



# **Creating a Regional Leader**

## ***A Compelling Combination***

**29 August 2011**

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# Agenda

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- 1 Executive Summary**
- 2 Compelling Strategic Rationale**
- 3 Substantial Value Creation**
- 4 Enhanced Capital Buffer**
- 5 Corporate Governance**
- 6 Closing Remarks**

# 1. Executive Summary

# Alpha and Eurobank – Creating a Leading Regional Bank

**Leading bank in Greece with the #1 position across all major banking segments**

**Leading bank in the SEE region with a top 3 position in key markets**

**Top 25 Eurozone bank with combined pre-provision income in excess of €3.0bn in FY2010 pro-forma for fully phased synergies**

**Substantial value creation for shareholders through c.€3.4bn NPV of synergies**

**Enhanced capital buffer through a comprehensive c.€3.9bn capital equivalent plan**

**Diversified shareholder base with Paramount<sup>1</sup> as a core investor**

**Shared values of client centric model, commitment to excellence and dedicated personnel**

*Note: 1. Paramount Services Holding Limited ("Paramount"), a core shareholder of Alpha, is a company representing the business interests of the most prominent family in Qatar.*

# Transaction Summary

## Transaction Terms

- Merger of Equals
- 5 new Alpha shares for 7 Eurobank shares
- Resulting shareholder split post merger: 57.5% Alpha and 42.5% Eurobank

## Significant Synergies

- Total of €650m pre-tax fully phased synergies per annum achievable within 3 years:
  - €560m of operating and funding cost synergies (c.85% of total synergies)
  - €90m of revenue synergies (c.15% of total synergies)
- Present Value of synergies net of implementation cost equal to c.€3.4bn

## Capital Strengthening Plan

- Enhanced capital buffer through:
  - Strong pre-provision income generation in excess of €3.0bn in FY2010 pro-forma for the fully phased synergies
  - Capital generation equivalent to c.€2.1bn through internal measures
  - €500m Mandatory Convertible Note to be subscribed by Paramount
  - €1.25bn Rights Issue upon completion of the merger

## Estimated Pro-forma Shareholding

- Costopoulos family and Latsis family interests to have c.4% and c.13% ownership<sup>1</sup> respectively in the Combined Entity
- Paramount to have c.17% ownership<sup>1</sup> in the Combined Entity

## Key Conditions and Approvals

- Customary regulatory approvals as well as competition authorities approval
- Shareholders approval at Alpha and Eurobank EGMs<sup>2</sup>

*Notes: 1. Assumptions: post all capital measures, proportional participation in the Rights Issue, based on closing price as of 26 August 2011. 2. The transaction is expected to be implemented by way of a merger by absorption of Eurobank by Alpha in accordance with Greek law 2515*

# Expected Timetable

**29 Aug. 2011**

**Early October**

**November**

**Mid-December**

**H1 2012**

- Transaction announcement
- Alpha and Eurobank Q2 results announcements
- Approval of merger plan by Ministry of Development
- Approval received by respective EGMs
- Completion of merger — Shares of new entity commence trading
- Rights Issue
- Issuance of Mandatory Convertible Note

## 2. Compelling Strategic Rationale

# Regional Leader with European Scale

Data as of FY2010



ALPHA BANK



Eurobank EFG<sup>1</sup>

Combined Entity

## Key Balance Sheet Items (€bn)

Net Customer Loans	49.3	51.2	100.5
Customer Funds	38.3	41.2	79.5
Total Assets	66.8	83.9	150.7
Shareholders' Equity <sup>2</sup>	5.2	5.0	10.2

#23 position  
in the Eurozone

## Key P&L Items (€bn)

Operating Income	2.2	2.7	5.0
Pre-Provision Income	1.1	1.5	2.6

## Key Metrics

Cost Income Ratio (%)	51.1%	46.9%	48.8%
Core Tier 1 Ratio (%) <sup>3</sup>	11.0%	10.4%	10.7%
Number of Branches	1,028	1,248	2,276
Number of Employees ('000)	14.8	20.0	34.8

Notes: 1. Data pro-forma for the disposal of Eurobank's Polish operations and absorption of DIAS Investment Fund. 2. Including Greek Government Preference Shares. 3. Pro-forma for equity raisings announced and fully committed between 31<sup>st</sup> December 2010 and 30<sup>th</sup> April 2011. Core Tier 1 ratio as defined by the Bank of Greece on an EBA basis including Greek Government Preference Shares and after deducting goodwill.



ALPHA BANK



Eurobank EFG

# Creation of the Leading Greek Bank

The Combined Entity will have a #1 position in all banking segments

## Retail Banking

- Mortgages
- Deposits
- Consumer Credit
- Number of Branches

## Corporate Banking

- Corporate Loans
- Factoring
- Leasing

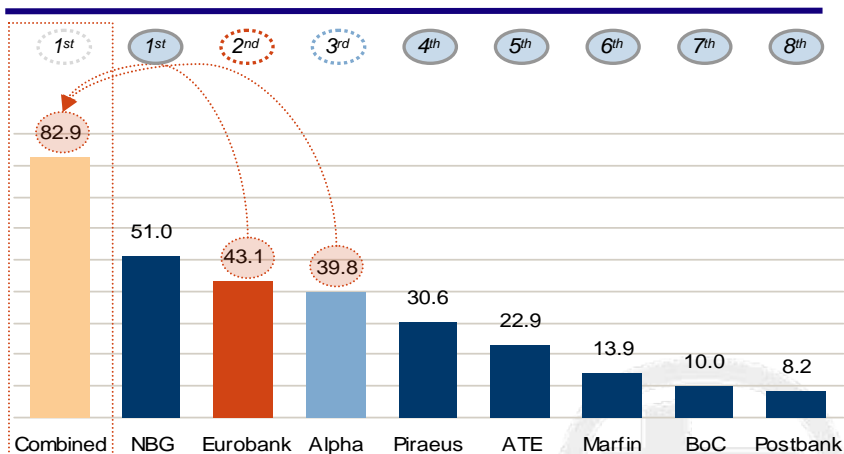
## Wealth Management

- Asset Management
- Private Banking
- Insurance

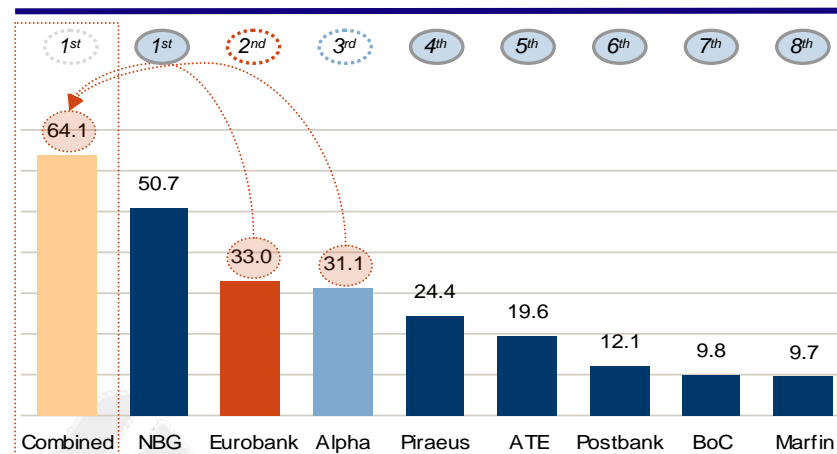
## Global Markets

- Investment Banking
- Treasury Sales
- Equity Brokerage

Ranking by Greek Gross Customer Loans FY2010 (€bn)

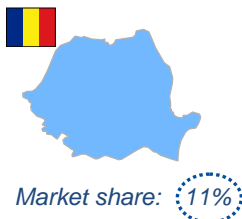


Ranking by Greek Customer Funds FY2010 (€bn)



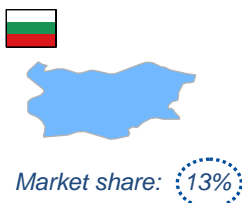
# Leading SEE Bank with Top 3 Positions in Key Markets

## Country<sup>1</sup>

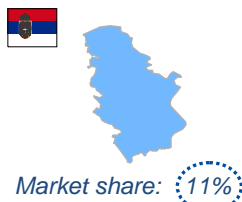


## Key Metrics by Country

Romania	Eurobank	Alpha	PF
Branches (#)	300	166	466
Gross loans (€m)	3,382	3,555	6,937
<b>Ranking<sup>1</sup></b>	<b>#6</b>	<b>#4</b>	<b>#3</b>
Pre-prov. Inc. <sup>2</sup> (€m)	147	128	274



Bulgaria	Eurobank	Alpha	PF
Branches (#)	215	109	324
Gross loans (€m)	2,940	960	3,900
<b>Ranking<sup>1</sup></b>	<b>#4</b>	<b>#7</b>	<b>#2</b>
Pre-prov. Inc. <sup>2</sup> (€m)	81	(4)	77

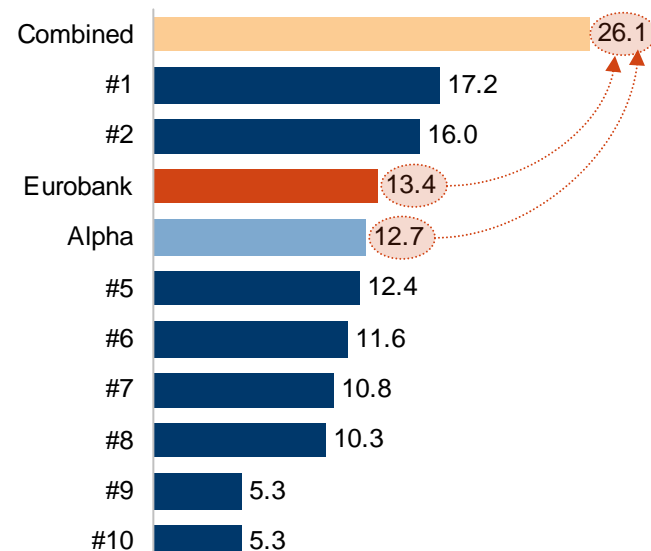


Serbia	Eurobank	Alpha	PF
Branches (#)	127	153	280
Gross loans (€m)	1,163	1,014	2,177
<b>Ranking<sup>1</sup></b>	<b>#4</b>	<b>#6</b>	<b>#2</b>
Pre-prov. Inc. <sup>2</sup> (€m)	44	5	49



Cyprus	Eurobank	Alpha	PF
Branches (#)	6	35	41
Gross loans (€m)	843	4,479	5,322
<b>Ranking<sup>1</sup></b>	<b>#5</b>	<b>#3</b>	<b>#3</b>
Pre-prov. Inc. <sup>2</sup> (€m)	36	128	164

## Ranking by Total Assets in Key SEE Countries (€bn) – FY2010<sup>4</sup>



## Total SEE (including Albania, FYROM, Turkey and Ukraine)

	Eurobank <sup>3</sup>	Alpha	PF <sup>3</sup>	% of Comb.
Branches (#)	780	559	1,339	59%
Gross loans (€m)	10,266	10,598	20,864	20%
Pre-prov. Inc. <sup>2</sup> (€m)	332	273	605	24%
Countries (#)	6	7	8	

Source: Company financials, data as of 1Q 2011 unless otherwise noted. IMF, European Federal Bank, Association of Cypriot Banks.

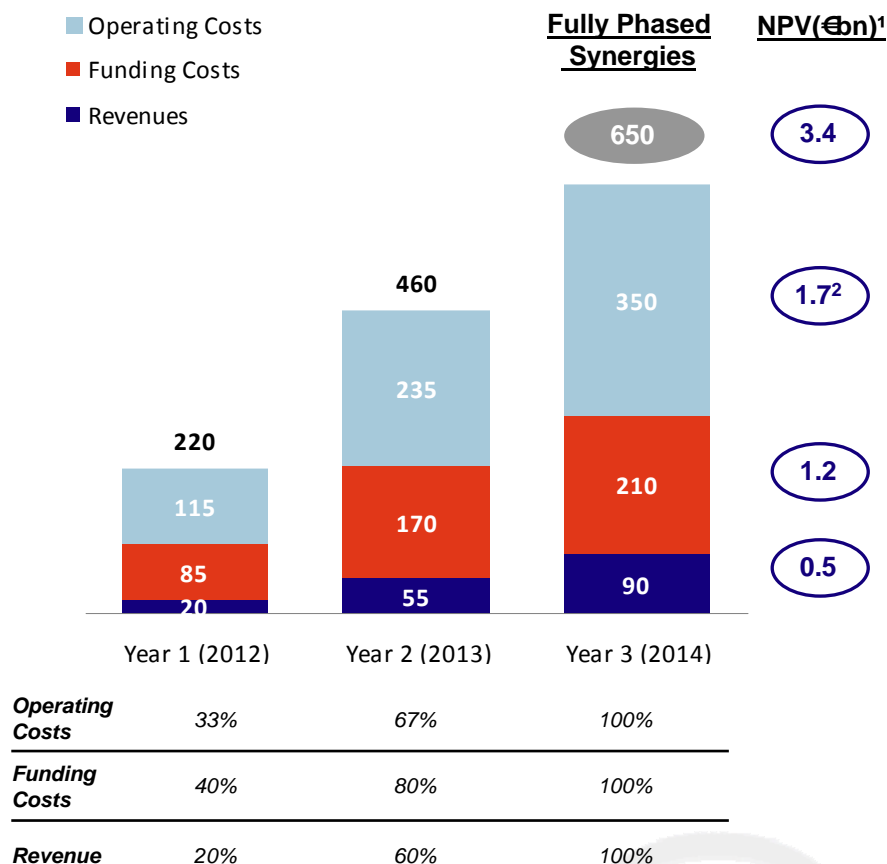
Notes: 1. Market share and ranking based on gross loans on FY2010 data in Romania, Bulgaria and Serbia. Data for Cyprus based on total assets FY2010. Figures are computed on a comparable basis. 2. Data as of FY2010. 3. Excluding Eurobank's Polish operations. 4. Ranking based on total assets in Romania, Bulgaria, Serbia and Cyprus only.

### 3. Substantial Value Creation

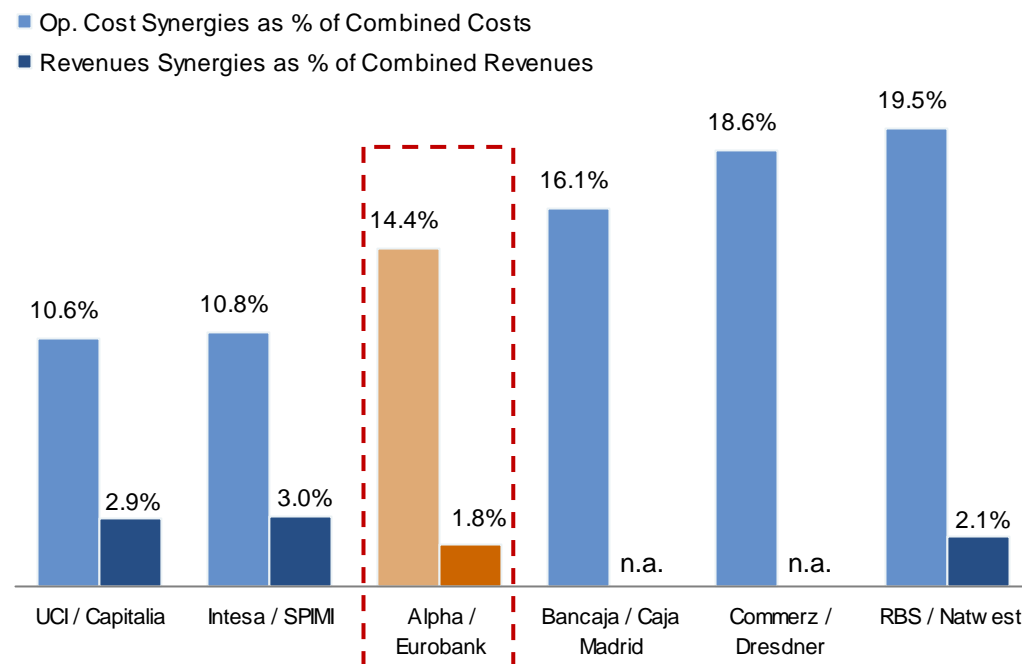
# Transaction Synergies Overview

**Estimated Run-Rate Synergies of €650m per annum delivered within 3 years**

## Synergy Segmentation and Phasing (€m)



## Benchmarking Against Comparable In-Market Transactions



## Implementation Costs

- €450m total pre-tax implementation cost
- Expected to be incurred and charged through 2012 and 2013

Source: Company information.

Notes: 1. NPV assumptions: Discount rate of 12%, tax rate of 20%, 0% terminal growth. 2. Net of post-tax implementation costs.

# Operating Cost Synergies Breakdown

Fully Phased Operating Cost Synergies of €350m per annum

As % of Operating  
Cost Synergies

## Platform Optimization (€120m)

- Optimization of branch network deployment
- Adoption of internal best practices across business units
- Consolidation of call centers, product factories and other CRM functions
- Merger of the alternative distribution platforms

34%

## Central Functions (€90m)

- Streamline duplicated functions
- Optimization of real-estate expenses and procurement costs
- Reduction of duplicated marketing budgets and professional fees

26%

## IT and Back Office (€60m)

- Migration to a single IT platform
- Merger of Data Centers
- Rationalization of IT investments and projects
- Economies of scale in IT maintenance and support functions

17%

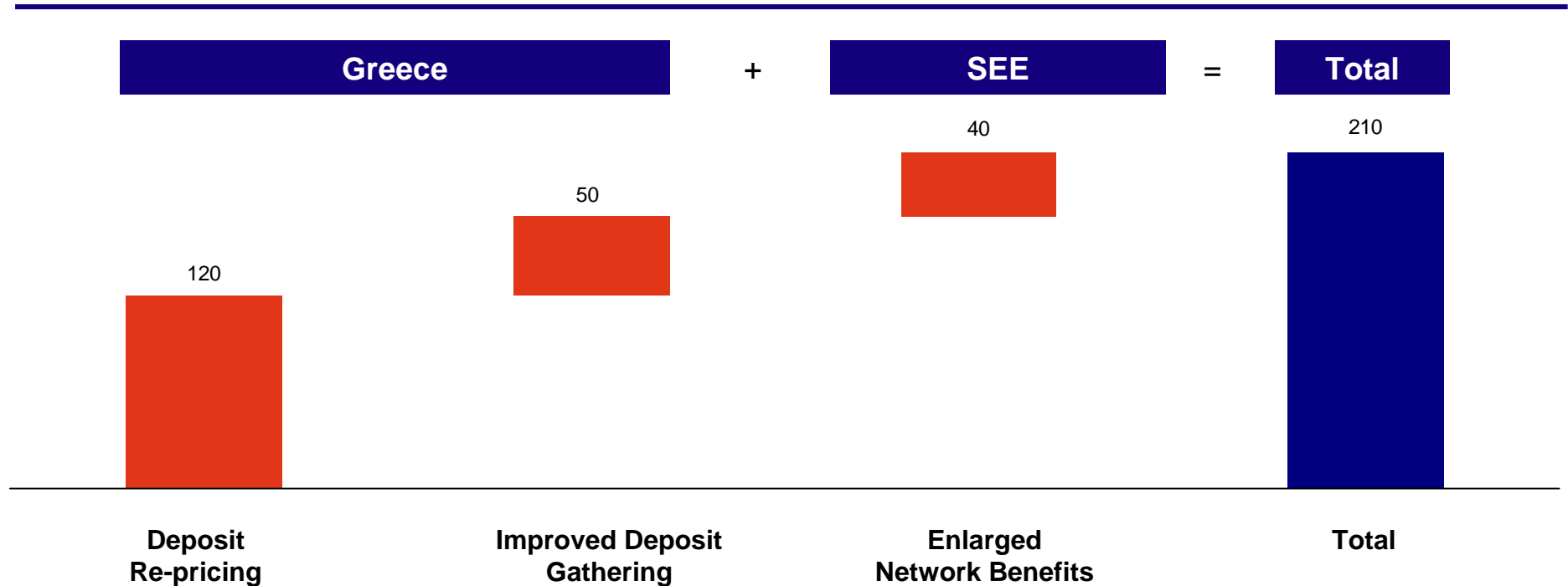
## International Subsidiaries (€80m)

- Optimization of branch network deployment
- Streamline head-office functions
- Leveraging off product factories and market costs

23%

# Funding Cost Synergies Breakdown

Significant Funding Cost Synergies both in Greece and SEE (€m)



- Convergence of Eurobank pricing to Alpha's levels and marginal improvement on the overall deposit base
- More attractive franchise for depositors
- Leading network positions in Romania, Bulgaria and Serbia to improve deposit collection efficiency

# Key Steps of Integration Plan

## Extensive Integration Track Record in Successful and Cost Effective M&A

- Well crafted 3-phase integration plan
- Synergies fully phased over 3 years
- Key building blocks of integration plan:

### Pre-Closing Phase

- Divisional teams with members from both banks to prepare detailed integration plan
- Separate steering committee to oversee process and coordinate management boards

### Core Implementation Phase

- Front office integration and homogenisation of core products
- Prepare back office optimisation (i.e. IT client base, internal procedures)
- Integration of Greek distribution networks and product factories
- Integration of international operations

### Post-Merger Phase

- Integration of IT infrastructure
- Customer & other data migration
- Consolidation of other procedures (i.e. risk management, internal audit)

# Extensive Integration Track Record

## Alpha – Ionian Integration: A Case Study

### Record Time IT Integration – Key Events

- **April 1999:** Project Initiation
- **May 1999:** Launch of Aristoteles Project/New platform
- **December 1999:** Roll-out of new platform to 50 Ionian branches
- **February 2000:** All Ionian branches in new platform
- **April 2000:** Alpha customers serviced by Ionian branches
- **June 2000:** Ionian customers serviced by Alpha branches
- **August 2000:** Full service of all customers by all branches

### 400 Strong Branch Network Integration

- Relocation of 62 branches
- Opening of 43 new branches
- Redesigning of Ionian/Alpha branches
- Implementation costs: €17m
- Costs recouped through real estate sales: €34m

## Eurobank's 5 banks roll-up 1995 – 2003

### Multiple Greek Platforms Integration

- **1996** Interbank Credit Lyonnais
- **1998** Creta Bank
- **1999** Bank of Athens
- **1999** Ergobank
- **2002** Telesis

## 4. Enhanced Capital Buffer

# Clearly Defined Capital Buffer Enhancement Plan

**CT1  
Impact**

## Internal Capital Generation Plan

- **Clearly defined plan of internal measures** estimated to generate the equivalent of **c.€2.1bn of additional Core Tier I capital** through:
  - Disposal of non-core assets including Eurobank Turkish subsidiary
  - Deleveraging and balance sheet management
  - Conversion of an existing Tier I instrument into pure equity: €350m
  - Group-wide application of Eurobank IRB methodology

+2.6%

## Mandatory Convertible Note

- **Issuance of non pre-emptive Mandatory Convertible Note for €500m, concurrently with the Rights Issue**
- To be fully subscribed by Paramount

+0.5%

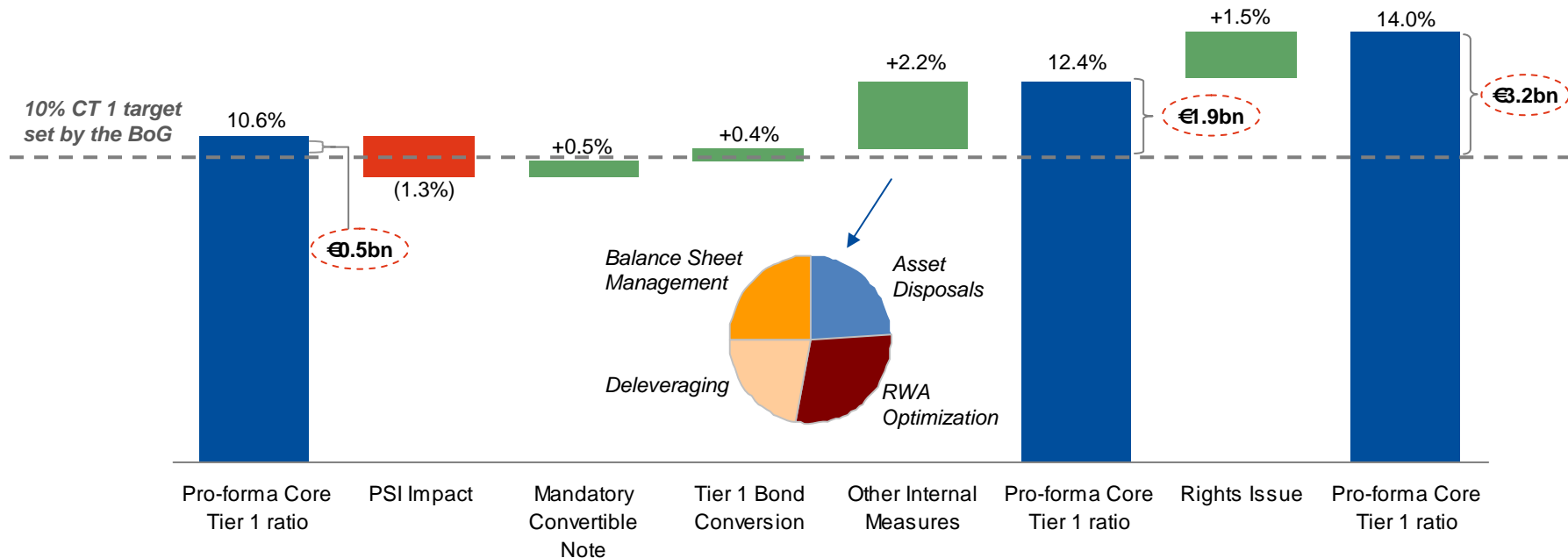
## Rights Issue

- **€1.25bn Rights Issue** to commence upon merger completion assuming normalised market conditions

+1.5%

# Internal and external capital measures provide a sizeable capital buffer

## Pro-forma Core Tier 1 ratio (€bn) (H1 2011)<sup>1</sup>



<b>Core Tier I<sup>1</sup> (€bn):</b>	9.8	(1.2)	+0.5	+0.35	+0.7	<b>10.1</b>	+1.25	<b>11.3</b>
<b>RWA (€bn):</b>	92.6				(11.3)	<b>81.2</b>		<b>81.2</b>

Source: Company information.

Note: 1. Core Tier 1 ratio as defined by the Bank of Greece on an EBA basis including Greek Government Preference Shares and after deducting goodwill.

# Mandatory Convertible Note

## Key Terms

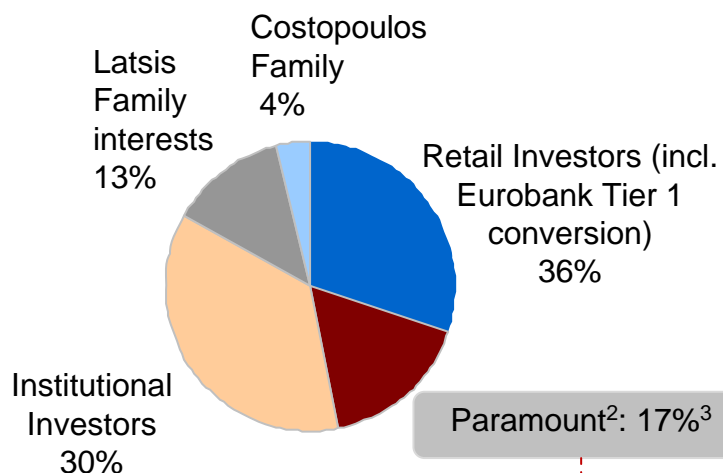
• <b>Securities</b>	Mandatory Convertible Note
• <b>Issue Size:</b>	€500 million
• <b>Tenor:</b>	3 years
• <b>Conversion into Ordinary Shares of Combined Entity:</b>	Mandatory conversion at maturity Voluntary conversion prior
• <b>Conversion Price:</b>	€1.70 per share (20% discount to Combined Entity pro-forma share price as of 26 August 2011)
• <b>Coupon:</b>	10% per annum

- Strong support from Paramount
- Cornerstone investor of the Combined Entity
- Core Tier 1 qualifying instrument

# Well Diversified Shareholder Base

## Pro-Forma Shareholder Base

(5 new Alpha shares for 7 Eurobank shares)<sup>1</sup>



- ✓ Diversified shareholders base underpinned by 3 core shareholders representing the interests of the Costopoulos family, the Latsis family and Paramount; each of which supports the merger and the capital plan
- ✓ Free float consisting of retail and institutional shareholders to remain above 50%, even after the execution of non pre-emptive capital measures
- ✓ The merger is likely to increase the Combined Entity's weighting in key international indices

### New Core Investor

- Funds from the most prominent family in Qatar
- Continuous commitment to Greece
- Proven track-record in pursuing international investments

Source: Company information

Notes: 1. Assumptions: post all capital measures, proportional participation in the Rights Issue, based on closing price as of 26 August 2011. 2. Paramount Services Holding Limited ("Paramount"), a core shareholder of Alpha, is a company representing the business interests of the most prominent family in Qatar. 3. c. 15% through the Mandatory Convertible Note.

## 5. Corporate Governance

# Corporate Governance

## Board of Directors

- The Chairman of the Board of Directors and of the Executive Committee will be Mr. Yannis Costopoulos
- The Board of Directors will comprise:
  - The Chairman and two Co-CEOs
  - The other members will all be non-executive, including representatives from Alpha and Eurobank current Board of Directors

## Senior Executive Management

- The combined management team will be led by two Co-CEOs
  - Mr. Demetrios Mantzounis, who will be in charge of Control and Central Functions
  - Mr. Nicholas Nanopoulos, who will be in charge of Business Functions
- Joint management team with extensive experience of business integration and development

## 6. Closing Remarks

# Closing Remarks

**Leading bank in Greece with the #1 position across all major banking segments**

**Leading bank in the SEE region with a top 3 position in key markets**

**Top 25 Eurozone bank with combined pre-provision income in excess of €3.0bn in FY2010  
pro-forma for fully phased synergies**

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