

22 February 2019

Eurobank Ergasias S.A.
8, Othonos Str.
105 57, Athens

Subject: Fairness Opinion within the Context of the Merger by Absorption of Grivalia Properties R.E.I.C. by Eurobank Ergasias S.A. for the purposes of Art. 16 of L. 2515/1997, Art. 69 – 77a of L. 2190/20, Art. 1-5 of L. 2166/93 and Art. 4.1.3.13.3 of the Athens Exchange Regulation

Dear Sirs,

1. Introduction

In accordance with the resolution of the Board of Directors, dated 25.11.2018, Deloitte was engaged by Eurobank Ergasias S.A. (hereafter referred to as "**Eurobank**" or the "**Bank**" or the "**Acquiror**") to provide valuation services with regards to the estimation of the fair market value of 100% of the share capital of Eurobank and Grivalia Properties R.E.I.C. (hereafter referred to as "**Grivalia**" or the "**Acquiree**"), and a fairness opinion as to if the proposed share exchange ratio, is fair and reasonable from a financial point of view according to the provisions of Art. 16 of L. 2515/1997, Art. 1-5 of L. 2166/1993, Art. 69-77a of L. 2190/1920 and the provisions of Athens Exchange Regulation. We have performed the following:

- a) We estimated the fair market value of 100% of the share capital of Eurobank and Grivalia (hereafter jointly referred to as the "**Companies**") in the context of the merger by absorption of Grivalia by Eurobank (the "**Transaction**" or the "**Merger**"), with valuation reference date the 23rd of November 2018.
- b) We reviewed the Draft Merger Agreement received on 13 February 2019, in accordance with our Engagement Letter, dated 2 February 2018.
- c) We express, through this fairness opinion letter, on the basis of the data made available to us and analyses carried out, our opinion regarding the share exchange ratio as proposed by the respective Board of Directors.

In the context of our valuation work, we examined the Companies' comparative financial position. Our assessment included, inter alia, consideration of the following:

- a. Terms and conditions of the proposed Merger, as described in the Draft Merger Agreement.
- b. The competitive environment and the prevailing and expected macroeconomic conditions of the sectors where the Companies operate.

1. Introduction

- c. Main factors and relevant trends, which had an impact on the Companies' historical financial data and figures.
- d. The Companies' financial position as at the Merger balance sheet date, December 31st 2018, as well as significant economic and business events that occurred later on up to and including the date of issuance of the present.
- e. Publicly available data with respect to the banking and real estate sectors, as well as information provided to us by the management of the Companies.
- f. Information arising from discussions and correspondence with the Companies' officers and management in connection with the Companies' current position and prospects within their markets.
- g. Financial terms of transactions, mergers and acquisition of significant blocks of shares, that took place recently, in the sectors where the Companies operate.
- h. The evaluation of the Companies' market capitalisation and its evolution during the past months, prior to the Merger's announcement date.
- i. Other information, reports and analyses, as well as financial and stock market data considered relevant and suitable for the purposes of our work.
- j. Other information and data with respect to the Companies' capital, organizational and shareholding structure.

2. The Transaction

The Boards of Directors of Eurobank and Grivalia announced, on the 26th of November 2018, that they unanimously decided to commence the Merger of the two Companies by absorption of Grivalia by Eurobank according to the relevant provisions of the corporate law, L. 2515/1997 and L. 2166/1993 as in force. The Merger will result in a pro-forma ownership split of the enlarged share capital of c. 59% owned by existing Eurobank shareholders and c. 41% by existing Grivalia shareholders. It is noted that the date of the Merger balance sheet will be the 31st December 2018.

3. Valuation Methodology Applied

- 3.1 For the determination of the share exchange ratio, we proceeded with the valuation of 100% of the share capital of the merging Companies, with reference date the 23.11.2018.
- 3.2 The valuation was carried out in accordance with generally accepted principles and methods that are used internationally, while our conclusions took into account the suitability of each method utilized. The suitability of the adopted methods and the weights that were finally assigned to each method are appropriate and reasonable for the purposes of our work.

3. Valuation Methodology Applied

3.3 The present fairness opinion is based on the aforementioned data and other information provided to us by the management of the Companies, who have confirmed to us, through Representation Letters, that such information is true, accurate and complete.

3.4 In particular, we have deemed and used as considered appropriate, the following internationally accepted valuation methodologies:

- a) Discounted Cash Flows Method (DCF);
- b) Dividend Discount Model (DDM);
- c) Capital Markets Multiples (CMM);
- d) Comparable Transactions (CT);
- e) Stock Market Capitalization Method;
- f) Adjusted Net Book Value (ANBV).

For the purpose of determining the fair market value of 100% of the share capital of Eurobank: a) Dividend Discount Model and b) Stock Market Capitalization were deemed to be the most appropriate methods, while for the rest methodologies it was considered that the data and samples of Greek and international banks examined were not fairly comparable to Eurobank, in terms of growth rates, estimated risk, profitability margins, operating ratios, size, etc. The Adjusted Net Book Value Method was considered inappropriate, and was not used eventually, as it is essentially a static method and does not take into account current and future profitability, as well as future growth potential.

For the purpose of determining the fair market value for Grivalia, the methods of: a) Discounted Cash Flows and b) Stock Market Capitalization were deemed to be the most appropriate, while for the rest of the methods, it was considered that the data and samples of Greek and international real estate investment companies were not fairly comparable to Grivalia. The Adjusted Net Book Value Method was also considered inappropriate for the reasons outlined above.

More specifically, we have considered and applied, the valuation methodologies as described in the following table.

Valuation Methods	Eurobank	Grivalia
a. Discounted Cash Flows / Dividend Discount Model	✓	✓
b. Capital Markets Multiples	×	×
c. Comparable Transactions	×	×
d. Stock Market Capitalization	✓	✓
e. Adjusted Net Book Value	×	×

✓: Method applied ×: Method not applied

4. Eurobank Ergasias S.A.

4.1 Dividend Discount Model

The Dividend Discount Model follows the income approach, which takes into account the past performance of the company, but also gives particular emphasis on its potential for future growth and ability to generate cash flows as dividends to its shareholders. The Dividend Discount Model is based on the premise that the value of the business enterprise or unit is the present value of the future economic income to be derived by the owner of the business. This method requires revenue and expense, investment and capital structure analysis for an explicit period of 5 years, using an appropriate discount rate, while also adding the discounted terminal value.

Based on the results of the above-mentioned analyses, a forecast of equity cash flows is made for a reasonable explicit forecast period. The cash flows forecast is discounted at an appropriate discount rate, to determine the present value. The terminal (residual) value of the business enterprise is determined at the end of the explicit forecast period. This terminal (residual) value is also discounted to determine the present value.

Dividend Discount Model is widely used for the estimation of financial services companies' market value of shares. The Dividend Discount Model as applied to the valuation of a bank, estimates the value of the Bank's equity by discounting the dividends the Bank will distribute to its shareholders. The discount factor used is Cost of Equity. A sensitivity analysis was also carried out to determine the impact of different discount rates on the valuation results.

To determine the value of Eurobank based on this method, a financial model was developed to forecast the main financial parameters of the Company for the period 2018 – 2025. The development of this model was based on the Business Plan and the forecasts provided to us by the management of Eurobank, as well as additional adjustments that were deemed appropriate.

As part of the Business Plan that we received from Eurobank's management for the period 2018 - 2025, two (2) alternative scenarios were taken into account, Base and Adverse Scenario, which are based on different assumptions regarding the evolution of gross loans and deposits, the evolution and coverage of non-performing exposures, cost / income ratio and the estimated future capital adequacy of the Bank.

Moreover, our analysis was conducted under the premise that the Bank will continue to operate as independent business entity, in the field it used to operate prior to the announcement of the Merger (thus on an **"as is; stand-alone"** basis). As a result of this premise, all possible actions that may have been undertaken (such as indicatively, broadening the scope of business activity, synergies resulting from the acquisition or merger with another entity, etc.), which could significantly alter the current scope and structure of its activity, have not been taken into consideration. Therefore, it is highlighted that actions which are likely to create significant synergies or significantly change the type of activity or mode of operations have not been taken into account.

4. Eurobank Ergasias S.A.

4.2 Stock Market Capitalization Method

In the case of a company listed on a stock market, one must take into account the total market capitalization of the company that is valued. Furthermore, in case the company has a high percentage of freely floated shares, this method is deemed to be important because of the generally accepted efficient market hypothesis, which assumes that an open and efficient market cannot, in the long-term, significantly over - or undervalue a company's share price. Given that Eurobank's shares are listed on the Athens Exchange, we consider this method to be the most appropriate for the valuation of the Bank.

During the application of this method, we collected stock market capitalization data for the Bank during various intervals, such as:

- On the last day of trading of the shares before the announcement of the Transaction (23.11.2018).
- Average closing price of the shares on the Athens Exchange for a period of 1, 3, 6 and 12 months before the 23rd November 2018.

The main assumptions for using this method are, among others, the following:

- a. There is sufficient dispersion of the Bank's shares (free float).
- b. Shares are traded on the stock market for a sufficient period of time.
- c. During the period under review, a sufficient volume of shares was traded on the stock market (liquidity).
- d. Investors have equal and sufficient information (efficient market hypothesis).
- e. There are no indications of stock price manipulation.

Based on the above, we consider that satisfactory and reliable conclusions can be drawn from the application of this method, therefore a relatively high weight was finally assigned to it.

5. Grivalia Properties R.E.I.C.

5.1 Discounted Cash Flows Method

The Discounted Cash Flows method is widely regarded as the most acceptable and appropriate for valuing companies, as it takes into account the past performance, but gives particular emphasis on the Company's potential for future growth and its ability to generate profits and cash flows for its shareholders. To determine the value of Grivalia based on this method, a financial model was developed to forecast the main financial parameters of Grivalia for the period 2019 – 2028. The development of this model was based on the Business Plan of Grivalia for the period 2019 – 2028 and forecasts provided to us by the management of Grivalia (Base Scenario).

5. Grivalia Properties R.E.I.C.

5.1 Discounted Cash Flow Method

Moreover, our analysis was conducted under the premise that the company will continue to operate as independent business entity, in the field it used to operate prior to the announcement of the Merger (thus on an “**as is; stand-alone**” basis). As a result of this premise, all possible actions that may have been undertaken (such as indicatively, broadening the scope of business activity, synergies resulting from the acquisition or merger with another entity, etc.), which could significantly alter the current scope and structure of its activity, have not been taken into consideration.

The discount rate applied was calculated based on the Weighted Average Cost of Capital (WACC), which was based on the respective cost of equity and cost of debt of Grivalia. For the calculation of the cost of equity, which is also interpreted as the expected rate of return to the shareholders, we used the Capital Asset Pricing Model (CAPM). Furthermore, a sensitivity analysis has been performed on the calculation results, in order to evaluate the effect upon the estimated values of a change in the discount rate applied (WACC) and the perpetuity growth rate (g) used to determine the terminal (residual) value of the company.

5.2 Stock Market Capitalization Method

During the application of this method, we collected stock market capitalization data for Grivalia during various intervals, such as:

- On the last day of trading of the shares before the announcement of the Transaction (23.11.2018).
- Average closing price of the shares on the Athens Exchange for a period of 1, 3, 6 and 12 months before the 23rd November 2018.

As it has already been mentioned, this method was regarded as the most appropriate, hence a relatively high weight was finally assigned to it.

6. Limiting Factors & Clarifications

- Deloitte has not audited or examined in any way the historical financial statements of the Companies, during the course of this engagement, nor any other information provided to us by the Companies’ management. Consequently, we express no opinion, or provide any other form of assurance regarding the accuracy and completeness of the financial and other information that we relied upon during the course of this engagement.
- Deloitte has not performed any in-depth analysis of the current standing and prospects of the banking and real estate sectors, but relied only upon publicly available information from reputable sources.

6. Limiting Factors & Clarifications

- Our valuation analysis was based on projections and other information provided to us by the management of the Companies. The valuation results are based on the fundamental assumption that the financial projections that were provided to us, are reasonable and that there is a high probability of realization of these projected financial results. As already mentioned above, no in-depth market or operational research was carried out, so we have not effectively audited these projections during the course of this engagement, but judged them only on a reasonableness basis. Therefore, we express no opinion or provide any other form of assurance regarding these financial projections.
- For Eurobank, until the date of issuance of the present, we have not received any consolidated (pro-forma) financial statements as of 31.12.2018. Hence, our valuation analysis was based on the Bank's Business Plan estimates for 2018.
- Regarding Grivalia, our analysis was based on the audited financial statements prepared under IFRS as of 31.12.2018. It is noted that, during the course of this engagement, Deloitte has not audited or examined in any way these financial statements.
- Moreover, as at 30 September 2018, Eurobank's deferred tax assets (DTA) amounted to € 4,904 mn. Based on management representations and the Bank's recoverability assessment of DTA, we have assumed that this amount is fully recoverable. The Bank's assessment was based on its three-year Business Plan that was approved by the Board of Directors in January 2018 and provides outlook of its profitability and capital position for the period up to the end of 2020. The Business Plan was also submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).
- With regards to Grivalia's real estate portfolio, it has been assumed that the values presented in the audited financial statements as of 31 December 2018, fairly reflect their current market values. In the context of the present valuation exercise, we have not performed any further verification and/ or valuation regarding the market value of the Companies' real estate portfolio, but relied upon the audited financial statements as of 31.12.2018.
- It is noted that we have not received total debt and cash balances of Grivalia as of 23.11.2018, i.e. the reference valuation date. Thus, we assumed that Grivalia's net debt position on the valuation date equals its net debt as of 31.12.2018 based on its audited financial statements.
- As already mentioned, the valuation was conducted on an "as is; stand-alone" and "going-concern" bases before the Merger announcement. Thus, Grivalia's share capital decrease of € 40.5 mn., as well as the € 13.7 mn. distribution of past years' profits carried forward to BoD members and employees, which were agreed as part of the Merger, have not been taken into account.
- The valuation of a company or individual assets cannot be regarded as an absolute science and its results, in many cases, are subjective and dependent on the analysis and independent judgment of the appraiser. Using the same data and adopting common assumptions, the judgment of independent appraisers can vary, due to a series of independent decisions.
- The present report is intended for the exclusive use of Eurobank's management and shareholders and cannot be used by any third party. Deloitte is not liable for any damage or loss that may occur due to decisions or actions taken based on this report.

6. Limiting Factors & Clarifications

- Our engagement did not involve the review of the Merger from a commercial, tax, legal or operational point of view.
- The results of our valuation services may not be included or referenced in any document including private placement memoranda, the purpose of which is to raise equity capital or to borrow funds, or be distributed to any third party, without the prior written consent of Deloitte.
- The use or reliance on this report by third parties and any decisions based on it, are the responsibility of the parties using it. By using this analysis, such parties consent that Deloitte has no liability with respect to such reliance or decisions. Deloitte accepts no liabilities for damages, if any, suffered by any party as a result of decisions made or actions taken based on this work product.

7. Valuation Results – Share Exchange Ratio Range

Relative Valuation Range per Method

Valuation Method (amounts in € mn.)	Eurobank		Grivalia	
	Min	Max	Min	Max
a1. Discounted Cash Flows (Base Scenario)	1,541.9	1,791.9	887.2	1,031.1
a2. Discounted Cash Flows (Adverse Scenario)*	1,213.8	1,410.6		
b. Stock Market Capitalization	1,143.1	1,328.4	717.4	833.8
Estimated Value Range	1,193.6	1,387.1	759.9	883.1

* Eurobank's Adverse Scenario is compared to Grivalia's Base Scenario, as it was not considered appropriate to develop an adverse scenario.

Share Exchange Ratio Range between Eurobank and Grivalia

Method	Share Exchange Ratio between Eurobank and Grivalia	
	Minimum	Maximum
a1. Discounted Cash Flows (Base Scenario)	11.23:1	15.16:1
a2. Discounted Cash Flows (Adverse Scenario)*	14.26:1	19.26:1
b. Stock Market Capitalization	12.25:1	16.54:1
Estimated Share Exchange Ratio Range	12.42:1	16.78:1

* Eurobank's Adverse Scenario is compared to Grivalia's Base Scenario, as it was not considered appropriate to develop an adverse scenario.

Based on the appropriateness of each method used, and more specifically assigning higher weight to the Stock Market Capitalization Method, the share exchange ratio between Eurobank and Grivalia was estimated to be within the range of:

12.42 – 16.78 to 1 (Eurobank to Grivalia)

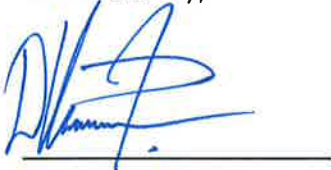
8. Review of the Draft Merger Agreement

We reviewed the Draft Merger Agreement, in order to determine whether the proposed share exchange ratio is fair and reasonable and that it falls within the fair value range that has been estimated for the Companies.

9. Conclusion

- 9.1 The Companies' Boards of Directors, according to the Draft Merger Agreement received on 13 February 2019 proposed a share exchange ratio, where each shareholder of the Acquiree shall exchange 1 (one) common nominal voting share at a nominal value of € 1.71 each, held in the Acquiree, for 15.80000000414930 common nominal voting shares of the Acquiror, at a new nominal value of € 0.23 each. After the completion of the Merger, the shareholders of the Acquiror shall continue to hold the same, as prior to the Merger, number of shares in the Acquiror, though at a new par value of € 0.23 each.
- 9.2 Based upon and subject to the foregoing, as well as the key terms of the Draft Merger Agreement, we are of the opinion that, on the date hereof, the proposed by the Boards of Directors Share Exchange Ratio is fair and reasonable, from a financial point of view.

Yours faithfully,



Dimitris Katsibokis
Certified Auditor – Accountant
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