

Material change of the Financial State/ Capital Structure /Co-operations/ Acquisitions/
Mergers (Buy/ Sell of Major Assets/ Borrowing burdens etc)

HELLENIC BANK PUBLIC COMPANY LTD

HB

Completion of Project Starlight

Announcement dated 30 March 2023 is attached.

Attachment:

1. **Completion of Project Starlight**

Regulated

Publication Date: 30/03/2023

30 March 2023

ANNOUNCEMENT

Subject: Completion of Project Starlight

Hellenic Bank Public Company Limited (the “Bank”) is pleased to announce the completion of Project Starlight.

Project Starlight refers to the sale of a non-performing exposures (“NPE”) portfolio and the sale of APS Debt Servicing Cyprus Ltd (the “APS Debt Servicer”). This was a package transaction involving (a) the securitisation of c. €1,4 bn¹ NPEs (the “Starlight Portfolio”) at 31 December 2022 and (b) the sale of the Bank’s servicing platform, APS Debt Servicer, to Themis Portfolio Management Ltd (an indirect subsidiary of 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 comprised:

- The transfer of the Starlight Portfolio to Themis Portfolio (S1) Management Holdings Ltd (“Themis S1”), a Cypriot Credit Acquiring Company, and the subsequent sale of Themis S1 to Oxalis,
- The securitisation of the Starlight Portfolio (the “Securitisation”) and the issuance of Senior, Mezzanine and Junior notes,
- The acquisition by Oxalis of 95% of the Mezzanine and Junior Notes and of 33,3% of the Senior Note of the Securitisation, with the Bank retaining 66,7% of the Senior Note (c. €113 mn) and 5% of each of the Mezzanine (c. €4,5 mn) and the Junior Notes,
- The 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, for a total consideration of €37³ mn, and
- The 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.

The Transaction has significantly de-risked the Bank’s balance sheet by reducing its NPE ratio, excluding the NPEs covered by the Asset Protection Scheme (APS), to a pro forma ratio of c. 3,6% from 13,5% at 31 December 2022. Including the APS-NPEs, the NPE ratio was reduced to a pro forma ratio of c. 9,8% from 19,2% at 31 December 2022. The frontloaded de-risking of the balance sheet allows the Bank to normalize its cost of risk as well as to benefit from the interest income stemming from the 66,7% retention of the Senior Note.

The Transaction has a positive capital impact of c. 0,8%, with the pro forma CET 1 ratio rising to 19,1% from 18,3% at 31 December 2022, reflecting the portfolio deconsolidation, the Bank’s investments in the Senior Note and the Mezzanine Note and the gain relating to the sale of APS Debt Servicer.

¹ €1,4 bn of Total Contractual Amount and €0,8 bn of Gross Book Value (“GBV”), including properties acquired for satisfaction of debt.

² Formerly known as APS Holdings

³ Comprising (a) €27,5 mn consideration, (b) €4,5 mn in the form of dividend from APS Debt Servicer before closing, and (c) €5 mn deferred consideration linked with the management of the residual NPE portfolio

Through the servicing agreement⁴ for the management of the Bank's residual NPE portfolio as well as any future NPE formation, the Bank expects to achieve further NPE deleveraging from its partnership with PIMCO given the latter's long-standing experience and track record in the NPE sector in Europe.

The Transaction was at arm's length. 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.

Statement by Oliver Gatzke, CEO of Hellenic Bank:

The completion of Project Starlight heralds a new era for the Bank. We have managed to substantially de-risk the Bank's balance sheet from NPEs, reducing the NPE ratio to a pro forma 3,6%. This was a capital accretive transaction, while the Bank's participation in the financing of the Senior Note ensures an interest income benefit in the coming years. Furthermore, through the sale of APS Debt Servicer to Themis, we look forward to the cooperation with PIMCO for further deleveraging of the Bank's NPEs, benefiting from their experience and track record in NPE management. 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. At a time of heightened volatility in the global markets, the Bank's financial fundamentals remain strong, with high levels of capital and ample liquidity, while the evolving interest rate environment is elevating the Bank's profitability.

Barclays Bank Ireland 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, S.L.P. advised on international legal matters and Georgiades & Pelides LLC on Cypriot law matters. KPMG Limited provided Implementation Support Services.

For further information, please contact Investor Relations at ir@hellenicbank.com.

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⁴ For an initial term of 10 years