From:	Nav Gupta [██████████]
Sent:	6/26/2014 2:34:09 PM
To:	jeevacation@gmail.com
CC:	Tazia Smith ████████████; Paul Morris ██████████ Vinit Sahni ██████████ Nav Gupta
Subject:	Jeffrey - I like Alpha Bank (Greece) listed Call Warrants (ticker ALPHAW GA) to play the Greek story from here

Jeffrey

<u>I like the Greek recovery story, i like Alpha Bank among the banks there and I think the 3.5yr call warrants issued a year ago which have very little time value priced in and priced close to intrinsic, are the best way to buy the stock and the broader story.</u>

Background
1. Greece experienced a worse recession than the Eurozone. The wage and unemployment adjustments have been far more severe than the Eurozone. Greece's economy is showing signs of return to growth over the next year. IMF forecasts 0.6% GDP growth 2014 and faster growth than broad Eurozone from 2015+.
2. In the short term bank asset quality continues to deteriorate. NPL is 35, double the rate of Italy and > 3x that of Spain
3. Greek banks raised eur50bn in 2013 to recapitalise losses from Greek Govt bond PSI (private sector involvement). The sector is now 35-70% state owned.

Greek Banks
Presently Greek banks rank as some of the least profitable in Europe (ROA <0.5%, ROE 2-2.5%). Looking forward to 2018 they should trade at least in line with European banks. Sector consolidation, NC asset disposal, rapidly declining cost of wholesale funds and efficiency savings will all contribute to that. The Sector comprises Alpha Bank, Eurobank, Nat Bk of Greece and Piraeus. The are no longer distressed and trade broadly in-line with European peers in terms of EPS and TBV multiples.

Alpha Bank (ALPHA GA)
Of the three, Alpha Bank looks the most interesting. It trades at a discount to the others and has less complex re-structuring. A recent capital raise increased CT1 to 12%. Most analysts prefer Alpha Bank to its peers for these reasons.

Alpha Bank Stock Price

Very recent analyst target prices for Alpha Bank are largely <u>above</u> the current price