

PRESS RELEASE

PIRAEUS BANK ANNOUNCEMENT

Following the release of various Sunday press reports with respect to a transaction executed between Piraeus Bank and Marfin Investment Group (MIG) this past week, Piraeus Bank wishes to make the following clarifications:

1. The nature of the transaction is a corporate restructuring one, “debt to debt”, and “debt to equity”. In other words, it is a typical restructuring of a lending facility, in the framework of the Recovery Banking Unit/ Task Force activities of Piraeus Bank.
2. The transaction is part of the overall loan management framework for the existing loans to MIG and its subsidiary companies (the Group). The goal is to help rationalise the Group’s loan obligations in a way that improves its strategic positioning and flexibility, while preserving and protecting the economic interests of all its lenders, including Piraeus Bank.
3. Following a relevant agreement with Bank of Cyprus, Piraeus Bank accepted the final transfer of two loans owed by a subsidiary company of MIG, Robne Kuce Beograd (RKB), with original loan amounts of €75 and €250 million, respectively, in exchange of a total consideration of €165 million. The transfer of these loans has been the subject of ongoing discussions between the two banks as regards their inclusion in the original perimeter of loans and other assets that were transferred to Piraeus Bank following its purchase of the Greek branches of Cypriot banks in 2013.
4. Under the terms of the transaction, Piraeus Bank acquires for a total consideration of €165 million and with no further cost :
 - i. €75 million of a senior secured loan to RKB that will remain over collateralised with first mortgages; and,
 - ii. €250 million of Series A Senior Bonds issued by MIG and convertible into its common shares at a price of €0.54 per share paying a 7% per annum coupon.
5. Subsequently and in accordance to the terms of the transaction, Piraeus Bank has agreed to convert at least €90 million of the Series A convertible bonds into MIG shares which would give it a 17.7% stake in the company.

In conclusion, Piraeus Bank has acquired for a consideration of €165 million loans, bonds and shares of aggregate value in excess of €325 million, making this a highly profitable transaction while at the same time reinforcing the financial health of MIG Group. The transaction is in line with the overall strategy of enhancing the viability of troubled assets against extensive collaterals, with ultimate target the creation of value for Piraeus Bank’s shareholders.

Athens, May 19th 2014