



# Project Galaxy

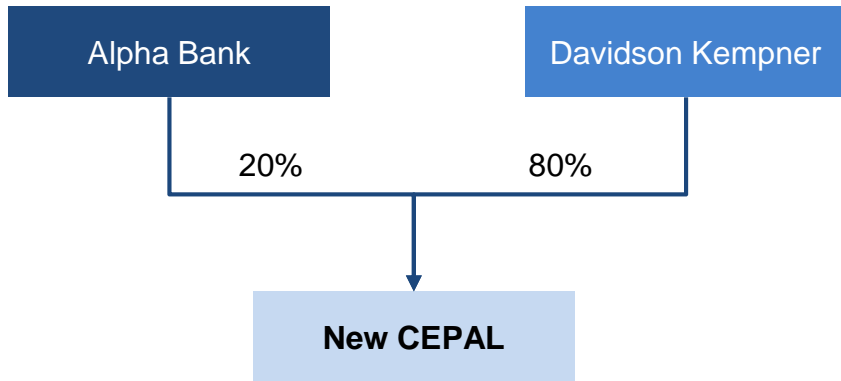
Alpha Bank enters into  
definitive agreement with  
Davidson Kempner

February 2021



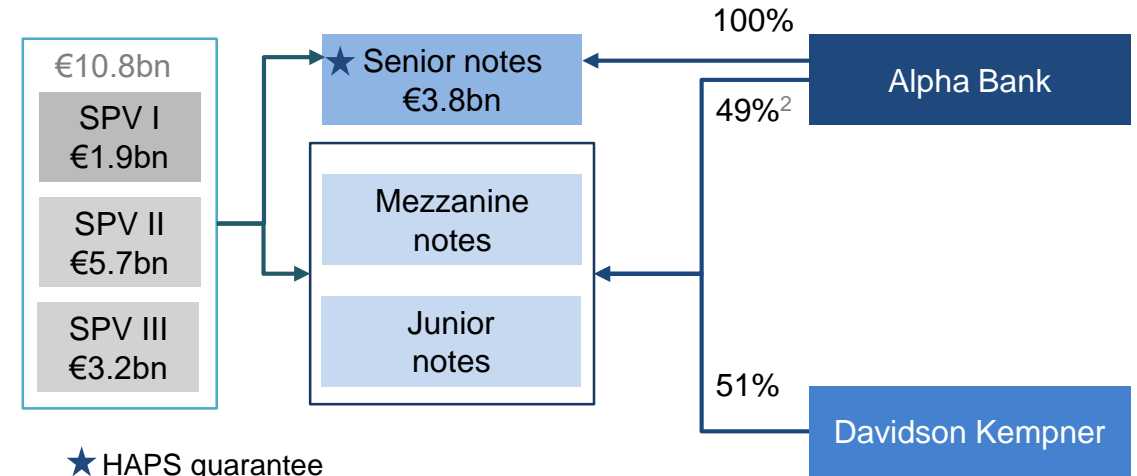
# Seamless delivery of a highly complex landmark Transaction

## Sale of 80% of New CEPAL



- DK to acquire a **80% stake in New CEPAL**, while Alpha will retain a 20% stake with customary governance rights
- Long-term servicing agreement** with New CEPAL, with a term of 13 years, for the management of our existing Retail and Wholesale NPEs in Greece of €8.9bn, as well as of any future flows of similar assets and early collections. New CEPAL will also manage the €10.8bn exposures under the Galaxy Securitisations and €4.6bn<sup>1</sup> of third-party investors
- New CEPAL** will be the **largest servicer in Greece** with ~1,100 FTEs, offering services to Bank clients and third parties
- The agreement values 100% of the enterprise value of **New CEPAL at €267mn**, with the Bank having further upside through an earn-out of up to €68mn linked to the achievement of certain targets. The consideration includes a **contingent element** of up to €17mn, if the transaction is on a levered basis. The Bank, acting as an arranger of a financing syndicate, has agreed with DK the key terms of a long-term funding facility of up to €120mn, which may be drawn at the sole discretion of DK

## Galaxy Securitisations



★ HAPS guarantee

- Second largest rated NPE securitization** in Europe, with Alpha Bank transferring **€10.8bn NPEs** to securitisation SPVs and subsequently selling mezzanine and junior notes
- Alpha to **retain 100% of the €3.8bn senior notes**, which will receive a State guarantee under the **HAPS framework** and achieve **0% risk weight**
- DK to acquire **51% of the mezzanine and junior notes**, while Alpha will initially retain a 49% stake. **44% of the notes** are intended to be subsequently **distributed to shareholders** subject to regulatory and corporate approvals

# Significant improvement in risk profile of Greek operations

## Asset Quality pre & post Galaxy in Greece

### Portfolio in Greece

% pro forma change for transaction

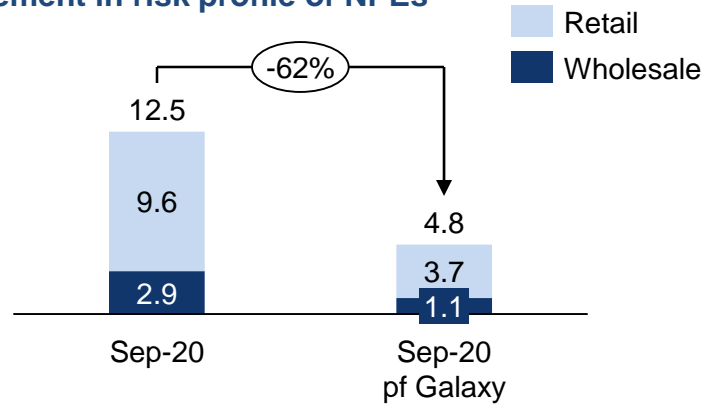
### Substantial improvement in risk profile of NPEs

Greece, Euro bn

NPEs>90dpd



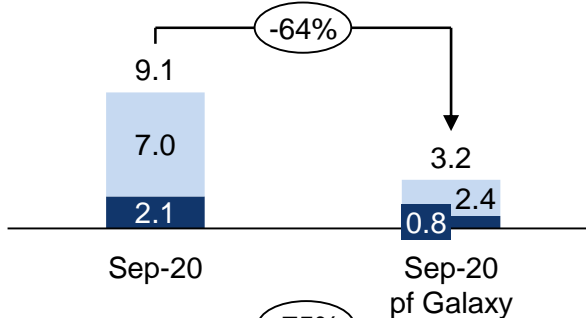
NPEs>90dpd



Denounced exposures



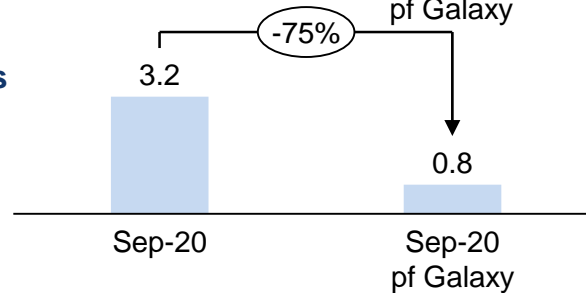
Denounced exposures



Retail exposures under L.3869

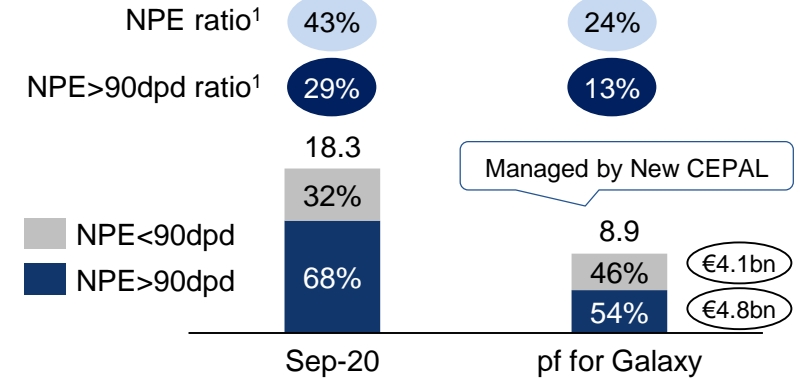


Retail exposures under L.3869



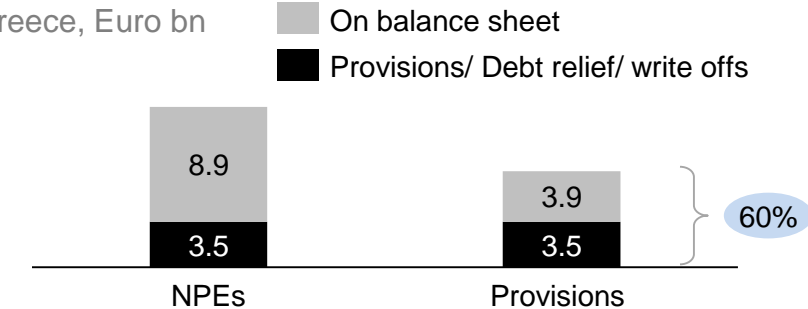
### Asset Quality improved

Greece, Euro bn



### Provisions for the remaining portfolio at 60% of the original exposure

Greece, Euro bn



- The **remaining portfolio** has **already** been **actively managed** to support further reduction
- Significant debt relief and write offs **already provided** to customers to promote re-performance

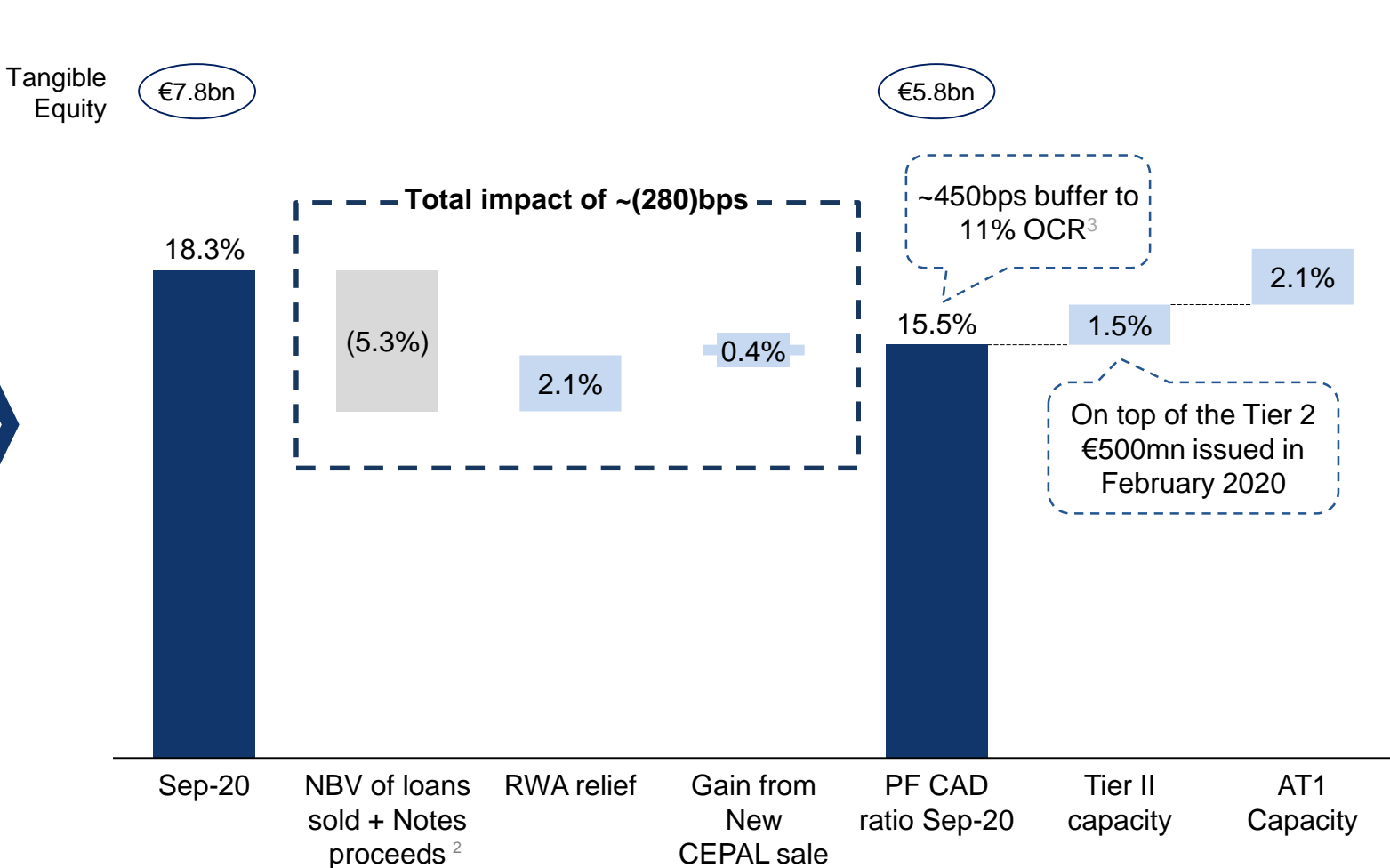
1] Pro-forma ratios are as of 30.09.20 taking into account the senior notes.

# Maximisation of total recovery with capital impact at c.280bps

## Proceeds to Alpha Bank



## Total Capital ratio evolution



1| Including value for retained Mezzanine and Junior Notes (5% stake), based on €40m valuation for 100% of Notes. 2| Includes impact from potential distribution of 44% of Mezzanine & Junior notes, subject to applicable corporate & regulatory approvals. 3| Following ECB's capital relaxation measures for Banks' minimum capital requirements, applied on 12 March 2020 and valid at least up to the end of 2022; 11% OCR excludes CCB 2.5% and OS II buffer 0.5%

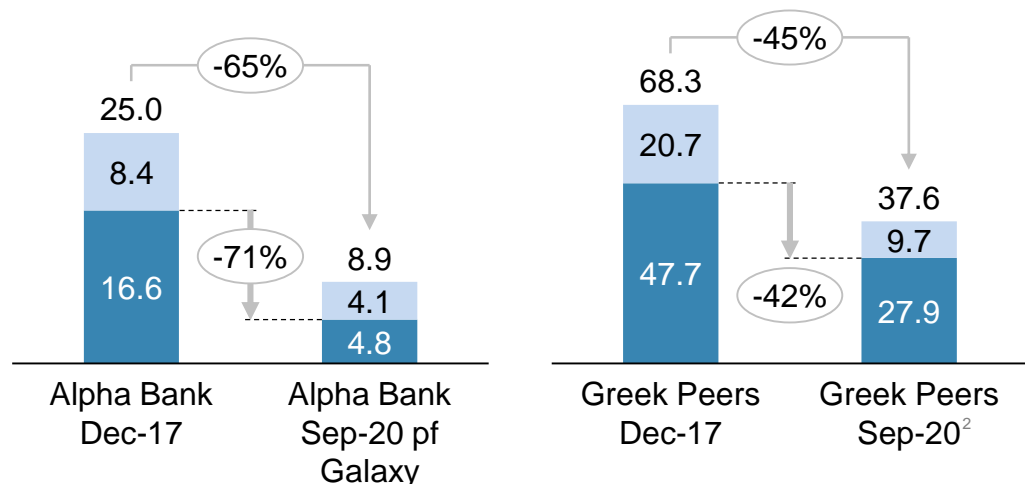


# Excellent track record in off-loading the most problematic part of the NPEs

## Alpha Bank vs. Greek peers

EUR bn, Greece

■ NPEs<90dpd ■ NPEs>90dpd



## Alpha Bank transactions

Project	Portfolio	Details	Size (€bn)	Total claims (€bn)	Year
1 Venus	Consumer & SBL	Unsecured	0.9	3.7	2018
2 Mars	Consumer SMEs & Corporate	Unsecured Secured	0.3	0.3	2017-2018
3 Jupiter	SMEs	Secured	1.0	1.3	2018
4 Mercury	Consumer & SBL	Unsecured	1.1	2.1	2018
5 Neptune	SMEs	Secured	1.1	2.0	2020
			<b>~ 4.5</b>	<b>~ 9.3</b>	

## Largest rated NPE securitizations in Europe<sup>1</sup>

Bank	Project	Size (€bn)	Year
BMPS	Siena	24.1	2018
Alpha Bank	Galaxy	10.8	2021
Eurobank	Cairo	7.5	2019
Banco BPM	Leviticus	7.4	2019
Unicredit	Prisma	6.1	2019

Alpha Bank NPE transactions since 2017 including Galaxy:

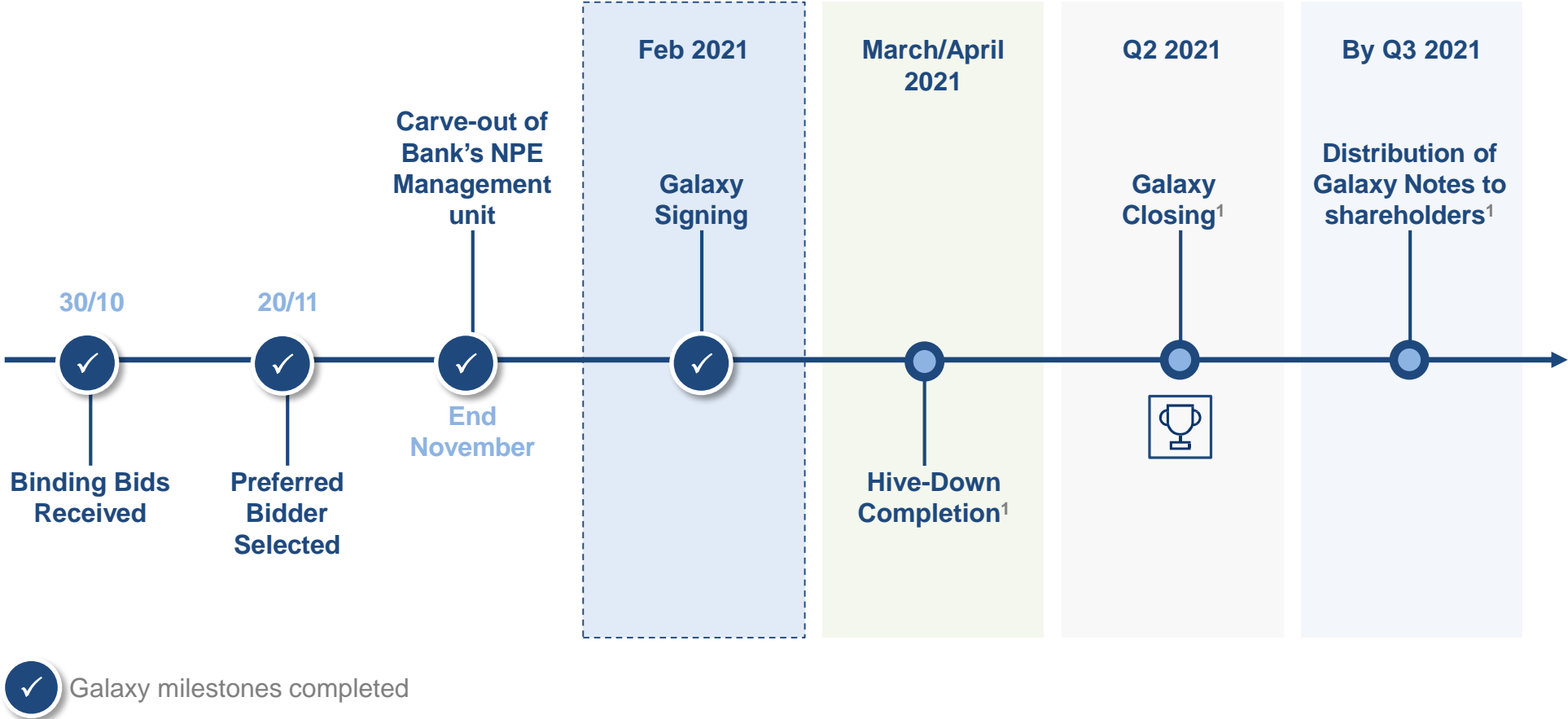
>€15bn

- Alpha Bank has been the **most active** in reducing the poorest quality denounced gone concern NPEs>90dpd vs. peers since 2017 (-71%)
- Substantial improvement in **Group risk profile** post Galaxy with **€4.8bn NPEs>90dpd** in Greece, o/w €3.2bn denounced exposures
- Alpha Bank has **strong track record in delivering on NPE clean up** having delivered the second largest securitisation in Europe

1| Since 2016. 2| According to Greek peers' (Eurobank, NBG, Piraeus Bank) latest public disclosure

# Swift execution during pandemic with clear timeline to closing

- ✓ The Bank has already received preliminary credit ratings for the senior notes of all three Galaxy Securitisation SPVs of an amount of €3.8bn
- ✓ Carve-out of NPE Management unit onto CEPAL already completed, with servicer currently fully operational
- Hive-Down expected to take place by March/April 2021, subject to receiving required corporate and regulatory approvals
- Transaction closing subject to customary regulatory approvals, expected to take place during Q2 2021
- Distribution of Galaxy Notes to shareholders expected to take place by Q3 2021



<sup>1</sup> Subject to applicable corporate and regulatory approvals.