

From: Nav Gupta <[REDACTED]>

To: jeevacation@gmail.com

Cc: Tazia Smith <[REDACTED]>, Paul Morris <[REDACTED]>

Subject: Jeffrey - I like Alpha Bank (Greece) listed Call Warrants (ticker ALPHAW GA) to play the Greek story from here

Date: Fri, 27 Jun 2014 09:22:03 +0000

Inline-Images: unnamed; unnamed(1); unnamed(2); unnamed(3); unnamed(4); unnamed(5); unnamed(6)

Suggest sizing to worst case because the warrant is levered to the stock and the stock itself has 40% delivered vol

125,000 warrants (currently 1.81/1.82 size 100k x 25k) listed on athens exchange) cost EUR227k = \$309k

Daily turnover is currently just under 1million warrants per day so 125k warrants bought carefully should be no prob in 1-2 days.

for 250k warrants i would suggest working an order for 2-3 days but i would avoid >350k of warrants because then its tricky to liquidate efficiently.

Recall, 1 warrant allows the holder to exercised into 7.408683 shares at a price of 0.4686 on 10dec14 (and at a fractionally higher px in the future).

Worst case Valuation analysis:

Stock	Warrant intrinsic
0.40	0
0.50	0.23
0.60	0.97
<u>0.70</u>	<u>1.71</u>
0.80	2.46
0.90	3.20

For the warrant to lose say 80% of its value, the stock would need to trade down to 0.45 or 0.50 from 0.69 currently. In fact a year ago the stock was trading at 0.5 (although the warrant was trading 1.00 then)

So i would size conservatively.

Nav



Nav Gupta
Managing Director

Deutsche Bank AG, Filiale London
Deutsche Asset & Wealth Management
105/108 Old Broad St (Pinnars Hall), EC2N 1EN London, United Kingdom
Tel. [REDACTED]
Mob [REDACTED]
Email [REDACTED]

Any proposed ideas are being delivered to you by the DeAWM Key Client Partners ("KCP") London desk for discussion purposes only, and do not create any legally binding obligation on the part of Deutsche Bank AG and / or its affiliates ("DB"). These ideas are for the consideration of the intended recipients of this mail only. The KCP London desk does not provide investment advice. All intended recipients are Professional investors (as defined by MiFID), who understand the strategy, characteristics and risks associated with any ideas proposed herein and will be able to evaluate it independently. All trades on proposed ideas shall be subject to the relevant internal approvals prior to execution.

From: "Jeffrey E." <jeevacation@gmail.com>
To: Nav Gupta/c [REDACTED]
Date: 26/06/2014 20:10
Subject: Re: Jeffrey - I like Alpha Bank (Greece) listed Call Warrants (ticker ALPHAW GA) to play the Greek story from here

size?

On Thu, Jun 26, 2014 at 2:34 PM, Nav Gupta <[REDACTED]> wrote:
Jeffrey

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.

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 recapitalize 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. They 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 **above** the current price



Warrants

A year ago the bank issued 4.5year call warrants, exercisable every six months into the stock at a price schedule (appendix A) that varies over time

the relationship between the warrant (which settles physically) and the stock price is:

[current stock price (0.69) - next exercise price of warrant (0.4686)] x leverage ratio 7.408 = intrinsic warrant px = 1.64.

Now, the warrant is offered at 1.83. The value here is that the difference between 1.83 and 1.64, in my view, doesnt compensate for the optionality you get holding the warrant compared to just holding the stock.

Warrant price



Were the stock to rise 10% over the next month the warrant would rise in value from 1.83 by approx 22%. Conversely if the stock were to fall the warrants would also fall - but its unlikely the warrant price trades at zero anytime soon due to the 3.5years of remaining time value.

The warrants are quoted several thousand up 1tick wide on exchange.

Any qns shout.

Appendix A

WARRANT ENTITLES HOLDER TO ACQUIRE NEW COMMON SHARES HELD BY HFSF AT A RATIO

OF [7.408683070](#). ISSUE AMOUNT: 1,233,503,482. STEP-UP STRIKE:0.4488 12/10/2013, 0.4576 06/10/2014, 0.4686 12/10/2014, 0.4796 06/10/2014, 0.4928 12/10/2015, 0.506 06/10/2016, 0.5214 12/10/2016, 0.5368 06/10/2017, 0.5544 12/10/2017

Nav



Nav Gupta
Managing Director

Deutsche Bank AG, Filiale London
Deutsche Asset & Wealth Management
105/108 Old Broad St (Pinners Hall), EC2N 1EN London, United Kingdom
Tel. [REDACTED]
Mob [REDACTED]
Email [REDACTED]

Any proposed ideas are being delivered to you by the DeAWM Key Client Partners ("KCP") London desk for discussion purposes only, and do not create any legally binding obligation on the part of Deutsche Bank AG and / or its affiliates ("DB"). These ideas are for the consideration of the intended recipients of this mail only. The KCP London desk does not provide investment advice. All intended recipients are Professional investors (as defined by MiFID), who understand the strategy, characteristics and risks associated with any ideas proposed herein and will be able to evaluate it independently. All trades on proposed ideas shall be subject to the relevant internal approvals prior to execution.

Passion to Perform

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and delete this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly forbidden.

Please refer to [REDACTED] for additional EU corporate and regulatory disclosures and to [REDACTED] for information about privacy.

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and delete this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly forbidden.

Please refer to [REDACTED] for additional EU corporate and regulatory disclosures and to [REDACTED] for information about privacy.

--

please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and delete this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly forbidden.

Please refer to [REDACTED] for additional EU corporate and regulatory disclosures and to [REDACTED] for information about privacy.