

AN OVERVIEW OF THE SALES OF NPE & NPL PORTFOLIOS IN THE GREEK BANKING SECTOR

Published by VRS (Valuation & Research Specialists)



July 2019

This page is intentionally left blank

CONTENTS

ABSTRACT	5
1. INTRODUCTION	7
2. THE MARKET ENVIRONMENT & THE PROBLEM OF NPEs	7
3. THE MEANS TO SOLVE THE PROBLEM	8
4. THE DEALS	8
5. HOW THE FUTURE LOOKS LIKE	13
DATA ON THE SALES OF NPEs & NPLs	14
CITATIONS	15
DISCLOSURE STATEMENT	18

By Zachariou Anastasios^a, Papadopoulos Stavros^b and Iosifidis Theodoris^c

^a MScF Student at HEC Lausanne

^b MScF Student at HEC Lausanne

^c MSc Student in Finance and Investments at Erasmus School of Economics,
Rotterdam

Republication with the authors' permission.

Please contact Valuation & Research Specialists (VRS) at info@valueinvest.gr to order a printed copy of this report. Price: 20 Euros including VAT and postage expenses.

This page is intentionally left blank

ABSTRACT

The non-performing exposures have been an issue of concern for the Greek banks, financial markets and regulators for almost a decade. In this report we examine 11 disclosed sale transactions of NPEs and NPLs in the Greek banking sector during the period January 2018 – June 2019 as part of the banks' efforts to curtail their bad loans and cleanse the balance sheets. We also calculate that the outstanding principal amount of the 9 NPE or NPL portfolios with available data (out of the 11 deals) amounted to € 10,128 million over that period, implying that the sales of such portfolios was an essential part of Greek banks' restructuring strategy in line with the targets set by the domestic and European banking authorities.

KEY WORDS

Financial Services Sector
Greek Banking System
Non-Performing Exposures
Non-Performing Loans
Deals & Transactions

This page is intentionally left blank

AN OVERVIEW OF THE SALES OF NPEs & NPLs IN THE GREEK BANKING SECTOR

(NPE: Non-performing exposure) | (NPL: Non-performing loan)

1. INTRODUCTION

The non-performing exposures and non-performing loans have been an issue of concern for the Greek banks, financial markets and regulators for almost a decade. Greek banks (National Bank, Alpha Bank, Eurobank Ergasias, Piraeus Bank and Attica Bank) currently hold in their balance sheets the highest percentage level (45.1% of their total assets as of March 2019 ^[1]) of NPEs-NPLs in Europe. In this article, we review the recent and current events concerning the sale transactions of Greek NPLs and NPEs in an effort to present the actions of Greek banks to reduce this burden.

2. THE MARKET ENVIRONMENT & THE PROBLEM OF NPEs

The Greek market environment is not in any case ideal. The banks are exposed to pressure from many fronts as all parties involved (shareholders, borrowers and state authorities among others) are affected by and concerned with the issue of the non-performing exposures.

Banks have to face their shareholders' demand for return maximization in terms of dividend payment and stock market value. ^[2] In theory and under normal conditions, the banks should rely much of their funding on the stock market but for the time being their stocks are not performing well and as a result, Greek banks are not attractive enough to raise capital from the investors. If that was not the case, then Greek banks would be able to raise considerable capital from the stock market to facilitate their growth and maximize shareholder value.

The regulation authorities posed an equally big concern, as both Bank of Greece (BoG) and European Central Bank (ECB) has set standards for the Greek banks in a very restrictive timeline regarding the reduction of their NPEs. For example a legislature waiting for approval by the European Commission required from all European Banks, including Greek ones, to cover their secured non-performing loans, from 25% to 85% through collateral (residential and other commercial properties) or other means, in a period of three to nine years after such loans turn bad. In the same framework, banks should provide for at least 35% of their exposures to unsecured loans two years after they go bad. ^[3]

Another critical factor comprised the stress tests that were performed in May 2018 by the Banking Supervision of ECB and showed a mean of 9pp capital depletion under the adverse scenario for Greece's four systemic banks. ^[4] The

situation was already known but the tests came to formalize the urgency in finding solutions to the problem, especially for Piraeus Bank who performed the lowest scores compared to the other three systemic banks.

3. THE MEANS TO SOLVE THE PROBLEM

In May 2018, Bank of Greece proposed the creation of a Special Purpose Vehicle (SPV) that would be responsible for operating all sales of NPEs-NPLs of the five banks (i.e. the four systemic: National Bank, Alpha Bank, Eurobank Ergasias and Piraeus Bank as well as the non-systemic Attica Bank). However, the banks had the view that such a vehicle would not operate fast enough, and came with the counterclaims that included the creation of either one SPV for each bank or one SPV for each NPL sale. [5]

The objection of the banks seemed to be grounded as a similar attempt was made in 2016 with the establishment of the "Single Special Liquidator in Greece", also called as PQH, by the same authority. The PQH was established and appointed by the Bank of Greece to act as the single liquidator for all credit and financial institutions under special liquidation in Greece, but almost three years later it had not yet made any sales. [6] Taking the aforementioned into account, the proposal of BoG did not finally go ahead.

Since then and up until today, the Greek banks have proceeded into the sale of a number of NPE or NPL portfolios to international funds and other institutional investors. Nevertheless apart from the sale of NPE or NPL portfolios (the case that will be discussed more analytically in the next section of this article), it should be noted that another proposal related to a rather different way to reduce the share of "toxic" assets on the balance sheets of Greek banks was suggested. In particular it concerned ways such as sale of subsidiaries, merger or assignment of NPE management to third parties. Some of the above actions were finally implemented by the Greek banks.

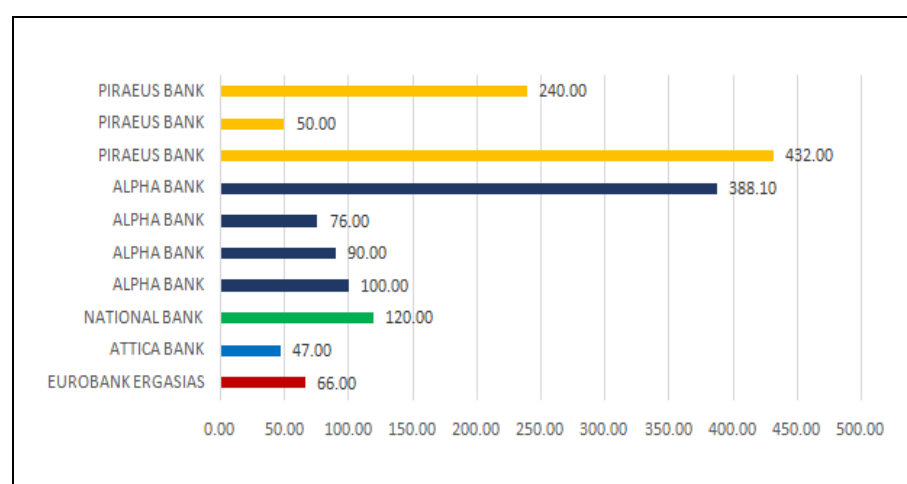
In that context, the market witnessed the agreement of the repurchase and merger of Grivalia Properties REIC (subsidiary of Eurobank Ergasias in the property market) with Eurobank Ergasias that was finally completed in February 2019. [7] Also the same bank sold its subsidiary EPS (Eurobank Property Services) to the Italian company Cerved. Moreover, Alpha Bank assigned the management of its non-performing loans to Cepal Hellas, whereas Piraeus Bank to Legacy Unit and Eurobank to FPS (Financial Planning Services).

4. THE DEALS (SALES OF NPEs & NPLs)

In total, eleven portfolios of secured or unsecured NPEs and NPLs were sold or agreed to be sold by the Greek banks during the period January 2018 - June 2019. Alpha Bank and Piraeus Bank realized four agreements each during the above period: Alpha Bank sold portfolios totaling €654 million whereas Piraeus Bank's four sales of portfolios settled at €722 million. National Bank, Eurobank and Attica Bank each completed one deal. The total acquisition cost of the latter three deals settled at €233 million.

More specifically, Alpha Bank agreed on January 5th, 2018 to sell an NPL portfolio named “Mars” to a consortium made of Deutsche Bank AG and other parties for €100 million. [8] The bank also sold on March 13th, 2018 the portfolio “Venus” to B2Holdings ASA for €90 million [9], agreed to sell “Mercury” to Hoist Finance AB for €76 million on November 29th, 2018 [10] and on the same date sold “Jupiter” to Apollo Global Management LLC for €388.1 million. [11] The ratio of acquisition cost to the aggregate outstanding balance settled at 2.43% for Venus, 3.62% for Mercury and 36.75% for Jupiter.

FIGURE 1 Acquisition Cost (in € million)



On January 18th, 2018 Piraeus Bank proceeded with the sale of a portfolio of an aggregate outstanding balance €200 million to Kruk Group with no additional information concerning the particular deal being publicly available. [12] The other two sales of year 2018 were those of portfolio “Amoeba” that was completed on May 31st, 2018 for a total consideration of €432 million and was acquired by Bain Capital Credit LP [13] and of portfolio “Arctos” that was sold to a joint venture made of EBRD, IFC, APS Delta & Balbec Capital LP for a total consideration of €50 million on July 2nd, 2018. [14] During the first half of 2019, Piraeus Bank was the only Greek bank that sold a non-performing portfolio; total legal claims of that NPE portfolio accounted for €535 million whereas the acquisition cost settled at €240 million. [15]

With regard to the remaining three sales of the Greek market in the period under consideration the following deals materialized: (a) On June 21st, 2018 National Bank sold a portfolio of unsecured exposures to Carval Investors LLC & Intrum AB that jointly paid an amount of €120 million. [16] The acquisition cost settled at 6% of the outstanding principal amount. (b) On October 16th, 2018, Eurobank sold portfolio “Zenith” for €66 million to B2Holding ASA & Waterfall Asset Management. [17] (c) Finally, on October 26th, 2018 Attica Bank sold a portfolio of secured loans to Pimco Dynamic Income Fund & Qualco for €47 million equal with 6.71% of the claims (aggregate outstanding balance). [18]

FIGURE 2

Acquisition Cost / Aggregate Outstanding Balance (%)

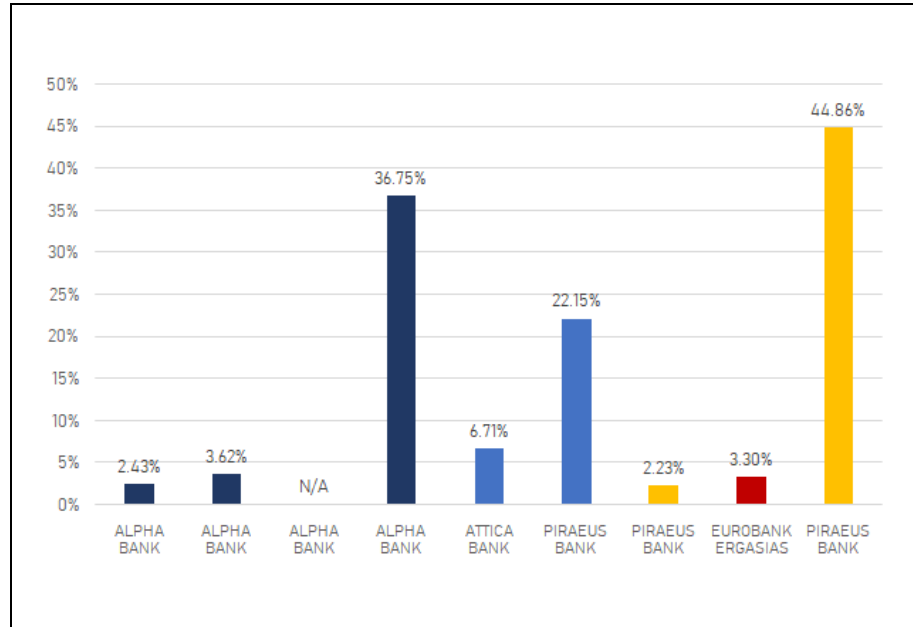


FIGURE 3

Deals' Acquisition Cost (in € million) by Date (January 2018 – June 2019)

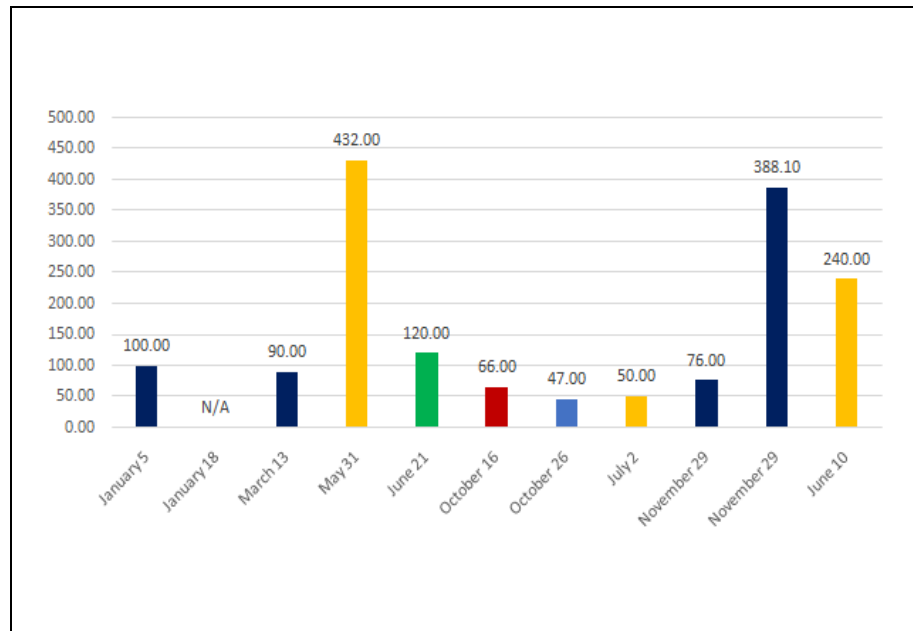


FIGURE 4

Aggregate Outstanding Balance (in € million)

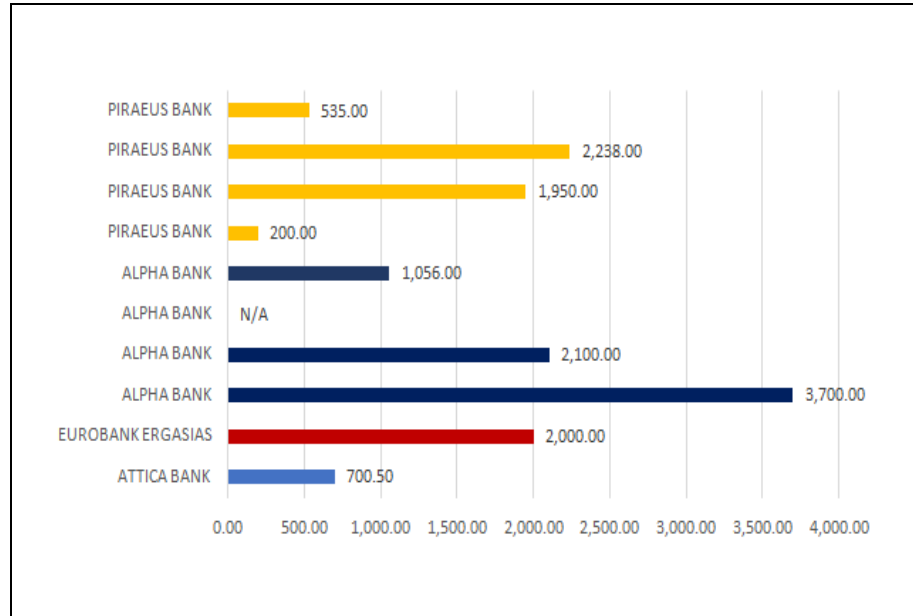


FIGURE 5

Acquisition Cost / Outstanding Principal Amount (%)

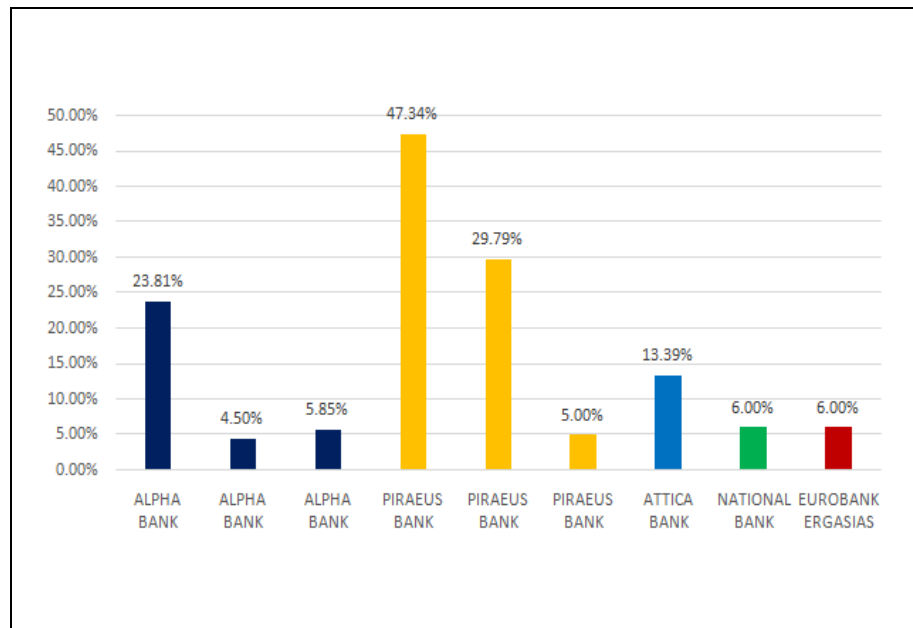
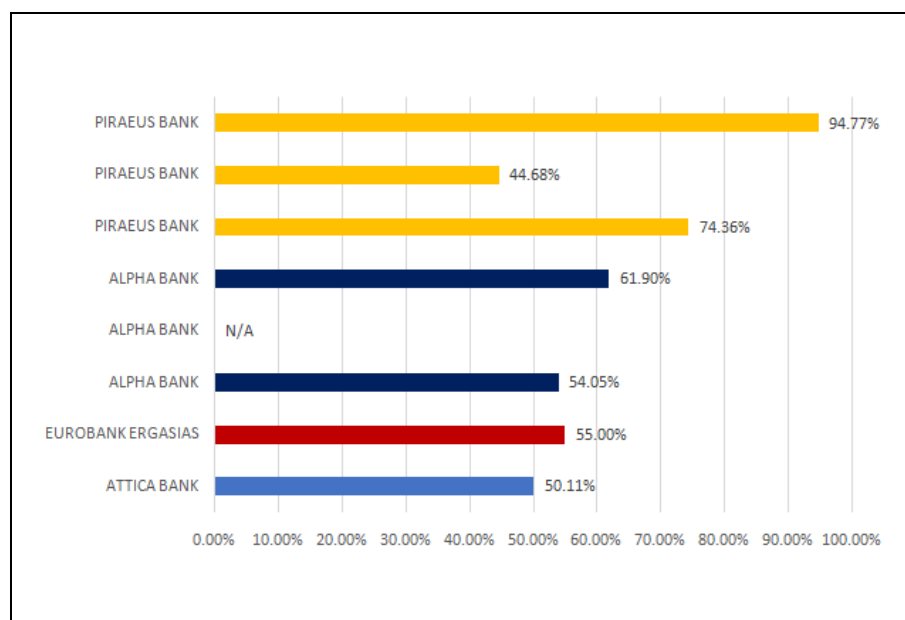


FIGURE 6

Outstanding Principal Amount / Aggregate Outstanding Balance (%)



From the data collected, the following conclusions can be drawn in synopsis:

- The aggregate acquisition cost of the 10 deals (sales of NPE or NPL portfolios) with available information out of the total 11 deals that were examined settled at € 1,609 million.
- The outstanding principal amount (book value) of the 9 NPE or NPL portfolios with available data (out of the total 11 deals) amounted to € 10,128 million.
- The aggregate outstanding balance (total legal claims) for the 9 NPE or NPL portfolios with available data (out of the total 11 deals) accounted for € 14,480 million.
- With regard to the ratio “Acquisition Cost / Aggregate Outstanding Balance” which was estimated for 8 cases (Figure 2), it is noted that five deals were agreed at <10% whereas three deals ranged from 22% to 45% (“Jupiter” by Alpha Bank; “Amoeba” and a no-name deal by Piraeus Bank).
- The average ratio settled at 15.26%.
- With regard to the ratio “Acquisition Cost / Outstanding Principal Amount” which was estimated for 9 cases (Figure 5), it is noted that five deals were agreed at <10% whereas four deals ranged from 13% to 48%.
- The average ratio settled at 15.74%.

- The ratio “Outstanding Principal Amount / Aggregate Outstanding Balance” which was estimated for 7 cases (Figure 6), ranged from 44% to 95%.
- The average ratio settled at 62.12%.

5. HOW THE FUTURE LOOKS LIKE

As the targets set by BoG and ECB come closer to their term, the management and shareholders of the Greek banks are even more urged to achieve them.

In a report released by the end of 2018, Morgan Stanley had estimated that in the next three years Greece’s banks would pursue to reduce their NPEs-NPLs by 60%. The same report also raised the issue of a recapitalization of the banks by €12 billion that was necessary towards a reduction of NPEs to 10% which seemed to be the minimum percentage accepted by European Banking Authority. [19] Later in March 2018, all banks had to set new goals regarding the reduction of their NPEs-NPLs at the SSM (Single Supervisory Mechanism).

In June 2019, Eurobank’s management projected that the total market of NPLs and NPEs managed by third parties, meaning “outside” the domestic banking system, would surpass €50 billion until 2021. [20] Eurobank’s goal was to bring the NPE ratio down to 16% until the end of 2019 and attain one-digit ratio in 2021. Similar ambitious goals were set by all other three systemic banks, namely Alpha Bank, National Bank and Piraeus Bank. [21]

At the same time in a report released in May 2019, Deutsche Bank estimated that Greek Banks would be able to reduce their non-performing exposures at a higher rate via clearances and sales. [22] [23]

In June 2019, HSBC in an investment report shared the view that the upward trend in the Greek banks’ stocks was mostly due to the elections taking place in the country but it added that the reduction of NPEs was on good track and viewed as feasible the plans submitted by the Greek banks to the SSM. [24]

Also in June 2019, Eurobank announced an agreement with Celidoria concerning the securitization of a non-performing residential mortgage loan portfolio with gross book value of € 2 billion whereas more projects were under way. [25]

Finally, PQH (the Single Special Liquidator for all credit and financial institutions under special liquidation in Greece) was about to sell the largest portfolio of secured NPLs offered in the Greek market under the name “Ariadne”. [26]

AN OVERVIEW OF THE SALES OF NPEs & NPLs IN THE GREEK BANKING SECTOR

Data on the Sales of NPEs and NPLs in the Greek Banking Sector | Period January 2018 – June 2019

REALISED or NOT at the Date of Announcement	BUYER	SELLER	DATE of DISCLOSURE / PUBLIC RELEASE	YEAR of DISCLOSURE / PUBLIC RELEASE	NPEs / NPLs	Asset Class (Secured / Unsecured)	Acquisition Cost (in million EUR)	Total Legal Claims (Aggregate Outstanding Balance) (in million EUR)	Book Value (Outstanding Principal Amount) (in million EUR)	Acquisition Cost / Aggregate Outstanding Balance (%)	Acquisition Cost / Outstanding Principal (%)	Outstanding Principal / Aggregate Outstanding Balance (%)	Name of Portfolio
SIGNING OF AGREEMENT	DEUTSCHE BANK AG	ALPHA BANK	January 5	2018	NPLs	Unsecured	100	-	420	-	23.81%	-	"Mars"
REALISED	B2HOLDING ASA	ALPHA BANK	March 13	2018	NPLs	Unsecured	90	3,700	2,000	2.43%	4.50%	54.05%	"Venus"
SIGNING OF AGREEMENT	HOIST FINANCE AB	ALPHA BANK	November 29	2018	NPLs	Unsecured	76	2,100	1,300	3.62%	5.85%	61.90%	"Mercury"
REALISED	APOLLO GLOBAL MANAGEMENT, LLC & IFC	ALPHA BANK	November 29	2018	NPLs	Secured	388	1,056	-	36.75%	-	-	"Jupiter"
REALISED	PIMCO DYNAMIC INCOME FUND & QUANT MASTER SERVICER	ATTICA BANK	October 26	2018	NPEs + NPLs	Secured	47	701	351	6.71%	13.39%	50.11%	"Metexelaxis"
REALISED	CARVAL INVESTORS LLC & INTRUM AB	NATIONAL BANK	June 21	2018	NPLs	Unsecured	120	-	2,000	-	6.00%	-	"Project Mirror"
REALISED	KRUK GROUP	PIRAEUS BANK	January 18	2018	NPLs	Unsecured	-	200	-	-	-	-	-
REALISED	BAIN CAPITAL CREDIT LP	PIRAEUS BANK	May 31	2018	NPEs	Secured	432	1,950	1,450	22.15%	29.79%	74.36%	"Amoeba"
REALISED	EBRD, IFC, APS DELTA & BALBEC CAPITAL LP	PIRAEUS BANK	July 2	2018	NPEs	Unsecured	50	2,238	1,000	2.23%	5.00%	44.68%	"Arctos"
REALISED	B2HOLDING ASA, WATERFALL ASSET MANAGEMENT	EUROBANK ERGASIAS	October 16	2018	NPLs	Unsecured	66	2,000	1,100	3.30%	6.00%	55.00%	"Zenith"
SIGNING OF AGREEMENT	DAVINSON KEMPNER CAPITAL MANAGEMENT LP	PIRAEUS BANK	June 10	2019	NPEs	Not-Disclosed	240	535	507	44.86%	47.34%	94.77%	-

Source: Official announcements, press reports

CITATIONS

- [1] “Evolution of Total Loans & Non-Performing Loans.” n.d. Accessed July 28, 2019 <https://www.bankofgreece.gr/Pages/en/Statistics/loans.aspx>
- [2] “Τράπεζες: ‘Τα κόκκινα δάνεια ή εμείς’, το σκληρό μήνυμα των μετόχων (free translation: Greek Banks: The bad loans and the message to the shareholders).” Capital.gr. n.d. Accessed July 28, 2019b <https://www.capital.gr/oikonomia/3335007/trapezes-ta-kokkina-daneia-i-emeis-to-skliro-minuma-ton-metoxon>
- [3] “EU Agrees Bad-Loan Rules, Stricter Provisioning Schedule - Reuters.” n.d. Accessed July 28, 2019 <https://www.reuters.com/article/us-eu-banks-npls/eu-agrees-bad-loan-rules-stricter-provisioning-schedule-idUSKBN1OH0SB>
- [4] Bank, European Central. n.d. “2018 Stress Test of Greek Banks Shows Average Capital Depletion of 9 Percentage Points in Adverse Scenario.” European Central Bank - Banking Supervision. Accessed July 28, 2019 <https://www.bankingsupervision.europa.eu/press/pr/date/2018/html/ssm.pr180505.en.html>
- [5] “ΕΠΙΣΚΟΠΗΣΗ ΕΛΛΗΝΙΚΟΥ ΧΡΗΜΑΤΟΠΙΣΤΩΤΙΚΟΥ ΣΥΣΤΗΜΑΤΟΣ Νοε 2018.Pdf (free translation: Overview_of_the_Greek_Financial_System_Nov_2018.Pdf).” n.d. Accessed July 28, 2019 <https://www.bankofgreece.gr/BoqEkdoseis/%CE%95%CE%A0%CE%99%CE%A3%CE%9A%CE%9F%CE%A0%CE%97%CE%A3%CE%97%CE%95%CE%9B%CE%9B%CE%97%CE%9D%CE%99%CE%9A%CE%9F%CE%A5%CE%A7%CE%A1%CE%97%CE%9C%CE%91%CE%A4%CE%9F%CE%A0%CE%99%CE%A3%CE%A4%CE%A9%CE%A4%CE%99%CE%9A%CE%9F%CE%A5%CE%A3%CE%A5%CE%A3%CE%A4%CE%97%CE%9C%CE%91%CE%A4%CE%9F%CE%A3%CE%9D%CE%9F%CE%95%2018.pdf>
- [6] “Τις Πωλήσεις Χαρτοφυλακίων NPLs Ξεκινά η PQH (free translation: PQH Starts Selling Portfolios).” n.d. Accessed July 28, 2019. <https://www.capital.gr/epixeiriseis/3339463/tis-poliseis-xartofulakion-npls-xekina-i-pqh>
- [7] “Completion of Publicity Formalities of the Draft Merger Agreement between Eurobank Ergasias S.A. and the Company GRIVALIA PROPERTIES Real Estate Investment Company – Availability of Documents to the Shareholders.” n.d. Accessed July 28, 2019 <https://www.eurobank.gr/en/omilos/grafeio-tupou/etairiki-anakoinosi-01-03-19>
- [8] “20180105_corporate_announcement_en_mars.Pdf.” n.d. Accessed July 28, 2019 https://www.alpha.gr/-/media/alphaqr/files/group/corporate-announcements/2018/20180105_etairiki_anakoinosi_en_mars.pdf
- [9] “20180313_corporate_announcement _venussigningannounc_vfe.Pdf.” n.d. Accessed July 28, 2019 https://www.alpha.gr/-/media/alphaqr/files/group/corporate-announcements/2018/20180313_etairiki_anakoinosi_venussigningannounc_vfe.pdf
- [10] “20181129_corporate_announcement_en4.Pdf.” n.d. Accessed July 28, 2019 https://www.alpha.gr/-/media/alphaqr/files/group/corporate-announcements/2018/20181129_etairiki_anakoinosi_en4.pdf
- [11] “20181129_press_release_conclusion-of-Agreement_en.Pdf.” n.d. Accessed July 28, 2019 https://www.alpha.gr/-/media/alphaqr/files/group/press-releases/2018/20181129_deltio_typou_sunapsi-sumfonias_en.pdf
- [12] “Press Release | Piraeus Bank.” n.d. Accessed July 28, 2019c <https://www.piraeusbankgroup.com/en/press-office/press-release/2018/01/announcement-18-01-2018>
- [13] “Announcement | Piraeus Bank.” n.d. Accessed July 28, 2019b <https://www.piraeusbankgroup.com/en/press-office/press-release/2018/05/press-release-31-05-2018>
- [14] “IFC, EBRD, APS and Balbec Invest in Piraeus Bank’s NPE Portfolio.” n.d. Accessed July 28, 2019 www.ebrd.com/news/2018/ifc-ebrd-aps-and-balbec-invest-in-piraeus-banks-npe-portfolio.html
- [15] Group, Piraeus Bank. n.d. “Agreement for the Sale of Corporate Non-Performing Exposures Amounting to €507mn Gross Book Value or €535mn Total Legal Claim.” Accessed July 28, 2019a <https://www.piraeusbankgroup.com/en/press-office/press-release/2019/06/press-release-10-06-2019>

[16] “National Bank of Greece Sells Non-Performing Loan Portfolio to CarVal Investors and Intrum.” n.d. Accessed July 28, 2019 <https://www.nbg.gr/en/the-group/press-office/press-releases/nbg-sells-non-performing-loan-portfolio-to-carval-and-intrum>

[17] “Eurobank Sells Non-Performing Loan Portfolio to a Consortium of B2Holding and Waterfall Asset Management.” n.d. Accessed July 28, 2019 <https://www.eurobank.gr/omilos/grafeio-tupou/etairiki-anakoinosi-16-10-18>

[18] “20181026_announcement_sale-Bond_en.Pdf.” n.d. Accessed July 28, 2019 https://www.atticabank.gr/images/attica/files/News/2018/20181026_announcement_sale-bond_en.pdf

[19] “Morgan Stanley: Η Μείωση Των NPEs Στο 10% Σημαίνει Ανακεφαλαιοποίηση (free translation: Morgan Stanley: The reduction of NPEs at 10% means recapitalization).” n.d. Accessed July 28, 2019 <https://www.capital.gr/agores/3334245/morgan-stanley-i-meiosi-ton-npes-sto-10-simainei-anakefalaioiisi-11-1-dis-stis-ellinikes-trapezes>
<https://www.kathimerini.gr/1001036/article/oikonomia/ellhnikh-oikonomia/filodo3oi-alla-epitey3imoi-oi-stoxoi-twn-npes>

[20] “Πανούσης: Θα Ξεπεράσει Τα 50 Δισ. η Αγορά ‘Κόκκινων’ Δανείων Τα Επόμενα 2-3 χρόνια (free translation: Panousis: The Market of “bad loans” will exceed the amount of 50 billion in the next 2-3 years).” n.d. Accessed July 28, 2019 <https://www.capital.gr/oikonomia/3368012/panousis-tha-xeperasei-ta-50-dis-i-agma-kokkinon-daneion-ta-epomena-2-3-xronia>

[21] “Πού Θέτουν Οι Τράπεζες Τον Πήχη Για Τη Μείωση Των NPLs (free translation: On what level are the banks setting the target for the reduction of NPLs).” n.d. Accessed July 28, 2019 <https://www.capital.gr/oikonomia/3351708/pou-thetoun-oi-trapezes-ton-pixi-gia-ti-meiosi-ton-npls>.
<https://www.eurobank.gr/-/media/eurobank/omilos/grafeio-tupou/etairikes-anakoinoseis/2019/1q-2019/enopoiimenes-endiameses-oikonomikes-katastaseis.pdf>
http://www.helex.gr/documents/10180/5395437/57_2175_2019_Greek_+English_3.pdf/1a57a27f-0ab2-47c0-8847-1f4323f3a9a0
https://www.alpha.gr/-/media/alphaqr/files/group/apotelesmata/2018-fy/20190328_deltio_typou-en.pdf

[22] “Deutsche Bank Για Ελληνικές Τράπεζες: Επιτάχυνση Της Μείωσης Των NPLs στο δ’ τρίμηνο (free translation: Deutsche Bank for the Greek Banks: Acceleration of the NPLs reduction in the fourth quarter).” n.d. Accessed July 28, 2019 <https://www.capital.gr/agores/3332687/deutsche-bank-gia-ellinikes-trapezes-epitaxynsi-tis-meiosis-ton-npls-sto-d-trimino>
<https://www.bankingsupervision.europa.eu/press/pr/date/2018/html/ssm.pr180505.en.html>

[23] Capital.gr. n.d. “Deutsche Bank: Όλο και πιο θετικοί οι αναλυτές για την πορεία των ελληνικών τραπεζών (free translation: Deutsche Bank: The analysts are more positive on the course of the Greek Banks).” Capital.gr. Accessed July 28, 2019a <https://www.capital.gr/agores/3358602/deutsche-bank-olo-kai-pio-thetikoi-oi-analutes-gia-tin-poreia-ton-ellinikon-trapezon>

[24] Euro2day.gr “Οι τρεις λόγοι για το τραπεζικό ράλι και τα σενάρια (free translation: Euro2day.gr “The three reasons for the banking-rally and the scenarios).” Accessed June 19, 2019 <https://www.euro2day.gr/news/market/article/1686731/hsbc-oi-treis-logoi-gia-to-trapeziko-rali-kai-ta-s.html>
<http://worldenergynews.gr/index.php?id=31150>

[25] “Eurobank Signs Binding Agreement for PILLAR and Enters Exclusive Discussions for CAIRO and FPS | Eurobank.” n.d. Accessed July 28, 2019 <https://www.eurobank.gr/en/group/grafeio-tupou/etairiki-anakoinosi-27-06-19/>

[26] “Το μεγαλύτερο προς πώληση χαρτοφυλάκιο «κόκκινων» δανείων ετοιμάζει η PQH (free translation: PQH prepares to sell the largest portfolio of bad loans).” Accessed August 07, 2019 <https://www.capital.gr/oikonomia/3375897/to-megalutero-pros-polisi-xartofylakio-kokkinon-daneion-etoimazei-i-pqh?fbclid=IwAR3GTZ29U-edQGq47GCSBur9C1ytIVQAWvF6SwX0jFR5uivmVTZwLNrU-bQ>

NOTES

DISCLOSURE STATEMENT

VRS (VALUATION & RESEARCH SPECIALISTS) is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.