future defaults
- ❑ 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

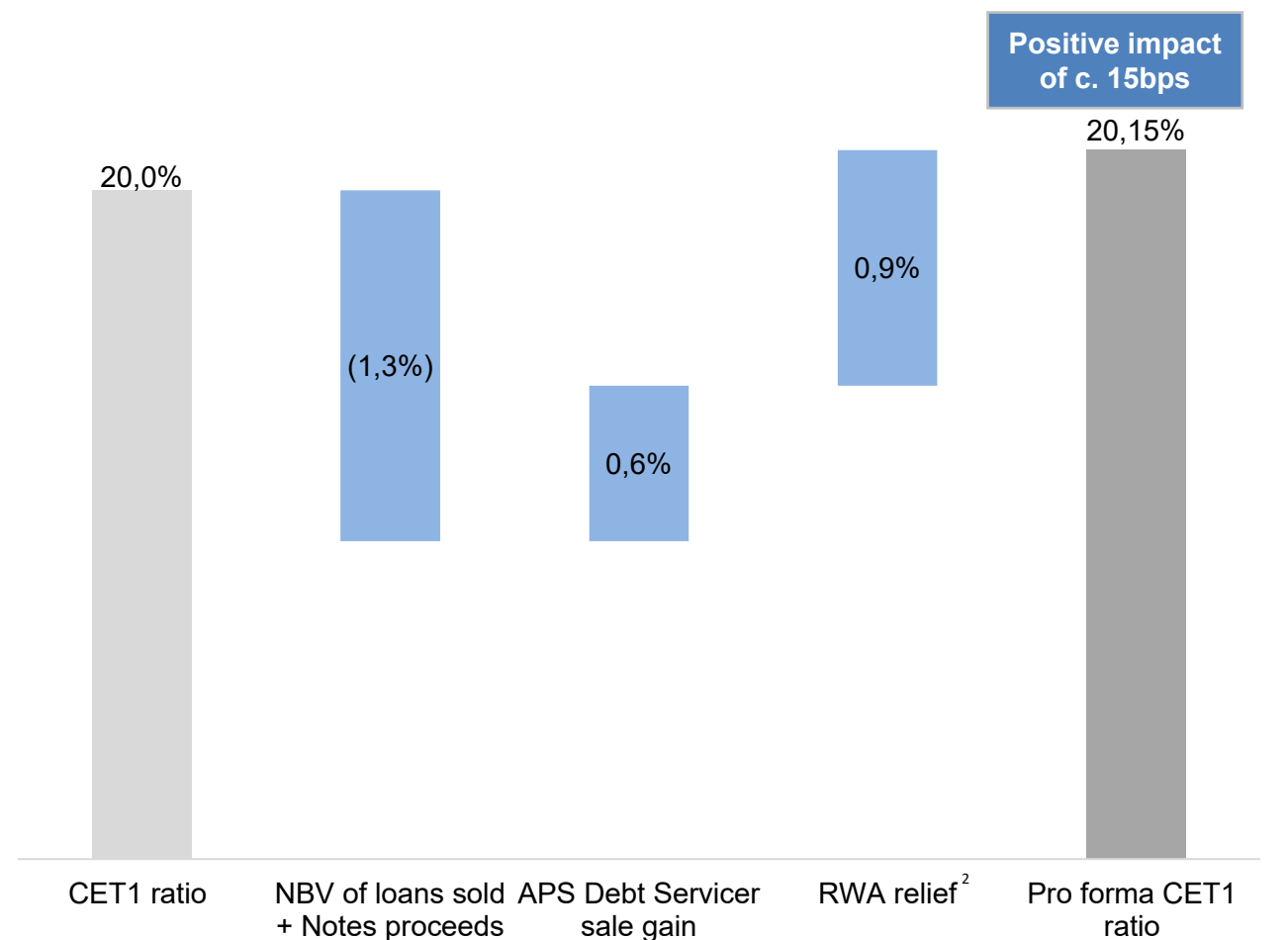


# Positive CET 1 impact<sup>1</sup> of c.15bps, taking into account the Starlight portfolio deconsolidation and the APS Debt Servicer sale gain

## Key Terms

<b>Starlight Portfolio</b>
<b>€320 mn implied price for 100% Corresponding to P/GBV of 41%</b>
<b>Mezzanine and Junior Notes</b>
<b>€86 mn consideration for 95%</b>
<b>Senior Note</b>
<b>33,3% to be acquired at par at issuance</b>
<b>100% disposal of the APS Debt Servicer</b>
<b>€37 mn, including an up to €5 mn earn-out</b>

## CET1 ratio impact (based on Dec-20 figures)

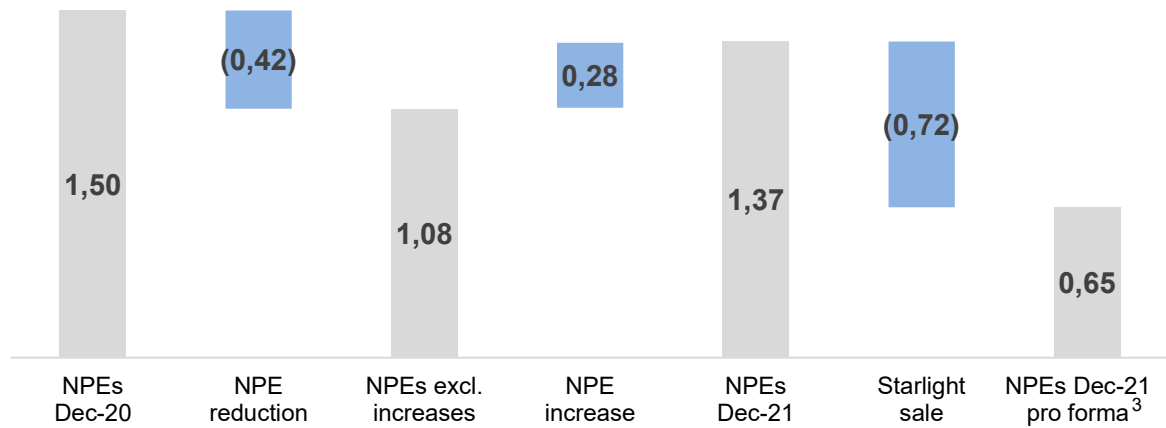


1) Pro forma based on Dec-20 figures 2) RWA relief will take place once the transaction is concluded, expected by end 2022

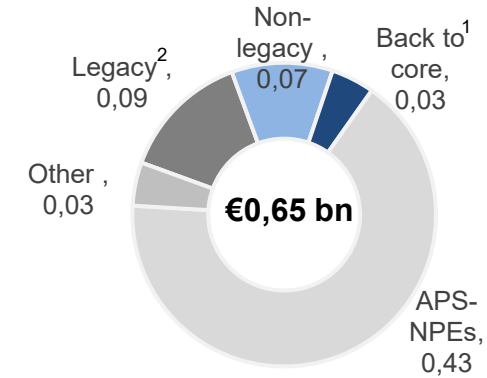
# Successful completion of the NPE deleveraging

NPE ratio reduced to a pro forma 3,4%, the lowest among peers

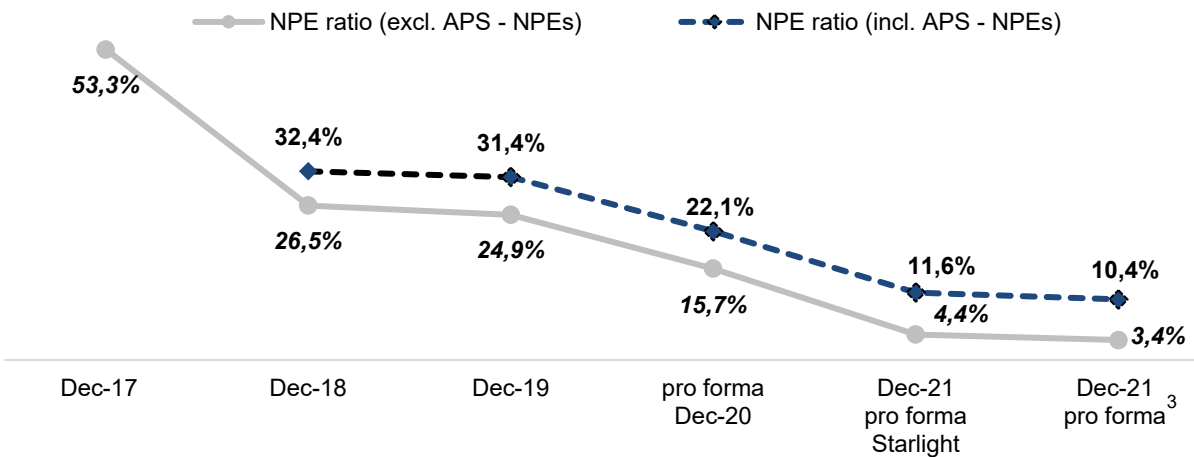
NPE evolution (incl. APS-NPEs) € bn



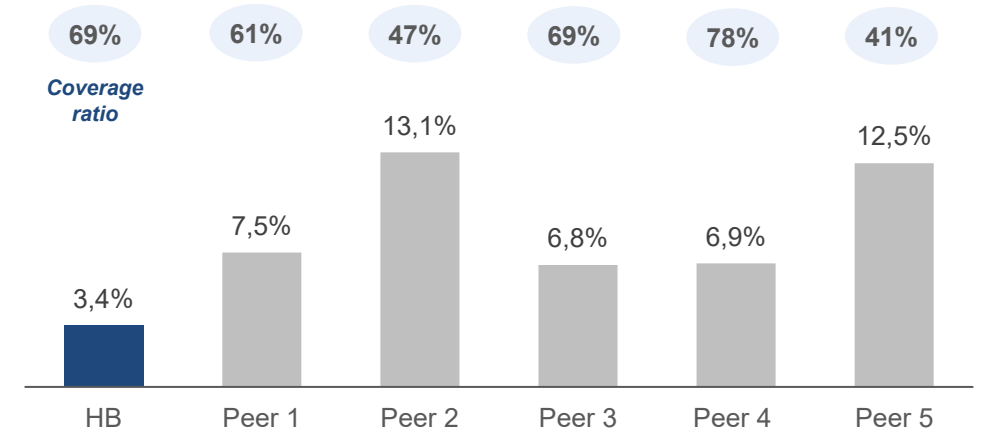
Residual NPEs distribution



NPE ratio evolution



Comparing with peers<sup>4</sup>: NPE ratio and NPE provision coverage



1) Back to core: clients with the majority of their accounts exhibiting less than 30dpd and with satisfactory cash payments received during last years that are expected to cure in the next years. Also includes clients with imminent resolution ; 2) Legacy exposures : exposures that defaulted prior to 2017 with less room for possible restructurings or consensual agreements. Provisions facilitate potential NPE transactions, while litigation & foreclosure strategies against non-cooperative borrowers are being pursued. The majority of facilities is terminated, with foreclosures have been initiated; 3) Dec-21 pro forma figures are pro forma for Starlight, other NPE disposal and the acquisition of Tranche A from RCB Bank 4) Peers comprise the main Cypriot and Greek banks



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