

**REPORT
of ALPHA BANK S.A. BOARD OF DIRECTORS**

**to the GENERAL MEETING of the Shareholders
pursuant to article 61 of law 4601/2019**

**on the demerger by way of hive-down of the banking business sector
with the incorporation of a new company**

Esteemed Shareholders,

The Board of Directors of the société anonyme under the corporate name “ALPHA BANK S.A.” (hereinafter referred to as the “**Demerged Entity**”), decided in the course of its meeting dated 1 June 2020, on the initiation of the process for the demerger of the Demerged Entity by way of hive-down with the incorporation of a new company (hereinafter referred to as the “**Beneficiary**”), pursuant to article 16 of law 2515/1997, par. 3 of article 54, par. 3 of article 57 and articles 59-74 (inclusive) and 140 of law 4601/2019, as in force (hereinafter referred to as the “**Demerger**”).

The Demerged Entity shall transfer to the Beneficiary the banking business sector which includes the assets and liabilities related to the exercise of banking business by the Demerged Entity on a stand-alone basis (hereinafter referred to as the “**Banking Business Sector**”). The Demerged Entity’s assets and liabilities, included in the Banking Business Sector, appear in the transformation balance sheet of the Banking Business Sector, dated 30.6.2020 (hereinafter referred to as the “**Transformation Balance Sheet**”) and in the draft demerger deed (hereinafter referred to as the “**Draft Demerger Deed**”).

The Draft Demerger Deed shall be published and the Demerger shall be approved by the General Meeting of the Shareholders of the Demerged Entity (hereinafter referred to as the “**General Meeting**”), pursuant to articles 60 and 66 of law 4601/2019, respectively.

The Board of Directors of the Demerged Entity concluded the written Draft Demerger Deed, pursuant to article 59 of law 4601/2019 and appointed the certified auditor, Harry Sirounis (SOEL Reg. no. 19071) (hereinafter referred to as the “**Certified Auditor**”) of the audit company KPMG Certified Auditors S.A. (“**KPMG**”), to examine the Draft Demerger Deed and draft the relevant report, pursuant to par. 5 of article 16 of law 2515/1997 and article 62 of law 4601/2019.

Afterwards, the Board of Directors prepared this detailed report, which explains and justifies from a financial and legal perspective the Draft Demerger Deed, pursuant to article 61 of law 4601/2019.

Specifically, the Board of Directors wishes to bring to the attention of the General Meeting the following:

I. Financial considerations

The Demerger is part of the Demerged Entity’s strategic plan for 2020-2022, which was announced by the Demerged Entity in November 2019 (hereinafter referred to as the “**Strategic Plan**”). The main priority and objective of the Strategic Plan is the improvement of the Demerged Entity’s financial structure through the reduction of its

Non-Performing Exposures and cost of risk, which constitute the main factors that impact profitability over the past years, while also aiming to optimize the organizational and capital structure of the group of companies of the Demerged Entity. In addition to the Demerger, the Strategic Plan includes other actions that the Demerged Entity has already undertaken or will undertake in the near future, such as (a) the execution of a transaction for the securitization of non-performing loan receivables, amounting to up to Euro 12 billion (hereinafter the “**Securitization Transaction**”), (b) the placement of the aforementioned Securitization Transaction under the “Hercules” Program, provided by law 4649/2019, in order to (i) mitigate the impact of the Securitization Transaction on the Demerged Entity’s capital adequacy and (ii) achieve the supervisory derecognition of Non-Performing Exposures, (c) the transfer of the servicing of Non-Performing Exposures to “CEPAL HELLAS FINANCIAL SERVICES SINGLE MEMBER SOCIETE ANONYME – SERVICING OF RECEIVABLES FROM LOANS AND CREDITS” (hereinafter “**CEPAL HELLAS**”), a licensed servicing company for loan receivables under law 4354/2015, and the subsequent sale of the shares of “CEPAL HELLAS” to a third-party investor.

As a result of the completion of the above actions, the Demerged Entity aims at the improvement of its financial structure through the reduction of its Non-Performing Exposures and cost of risk, following a prolonged period of crisis, creating favorable conditions for the return to profitable growth in the interest of its Shareholders, Employees and the Greek economy. The Banking Business Sector is transferred to a new banking entity, which will have substantially improved asset quality and will be able to finance the real economy without distractions. In this way, Client support will become more material, by providing a wide set of value-added services and channeling resources to adapt the business model through the digital transformation program of the Banking Business Sector.

The Demerger, which will be completed in accordance with all applicable laws, will not affect the consolidated financial assets of the Group of the Demerged Entity, as the Beneficiary will be fully consolidated, since the Demerged Entity will be, directly or indirectly, the sole (100%) shareholder of the Beneficiary.

The Board of Directors of the Demerged Entity states that no special difficulties arose during the process for the verification of the book value of the assets of the Banking Business Sector, according to par. 5 of article 16 of law 2515/1997, by the Certified Auditor of the audit company KPMG, in the context of the Demerger process.

No particular advantages are granted to the Certified Auditor, the Members of the Board of Directors of the Demerged Entity and its internal auditors by the Demerged Entity’s Articles of Incorporation or by decision of its General Meeting of Shareholders, nor are any such advantages granted to the aforementioned and to the Members of the Board of Directors of the Beneficiary and its internal auditors by the Draft Demerger Deed.

Upon completion of the Demerger and the Beneficiary’s incorporation, the latter’s share capital will amount to Euro five billion eighty-three million eight hundred twenty-four thousand four hundred ninety-six and 10 Eurocents (€5,083,824,496.10), divided into 50,838,244,961 common, registered shares with voting rights and of a nominal value of 10 Eurocents (€0.10) each. The Demerged Entity shall receive all the Beneficiary’s shares.

The terms of the Demerger can only be considered as fair and reasonable since, according to the provisions of article 16 of law 2515/1997 and par. 3 of article 57 of law 4601/2019, the Demerged Entity will receive all (100%) the Beneficiary's shares in return for the property to be transferred to the latter.

In confirmation of the above, the report of the Certified Auditor expresses an opinion as to whether the exchange ratio is fair and reasonable, as follows:

"Since, as per par. 3 of Article 57 of Law 4601/2019, "The demerger through hive-down with establishment of a new company or new companies is the act by which a company (demerged entity), without being dissolved, transfers to one or more companies that are simultaneously being incorporated (beneficiaries) the sector or sectors defined in the draft demerger deed, with the acquisition by the [demerged entity] of the shares of the beneficiary..." it is self-evident that there is no share exchange ratio and therefore there is no need to provide information on valuation considered for the determination of a proposed share exchange ratio. This demerger is fair and reasonable because the Demerged Entity will acquire all the Beneficiary's shares in exchange for the contributed assets and liabilities."

II. Legal considerations

The Demerger is effected as of the registration date of the demerger deed in the General Commercial Registry (GEMI) ("**Demerger Completion Date**"); in particular, the following results occur by operation of law (*ipso jure*) and all at once, both between the Demerged Entity and the Beneficiary, as well as vis-à-vis third parties, as set out in the Draft Demerger Deed:

The Beneficiary is incorporated with its Articles of Incorporation to be approved by the General Meeting of Shareholders of the Demerged Entity and included in the final notarial Demerger deed.

The Beneficiary, which shall obtain a banking license, substitutes the Demerged Entity, by operation of law, pursuant to the provisions of article 16 of law 2515/1997 and par. 3 of article 57, in conjunction with par. 2 of article 70 of law 4601/2019, as in force, as universal successor in all the property (assets and liabilities) transferred to it as a result of the Demerger and constituting the Banking Business Sector, as set out in the Transformation Balance Sheet and formed until the Demerger Completion Date, while it automatically falls under the provisions of article 27A of law 4172/2013. Universal succession involves all rights, intangible assets, receivables, claims, whether disputed or not, liabilities and legal relations of the Demerged Entity in general, to the extent that they relate to the Banking Business Sector, including the administrative licenses and approvals granted in favor of the Demerged Entity, in relation to the Banking Business Sector.

Moreover, with respect to the Banking Business Sector that will be transferred to the Beneficiary, it is noted that it will include, among others, the following:

- (a) all deposits;
- (b) all loans and other credits;
- (c) all rights *in rem* on properties owned to the Demerged Entity;
- (d) the Demerged Entity's network of branch offices;

- (e) all Senior Notes held by the Demerged Entity, issued by the securitization special purpose entities of law 3156/2003, with the corporate names “Orion X Securitization Designated Activity Company”, “Galaxy II Funding Designated Activity Company” and “Galaxy IV Funding Designated Activity Company”, as well as 5% of the Mezzanine Notes and 5% of the Junior Notes held by the Demerged Entity, issued by the securitization special purpose entities of law 3156/2003, with the corporate names “Orion X Securitization Designated Activity Company”, “Galaxy II Funding Designated Activity Company” and “Galaxy IV Funding Designated Activity Company”;
- (f) the debit balances arising for the Demerged Entity pursuant to the provisions of article 27 (par. 2 and 3) of law 4172/2013;
- (g) the right to all deferred tax claims, including those determined in accordance with article 27A of law 4172/2013;
- (h) tax claims and liabilities relating to the Banking Business Sector, created and certified up to the date of the Transformation Balance Sheet, and particularly the right to set off the credit balances of withholding taxes on credit institutions, including those falling under the provisions of paragraph 1 and paragraph 2 of article 93 of law 4605/2019;
- (i) all participations held by the Demerged Entity, with the exception of its participation in 100% of the share capital of companies “Alpha Insurance Agents S.A.” and “AlphaLife Insurance Company SA”, as well as the participation held by the Demerged Entity in the companies provided in paragraphs (E) and (F) and which remain with the Demerged Entity;
- (j) any pending lawsuits relating to the exercise of banking business by the Demerged Entity and contingent liabilities arising therefrom;
- (k) any remaining assets and liabilities included in the Transformation Balance Sheet dated 30.6.2020, as property of the Banking Business Sector.

Moreover, universal succession involves all other rights, intangible assets, receivables, claims, whether disputed or not, legal relations, administrative licenses or any other assets or liabilities of the Demerged Entity, belonging or relating to the Banking Business Sector, even if – by omission or oversight – they are not specifically referenced or accurately described in the Draft Demerger Deed or the Transformation Balance Sheet or the notarial demerger deed.

The Demerged Entity shall become the sole (100%) shareholder of the Beneficiary, by acquiring all the Beneficiary’s shares.

The Demerged Entity is not dissolved as a result of the Demerger and shall continue to be listed on the Athens Exchange. The Demerged Entity shall continue its operation with the assets and activities which shall remain with the Demerged Entity after the Demerger. After the Demerger is effected, the Demerged Entity shall become the parent company of the group of companies of the Demerged Entity,

maintaining direct and indirect participation in all companies that are included in the consolidated financial statements of the Demerged Entity, while it shall exercise, in parallel and *inter alia*, the activity of (a) planning, promoting and distributing insurance products, in the name and on behalf of one or more insurance companies, in the capacity of an insurance agent, as stipulated in law 4583/2018 and (b) providing accounting and tax services to affiliates and third parties. Moreover, as a listed company on the Athens Exchange, it shall retain, to the extent necessary, the services relating to investor information and relations, shareholders' registry, as well as the regulatorily and institutionally required internal audit services, while it shall further proceed with the issuance of instruments in order to raise regulatory capital.

The property (assets and liabilities) that will remain with the Demerged Entity is reflected in the Draft Demerger Deed and also includes the following:

- (A) the Demerged Entity's entire participation (100%) in the company with the corporate name "Alpha Insurance Agents S.A." and the distinctive title "Alpha Insurance Agents", with registered offices in the Municipality of Athens, Attica, with GEMI no. 068510103000 and T.I.N. 094428956,
- (B) the Demerged Entity's entire participation (100%) in the company with the corporate name "AlphaLife Insurance Company S.A." and the distinctive title "AlphaLife", with registered offices in the Municipality of Athens, Attica, with GEMI no. 007989301000 and T.I.N. 998280980,
- (C) 95% of the Mezzanine Notes and 95% of the Junior Notes held by the Demerged Entity, issued by the securitization special purpose entities of law 3156/2003, with the corporate names "Orion X Securitization Designated Activity Company", "Galaxy II Funding Designated Activity Company" and "Galaxy IV Funding Designated Activity Company", as well as 100% of the notes issued by "Galaxy III Funding Designated Activity Company",
- (D) all the liabilities, rights and legal relations of the Demerged Entity, which are associated with the capacity of bond loan issuer, relating to the issuance of the "Subordinated Fixed Rate Reset Tier 2 Notes due 2030", amounting to Euro 500,000,000, which were issued on 13 February 2020, in the context of the Euro Medium Term Note (EMTN) Program of the Demerged Entity, amounting to Euro 15,000,000,000,
- (E) the entire participation in the company "Alpha Group Jersey Limited", which was incorporated according to the laws of Jersey on 21 November 2002 and has its registered offices in Jersey (Esplanade 44 street, St Helier, Jersey JE4 9WG), with (Jersey) company registration number 84392,
- (F) the Demerged Entity's entire participation in the following real estate companies: (i) the company with the corporate name "REOCO ORION X SINGLE MEMBER S.A." and the distinctive title "REOCO ORION X S.S.A.", with registered offices in the Municipality of Athens, Athinon 77 Avenue, with GEMI no. 154459501000 and T.I.N. 801326048, (ii) the company with the corporate name "REOCO GALAXY II SINGLE MEMBER S.A." and the distinctive title "REOCO GALAXY II S.S.A.", with registered offices in the Municipality of Athens, Athinon 77 Avenue, with

GEMI no. 154459601000 and T.I.N. 801326050, and (iii) the company with the corporate name “REOCO GALAXY IV SINGLE MEMBER S.A.” and the distinctive title “REOCO GALAXY IV S.S.A.”, with registered offices in the Municipality of Athens, Athinon 77 Avenue, with GEMI no. 154459701000 and T.I.N. 801326061,

- (G) the necessary liquidity in order to meet its previously undertaken contractual obligations: (i) in the context of securitizations by the securitization special purpose entities of law 3156/2003, with the corporate names “Orion X Securitization Designated Activity Company”, “Galaxy II Funding Designated Activity Company” and “Galaxy IV Funding Designated Activity Company” and (ii) in the context of the loan and/or guarantee relationship with the aforementioned Jersey company with the corporate name “Alpha Group Jersey Limited”.

III. Hellenic Financial Stability Fund rights

The Hellenic Financial Stability Fund (hereinafter referred to as the “**HFSF**”) exercises:

- (a) its rights under the provisions of law 3864/2010, as in force after their latest amendment by virtue of the provisions of law 4701/2020, and
- (b) its rights under the provisions of Relationship Framework Agreement (“**RFA**”) entered into between the HFSF and the Demerged Entity on 23.11.2015.

Given the Demerger and in order to maintain the existing rights of the HFSF under the law and the RFA and to enable the exercise thereof vis-à-vis both the Beneficiary and the Demerged Entity (in accordance with the provisions of paragraphs (j) and (k) of article 2 and paragraph 12 of article 10 of law 3864/2010, as amended by the provisions of law 4701/2020 and in force) the parties shall negotiate in good faith any amendments to the provisions of the RFA, in accordance with the first subparagraph of paragraph 4 of article 6 of law 3864/2010, as in force.

No provision of the Draft Demerger Deed, as well as no corporate or other act, legal act, physical act or declaration made in the context of the Demerger process, including, among others, the final Demerger Deed, which shall be drawn by means of a notarial deed, may abolish, obstruct, impair or in any way restrict, directly or indirectly, the existing rights of the HFSF vis-à-vis the Demerged Entity and/or the Beneficiary.

It is noted that an information memorandum will be issued in relation to the Demerger, in accordance with article 4.1.3.12 of the Athens Exchange Rulebook, as in force, and the pertinent legislation governing the stock market.

Esteemed Shareholders,

For all the above reasons, the Board of Directors of the Demerged Entity considers that the Demerger is fully justified from a financial and legal perspective and serves the corporate interest of the Demerged Entity. Therefore, it submits to the General Meeting of Shareholders of the Demerged Entity this Report and suggests that a relevant decision shall be taken for the approval of the Draft Demerger Deed, as

prepared by the Board of Directors, this Report and the proposed Demerger in general.

Athens, 15.9.2020

FOR THE ALPHA BANK S.A.
BOARD OF DIRECTORS

L.A. PAPAGARYFALLOU

N.R. CHRYSSANTHOPOULOS