



**ALPHA BANK**

## **REPORT**

(According to article 13 par. 10 of codified law 2190/1920)

### **Of the Board of Directors of “ALPHA BANK A.E.”**

**To the Extraordinary (General and Special) Meeting of Shareholders, including any Reiterative Meeting, due to Adjournment or Interruption**

**In relation with the Issuance of a bond loan, in paper form, convertible into common paperless voting shares, in accordance with article 3a para. 1 of codified law 2190/1920,**

**Upon cancellation of the pre-emption rights of the existing (Common and Preferred) Shareholders**

Dear Shareholders,

The Board of Directors of the Bank proposes, in accordance with article 3a par. 2 of codified law 2190/1920, to the General Meeting of the common Shareholders, and to the Special Meeting of the preferred Shareholders, as well as to any Reiterative Meeting, due to Adjournment or Interruption, the approval

(a) of the issuance and placement by the Bank of a bond loan, in paper form, convertible within the meaning of articles 3a of codified law 2190/1920 and 8 of law 3156/2003, into newly-issued common paperless voting Bank shares, upon cancellation at the same time of the pre-emption rights of the existing (common and preferred) Shareholders on the said loan and

(b) the grant of authority to the Board of Directors of the Bank to issue and place, as well as to agree on the specific terms of the bond loan and to perform the requisite juridical and other acts.

In particular:

Within the framework of the agreement between the Bank and Crédit Agricole S.A. (hereinafter “CASA”) for the acquisition (hereinafter “the Transaction”) by the former from the latter of the entire share capital of Emporiki Bank of Greece (hereinafter “EBG”), held by CASA, the CASA group of companies, expecting to draw value from the creation of synergies, which are estimated to arise in the future, intends to subscribe, by contributing existing CASA claims against EBG amounting to up to Euro 150 million (and reducing to an equal amount liabilities of EBG to the said group), to a bond loan issued by the Bank, of equal principal (i.e. up to Euro 150 million), convertible into common paperless voting Bank shares.

After and through the completion of the Transaction a bond, in paper form, will be issued by the Bank and privately placed with CASA or a company affiliated thereto, of a principal amount up to Euro 150 million, divided in up to 1,500 bonds, in paper form, or multiple bond securities of a nominal value equal to Euro 100,000 each, convertible by the bondholder into common paperless voting shares issued by the Bank and redeemable by the latter, upon cancellation at the same time of the pre-emption rights of the existing (common and preferred) Shareholders on the said loan, in accordance with the following terms and conditions:

All the bonds, at the 4<sup>th</sup> annual anniversary of the consummation of the Transaction, will be convertible (at the bondholder's discretion) into new common paperless voting Bank shares, provided that, at the time of the conversion, specific ratios regarding the size of the Branch Network as well as the amount of regulatory capital of the combined group (i.e. of the Bank with the EBG) have been attained.

The conversion price of each bond will be equal to the *quotient* of the division where the numerator is the nominal value of each bond and the denominator is the highest price between (i) the offer price per Bank share, which the Hellenic Financial Stability Fund ("HFSF") will pay with a view to participating in and covering the recapitalisation of the Bank and (ii) the average (weighted in terms of trade volume) price of the Bank's share during the last quarter before the conversion of the said bonds.

The (above) conversion price may be adjusted in the case of occurrence of corporate events which could result in the amendment of the economic value of the bonds to be issued, including (absolutely indicatively) the cases of increase or reduction of the share capital of the Bank (e.g. after a recapitalisation of the latter by the HFSF), the reduction of the nominal value of the shares issued by the Bank without reduction of the share capital of the Bank (split), the increase of the nominal value of the shares of the Bank without reduction of the share capital of the Bank (reverse split), the merger or demerger of the Bank with a share issuance, the issuance of securities convertible or exchangeable into shares of the Bank, as well as in any other case where such readjustment is customary in accordance with the prevailing practice in the convertible bonds market.

In case that either the (above) conversion terms are not fulfilled or CASA chooses not to convert the bonds of the bond loan, then, ipso facto, the non-converted bonds of the bond loan will be repurchased by the Bank by paying to CASA the amount of Euro 1.00 per each repurchased bond.

It is proposed that authority is granted to the Board of Directors of the Bank to issue and place the bond loan, to agree on its specific terms and, in general, to perform the requisite juridical and other acts.

It is noted that the issuance and placement of the abovementioned bond loan is subject to the successful completion of the Transaction.

The Board of Directors proposes to the General Meeting of the common Shareholders and to the Special Meeting of the preferred Shareholders the approval of the issuance and placement of the said convertible bond loan given (inter alia) that:

- The total principal of the loan reduces the total direct cost of the Transaction for the Bank and the combined group of the Bank with the EBG.
- The liquidity of the combined (as above) group is enhanced.
- The principal amount of the loan will be used, under certain conditions, to enhance the regulatory capital of the Bank.
- The foundation is laid for a partnership with a leading, and internationally acclaimed, financial group.