

Case study

Second largest rated NPE securitisation in Europe

CLIENT

Alpha Bank

**TRANSACTION TYPE**

Securitisation

ACQUIRER

Davidson Kempner

**Dr. Vassilios Psaltis**

CEO at Alpha Bank



The Galaxy transaction, the second largest rated NPE securitisation in Europe, was a monumental project involving multiple cross functional teams working decisively through the operational challenges imposed by the pandemic. The success of Galaxy underpins the meticulous planning and proven execution capabilities of Alpha Bank, laying the foundations for a new cycle of growth in the banking system and Greece as a whole."



CLIENT DESCRIPTION

The Alpha Bank Group is one of the leading Groups in the financial sector in Greece. The Group offers a wide range of high-quality financial products and services, including retail banking, SMEs and corporate banking, asset management and private banking, distribution of financial insurance products, investment banking, brokerage and real estate management. The main bank of the Group is Alpha Bank, which was founded in 1879 by J.F. Costopoulos.

Alpha Bank constitutes a consistent point of reference in the Greek banking system with one of the highest capital adequacy ratios in Europe, and today it operates in Greece, Cyprus, Romania, Albania, Luxembourg and the UK. It employs more than 10,500 employees internationally.

DEAL DESCRIPTION

Project Galaxy, the second largest rated NPE securitisation in Europe, with a total GBV of €10.8bn comprises of non-performing multi-asset loans. This is also the first securitisation for Alpha Bank that has utilized the Hellenic Asset Protection Scheme ("Hercules") which relates to the provision of a guarantee by the Greek State on the transaction's senior notes.

A SUCCESSFUL OUTCOME

- The Galaxy SPVs issued three classes of Notes with the following notional amounts: Senior Notes of €3.8bn, Mezzanine and Junior Notes of €7bn. Alpha Bank retained 100% of the Senior notes and to comply with risk retention rules also retained 5% of the Mezzanine and Junior notes.
- 51% of the Mezzanine and Junior securitisation notes were sold to an entity managed and advised by Davidson Kempner for a consideration payable in cash, at an aggregate valuation for 100% of those notes of €40m. The total proceeds for Alpha Bank including the Senior notes and the sale price of the Mezzanine and Junior notes correspond to c.35% of the total gross book value of the portfolio sold.
- The transaction has transformed Alpha Bank's balance sheet, allowing it to normalize the cost of risk for AB as well as carve out the internal NPE management unit of c. 1,000 people to service the new portfolio.
- Additionally, the transaction has massively decreased NPL and NPE ratio for both the bank and the country.