



Piraeus and Intrum sign a binding agreement for the Vega NPE portfolio

Piraeus is proceeding with the implementation of the Vega non-performing loan securitisations transaction, comprising predominantly denounced loans, secured by residential and commercial real estate (hereinafter “Vega” or the “Transaction”). The Vega portfolio consists of three special purpose vehicles, namely Vega I NPL Finance DAC, Vega II NPL Finance DAC & Vega III NPL Finance DAC, with a total gross book value of c.€4.9bn.

Piraeus Financial Holdings S.A. (“Piraeus”) and Intrum AB (publ) (“Intrum”) have signed a binding agreement for the sale of thirty percent (30%) of the mezzanine notes of the Vega securitization.

In February 2021, Piraeus Bank submitted application for the inclusion of the Vega securitizations in the "Hercules" Asset Protection Scheme pursuant to Law 4649/2019. The application relates to the provision of a guarantee by the Greek State on the senior notes of c.€1.4bn.

The implied valuation of the Vega portfolio based on the anticipated fair value of the senior notes and the sale price of the mezzanine notes corresponds to c.31% of the total gross book value of the Vega portfolio.

Pro-forma for the Vega and Phoenix transactions (the latter already signed as well), Piraeus Bank’s NPE ratio is reduced to c.36% from 47%, while the NPE coverage ratio improves to c.47% from 45% in September 2020. The expected negative capital impact of the Transaction stands at c.1.9 percentage points over September 2020 total capital ratio, taking into account the P&L effect and the RWAs relief.

The Transaction is subject to all customary approvals, including the consent of the Hellenic Financial Stability Fund.

Conditional upon requisite supervisory and corporate approvals, Piraeus Financial Holdings is contemplating to distribute sixty-five percent (65%) of the mezzanine notes of the Vega securitization to its shareholders, while Piraeus Bank will retain five percent (5%) of the said instruments as per the respective securitization requirements. Piraeus Bank will retain also one hundred percent (100%) of the senior notes. Subject to the required approvals, the loans within the Vega securitization perimeter are expected to be derecognized from Piraeus Financial Holdings consolidated statement of financial position within H1.2021.

Christos Megalou, the Group's Chief Executive Officer stated the following: *"We are announcing today the agreement for Vega, Piraeus Bank's second large-scale NPE securitization, which comes shortly after our Phoenix NPE securitization. Our effort to decrease our NPE stock is intensifying enabled by the execution of the capital enhancement actions that we disclosed on 23 November 2020"*.

UBS Europe SE, J.P. Morgan and Alantra CPAI Limited are acting as arrangers and financial advisors to Piraeus Bank on the Transaction. Milbank, DV Law-Your Legal Partners are acting as Piraeus Bank's legal advisors on the Transaction. Orrick, Herrington & Sutcliffe, LLP and Karatzas & Partners are acting as legal advisors of the arrangers.

Athens, 2 March 2021