

From: Nav Gupta <[REDACTED]>

To: jeevacation@gmail.com

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

Subject: Jeffrey - update - Alpha bank warrants / eurUSD / eurCHF / Barclays CoCo

Date: Tue, 01 Jul 2014 19:47:15 +0000

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

Jeffrey

1) the alpha bank warrants richened 3pct since monday with the stock unchanged. holders of the stock rotated in the warrants. i still like the trade but think best from here is on an order 1-3pct lower. Size i suggest 100-150k warrants

2) EURUSD. the recent move from bottom to top is only 1.4% -Its noise and speculators de-risking before ECB+payroll+long weekend. half the move was the dollar, the other half EUR. i believe the right plan is do nothing here and add if EURUSD rises to 139 from 136.8 currently. the approx p&l since inception of your last collar is roughly -eur20k

3) EURCHF - speculators long EURCHF (many hedge funds have been long) have been bailing. A 6mth ATM call costs 0.75% but i think the better trade is just to get long spot below 1.21 if it gets there. Size i suggest eur20mm.

4) CoCo's cheapened 20bp last week but Barclays CoCo's underperformed an additional 40-45bp on the dark pool DOJ lawsuit. The GBP tranche 7% perp NC Sep19 yields approx 7.15% which is 60bp more than a week ago. Highly highly doubt a national champion Western European bank like Barclays (or their regulator) let Core Tier 1 equity ratio deteriorate to impair the cashflows of these bonds. Suggest £3-5mm notional .

Anything I should watch for you in mkts let me know

Nav

From: Nav Gupta/db/dbcom

To: "jeffrey E." <jeevacation@gmail.com>@DEUBAINT,

Cc: Tazia Smith/db/dbcom@DBAMERICAS, Paul Morris/db/dbcom@DBAMERICAS, [REDACTED]

Date: 27/06/2014 10:22

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

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

0.70 1.71
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



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Managing Director

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From: "Jeffrey E." <jeevacation@gmail.com>
To: Nav Gupta/db/dbcom@DBEMEA,
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 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. 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

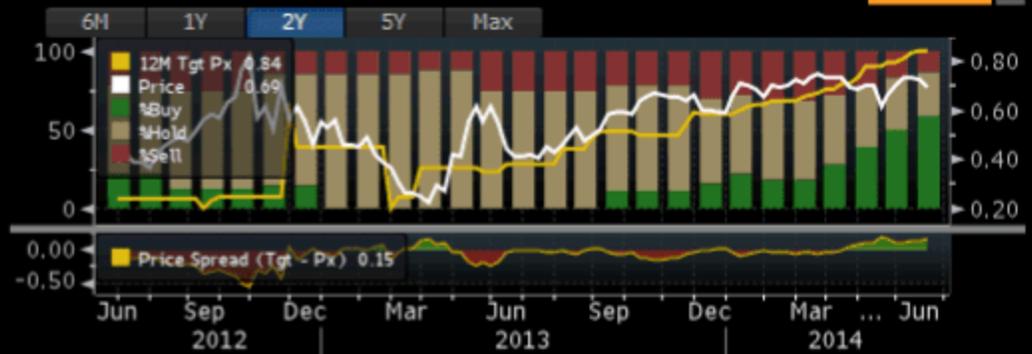
GRAB

ALPHA GA Equity 95 Actions 90 Alert Analyst Recommendations

Alpha Bank AE

As of 06/26/14

Consensus	EUR
Consensus Rating	3.95
Buy	59.1% 13
Hold	27.3% 6
Sell	13.6% 3
12M Tgt Px	17/23 0.84
Last Price	0.69
Return Potential	21.7%
LTM Return	80.2%



Show In-House Data

Firm	Analyst	Recommendation	Tgt Px	Date	1 Yr Rtn	BARR Rank
1) Wood & Company	Alexandros Bouloug	buy	0.90	06/20/14		
2) Euroxx Securities	Maria Kanellopoulo	overweight	0.90	06/19/14	15.00%	1st 1st
3) Alpha Finance	Nikolaos Lianeris	restricted		06/17/14		
4) Natixis	Alex Koagne	reduce	0.75	06/16/14		
5) Pantelakis Securities	Paris Mantzavras	overweight	0.90	06/13/14		
6) Nomura	Daragh Quinn	buy	0.75	06/12/14	0.20%	2nd
7) Credit Suisse	Hugo Swann	neutral	0.80	06/11/14		
8) Barclays	Kiri Vijayarajah	overweight	0.92	06/10/14		
9) Goldman Sachs	Pawel Dziedzic	Buy/Neutral	0.80	06/06/14		
10) HSBC	Tamer Sengun	overweight	0.87	06/06/14		
11) IBG Research (ESN)	Konstantinos Manol	buy	1.10	06/06/14		
12) Deutsche Bank	Rahul Shah	buy	0.90	06/04/14		

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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:

$$[\text{current stock price (0.69)} - \text{next exercise price of warrant (0.4686)}] \times \text{leverage ratio 7.408} = \text{intrinsic warrant px} = 1.64.$$

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



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