R E P O R T

(Pursuant to article 13 par. 10 c.l. 2190/1920)

Of the Board of Directors of "ALPHA BANK A.E."

To the Ordinary General Meeting of its Shareholders,

Including any Repetitive Meeting, due to an Adjournment or Suspension

In connection with the following agenda item

Issuance by the Bank, and distribution by private placement, of a bond convertible into common voting shares of an aggregate principal amount up to Euro 500 million upon dis-application of shareholder pre-emption rights. Delegation of authority to the Board of Directors.

Dear Shareholders,

The Board of Directors of the Bank recommends to the Ordinary General Meeting of Shareholders, as well as to any repetitive meeting, due to an adjournment or suspension thereof, the approval by the Meeting of:

(a) The issuance of a bond loan of a principal amount of up to Euro 500 million convertible into common voting shares of the Bank **("Convertible Bond")** with dis-application of the pre-emptive rights of the Shareholders,

(b) The placement by the Board, if deemed beneficial thereby taking into account the prevailing market conditions and the needs of the Bank to raise capital, of the Convertible Bond by way of a private placement to interested qualified and other investors, within a period of twelve months as of the present resolution,

(c) The determination of the conversion ratio of each bond into (/) new common shares of the Bank as the quotient of the outstanding, at conversion, bond principal amount divided (/) by the aggregate offer price of the new common shares to be issued upon conversion, it being understood that: (i) such offer price shall be equal to the Volume-Weighted Average Price (VWAP) of the Bank's outstanding shares in a period of up to 30 business days preceding the issuance date of the convertible bond, multiplied (X) by a discount thereon of up to 40%, as the Board of Directors of the Bank shall, on or prior to the date of issuance of the convertible bond, determine at its discretion, (ii) the offer price of each new share shall be no less than the par value thereof, and (iii) the aggregate par value of the new shares shall not exceed the aggregate offer price of the bonds.

(d) The proportionate adjustment of the conversion price of the convertible bonds into new common voting dematerialised shares (as the price shall be determined by the Board of Directors of the Bank upon the issuance of the Convertible Bond following the relevant power granted thereto), upon the occurrence of corporate events which may impact the value of the Convertible Bonds, including without limitation any rights issue or any share capital reduction of the Bank, any share split or reverse split, any merger or division of the Bank, the issuance of securities convertible or exchangeable into common shares of the Bank, as well as any other case which in line with the market practice should result into the adjustment of the conversion price and

(e) The granting of authority to the Board of Directors of the Bank for the finalisation of the details for the issuance of the Convertible Bond, including indicatively the determination of the issue date and the conversion ratio, as well as for the implementation of the decision of the General Meeting.

The Board of Directors reminds that the retention of high capital adequacy ratios was and (still is) one of the main business objectives of the Bank. As a result of the recent share capital increase of the Bank in November 2015, the Common Equity Tier 1 **(CET 1)** ratio of the Bank was significantly improved and it currently stands at 17.3%, placing the Bank amongst the leading Greek banks in terms of capital adequacy. Nevertheless, given the current conditions, a main concern of the Bank is to further increase its capital adequacy.

The Bank intends to pursue a further widening of its funding sources in order to address the challenges from (a) the evolving legislation on capital adequacy and the minimum requirements for loss absorption and eligible liabilities (MREL) as a going concern and in resolution; (b) the further alignment of its capital adequacy with the requirements and discretions of the applicable regulatory framework; (c) the high ratio of Non-Performing Loans that the Bank must actively manage in the following years and (d) the difficulties currently anticipated by the Country and the Greek banking system in accessing international markets.

Nevertheless, due to the unprecedented financial crisis that impacted the Greek Economy over the last few years, access by the Greek banks to the international financial markets is extremely difficult. Thus, the Bank needs to develop the proper toolkit which shall provide for the maximum flexibility and speed in accessing the financial markets, so that it may successfully deploy the market opportunities for raising funds that may appear in the next year.

The issuance of the Convertible Bond is expected to provide the Bank with the necessary flexibility so that its access to the international markets (directly or indirectly through a subsidiary) is facilitated. In particular, the issuance of securities convertible into shares, such as the Convertible Bonds, is a financial tool widely used in the international markets, allowing for the funds raised by their issuance to be treated as regulatory capital for the bank **(*“Convertible Securities”*)**. A condition to such treatment is for the Convertible Securities to provide for a mandatory conversion into common voting shares of the issuing bank, triggered in extreme cases of regulatory capital deterioration. In this regard, although the specific terms on mandatory conversion shall be determined in the light of the applicable regulatory framework, it is noted that, in accordance with such applicable framework (Regulation (EU) 575/2013), the trigger event is set at 5.125% of the CET1 ratio (subject to the discretion of the issuing bank, following the instructions of the competent regulatory authority, to set it at a higher level), whilst in recent issuances by Greek banks the trigger event was set at 7% of the CET1 (*see* Cabinet Act 36/2015). So, the issuance of the Convertible Bond is a valuable tool for raising regulatory capital.

Should this be deemed necessary and appropriate, the process may be accelerated and facilitated by the issuance of Convertible Securities indirectly through a subsidiary of the Bank. More specifically, the Convertible Securities may be issued also through a 100% subsidiary of the Bank, which shall subscribe in full for the Convertible Bonds and the sole purpose of which shall be the raising of funds from the international markets. In such a case, the Convertible Bonds shall constitute the underlying asset of the Convertible Securities, whilst their conversion shall trigger the automatic conversion of the Convertible Bonds, so that the holder of the Convertible Securities receives newly-issued common voting shares of the Bank.

In this regard, the issuance of the Convertible Bonds and the Convertible Securities, which, besides the conversion option, shall trigger due to the mandatory conversion thereof into common shares - in extreme cases of regulatory capital deterioration - dilution of the existing Shareholders, is deemed as an appropriate means, already used by numerous European banks for raising regulatory capital or meeting their MREL requirements. We note that the claims under the proposed Convertible Bonds shall be subordinated to senior creditors of the Bank, ranking *pari passu* with common shares and any other claim which is agreed to rank *pari passu* with the Convertible Bonds.

It is further reminded that currently the regulatory capital structure of the Bank is based exclusively on common shares, a structure which is not typical for European banks. Thus, the issuance of other forms of securities such as the Convertible Bonds, allowing for the treatment (subject to conditions) of the funds raised thereunder as regulatory capital of the Bank, shall enhance the regulatory capital structure of the Bank, expanding its funding sources.

In addition, the issuance of the Convertible Bonds, which, as noted above, shall be subordinated, shall also contribute to the creation of a yield curve for securities issued by the Bank, facilitating, thus, the issuance in the financial markets by the Bank of other types of securities, with claims ranking higher than those under the Convertible Bonds (e.g. Senior Bonds). So, the proposed issuance aims, among others, not only at enhancing the capital structure of the Bank but also at allowing the Bank, by starting from the Convertible Bonds, to regain full access in the markets, expanding its funding sources.

It is stressed however that the issuance by the Bank of the Convertible Bonds as well as of any other securities, which as per their terms and conditions permit for loss absorption, benefits also the depositors of the Bank, since the claims under such securities rank below the claims of depositors, thus protecting the depositors of the Bank.

In the light of the above, the prevailing market conditions and the possible need to raise capital constitute the proposed dis-application of the pre-emptive rights and the granting of power to the Board of Directors to place the Convertible Bonds with qualified and other investors, the necessary and proportionate means so that the Bank may retain, in the current market conditions, the necessary flexibility for immediate reaction in these volatile circumstances.

Finally, it is proposed that the Board of Directors of the Bank is authorised to proceed with the issuance and placement of the Convertible Bond within an exclusive period of twelve (12) months from the date that the Shareholders' Meeting approves the present Agenda Item, subject however to the Board of Directors' view that such issuance and placement would be beneficial in the light of the then prevailing market conditions and the capital raising requirements of the Bank.

Athens, June 9, 2017
For ALPHA BANK

THE BOARD OF DIRECTORS