

PROSPECTUS SUPPLEMENT DATED 5 DECEMBER 2019



ALPHA BANK A.E.

(incorporated with limited liability in the Hellenic Republic)

€8 billion Direct Issuance Global Covered Bond Programme II

This Supplement (the **Supplement**) to the Base Prospectus dated 5 June 2019 (the **Base Prospectus**), which comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive constitutes a supplement for the purposes of Article 13 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (**Prospectus Act**) and is prepared in connection with the €8 billion Direct Issuance Covered Bond Programme (the **Programme**) established by Alpha Bank A.E. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus.

This Supplement has been approved by Commission de Surveillance du Secteur Financier (**CSSF**) as a supplement issued in compliance with the Prospectus Directive and the relevant implementing measure in Luxembourg.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the CSSF, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and Luxembourg Law, as a supplement issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of:

- (i) incorporating by reference Issuer's unaudited interim consolidated and separate financial statements (produced in accordance with IFRS) for the nine months ended 30 September 2019;
- (ii) incorporating by reference certain parts of a press release dated 19 November 2019 published through Athex entitled "Alpha Bank's new Senior Management Team";
- (iii) updating the disclosure in the "Risk Factors" section;
- (iv) updating the disclosure in the "The Issuer and the Group" section; and
- (v) updating the statements of no significant change and no material adverse change in relation to Issuer.

(i) Documents Incorporated by Reference:

On 19 November 2019, the Issuer published unaudited interim consolidated financial statements of the Issuer as at, and for the period ended, up to the nine months ended 30 September 2019 prepared in accordance with the International Financial Reporting Standards (the **Q3 Interim Financial Statements**).

By virtue of this Supplement, the Q3 Interim Financial Statements, which have previously been published and have been filed with the CSSF, shall be incorporated by reference in, and form part of, the Base Prospectus and supplement the section entitled “*Documents Incorporated by Reference*” on page 88, including the information set out at the following pages of the Issuer's Q3 quarterly report for 2019:

(vi)	Interim Consolidated Balance Sheet	set out on page 4 of the interim consolidated financial statements;
(vii)	Interim Consolidated Income Statement	set out on page 3 of the interim consolidated financial statements;
(viii)	Interim Consolidated Statement of Comprehensive Income	set out on page 5 of the interim consolidated financial statements;
(ix)	Interim Consolidated Statement of Changes in Equity	set out on pages 6 to 7 of the interim consolidated financial statements;
(x)	Interim Consolidated Statement of Cash Flows	set out on page 8 of the interim consolidated financial statements; and
(xi)	Notes to the Group Financial Statements	set out on pages 9 to 89 of the interim consolidated financial statements.

Any other documents which are incorporated by reference in the Q3 Interim Financial Statements shall not form part of the Base Prospectus.

(ii) Governance Press Release

On 19 November 2019, the Issuer published a press release through Athex (which is also available at https://www.alpha.gr/-/media/alphagr/files/group/strategy-update/governance_pressrelease_eng.pdf) entitled “*Alpha Bank’s new Senior Management Team*” (the “**Governance Press Release**”), for the avoidance of doubt the content of such website does not form part of the Base Prospectus and has not been scrutinised or approved by the CSSF.

By virtue of this Supplement, the following parts of the Governance Press Release shall be incorporated by reference in, and form part of, the Base Prospectus:

- the second sentence of the second paragraph of page 1 of the Governance Press Release;
- the third to tenth paragraphs (inclusive) of page 1 of the Governance Press Release; and
- the paragraphs on page 2 of the Governance Press Release other than the final paragraph on page 2.

The non-incorporated parts of the Governance Press Release are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

(iii) Risk Factors

Risks related to the Issuer's business

The following risk factor shall be inserted on page 51 of the Base Prospectus before the risk factor entitled "*The Hellenic Financial Stability Fund (the HFSF) as shareholder has certain rights in relation to the operation of the Issuer*" of the section entitled "*Risks related to the Issuer's business*" in the "*Risk Factors*" section:

"The Issuer's announced strategic plan involves regulatory and execution risks and the Hive-Down could structurally subordinate the claims of the Covered Bondholders against the Issuer

In November 2019, the Issuer announced its Strategic Plan (as defined below). See further "*The Issuer and the Group – Other material milestones and transactions*".

There can be no assurance that the Issuer will achieve any of the anticipated benefits of the Strategic Plan in full or in the time frame currently envisioned. The Issuer requires regulatory approvals for some aspects of the Strategic Plan and these may be delayed or withheld. There is also no certainty that Project Galaxy (as defined below) will be successful, and a range of factors outside the Issuer's control, such as political and economic uncertainty or other factors affecting investor appetite, could negatively affect Project Galaxy.

Any failure to achieve the full anticipated benefits of the Strategic Plan could have an adverse effect on the Issuer's reputation, business, financial condition, results of operations and prospects and could divert management's attention from running the business.

In addition, should the Hive-Down (as defined below) be implemented, holders of the Covered Bonds shall, as against the Issuer, be structurally subordinated to any creditors of New Alpha Bank (as defined below) (unless, in the case of Covered Bondholders issued by the Issuer, the Issuer and New Alpha Bank agree, in accordance with the Conditions, to a substitution of claims under the Covered Bonds to New Alpha Bank). This structural subordination arises as the Issuer will be largely dependent upon funds received from New Alpha Bank in order to fulfil its obligations under the Covered Bondholders."

(iv) The Issuer and the Group

The following paragraphs shall be inserted after the last paragraph on page 160 of the Base Prospectus:

"On 19 November 2019, Alpha Bank announced a new strategic plan for the Group for the period up to the end of 2022 (the **Strategic Plan**) with the aim of returning the Group to sustainable profitability. The Strategic Plan sets out a number of initiatives that are intended to help Alpha Bank to achieve this ambition. The most significant initiatives are described below.

Hive-Down

Alpha Bank intends to proceed with a spin-off (the **Hive-Down**) of its core banking assets and liabilities to a new banking entity (**New Alpha Bank**) that will be a wholly-owned subsidiary of Alpha Bank. Alpha Bank will continue to exist as a listed entity but will become a holding company whose main asset is 100 per cent. of the shares of New Alpha Bank. Alpha Bank's Board of Directors has approved the Hive-Down in principle but further approvals will be required in due course to effect the Hive-Down.

Project Galaxy

Alpha Bank intends to undertake a large-scale securitisation and sale of up to €12 billion of retail and wholesale non-core NPEs (known as **Project Galaxy**). Project Galaxy is expected to take place in the first six months of 2020 and is being led by an experienced team within Alpha Bank. The Project Galaxy

securitisation (if successfully executed) would result in an immediate de-risking of the Group's balance sheet and have a positive effect on the Group's cost of risk.

Servicing and management of the Group's NPEs

Alpha Bank's existing NPE management platform will be carved out from Alpha Bank and a new servicing entity (the **NPE Servicer**) will be created comprising the existing NPE management platform and Alpha Bank's current licenced affiliated servicer, Cepal Hellas. The NPE Servicer will service and manage both Alpha Bank's core NPEs (i.e. those that will be hived down to New Alpha Bank as part of the Hive-Down) as well as the non-core NPEs to be securitised and sold as part of Project Galaxy. Outsourcing the servicing and management of the Group's NPEs to the NPE Servicer is intended to provide greater flexibility to the Group in terms of NPE cost management.

Optimisation of operating expenses

The Strategic Plan envisages a streamlining and optimisation of the Group's operating expenses wherever possible. Measures of particular significance include:

- outsourcing the servicing and management of the Group's NPEs to the NPE Servicer, as described above;
- streamlining central functions and general and administrative (G&A) costs; and
- a reduction in the Group's branch network of around 18 per cent.

Governance changes

The Strategic Plan sets out Alpha Bank's intention to appoint new members to its top management team. A new governance framework will also be implemented, including: (i) clear delegation of authority from the Board of Directors to the Chief Executive Officer and from the Chief Executive Officer to the management team; (ii) empowerment and clear re-definition of the areas of responsibility of each member of Alpha Bank's senior management team; and (iii) a redefined structure and role for Alpha Bank's governance committees. These changes are intended to bring personnel with proven experience into Alpha Bank's management team and to enable faster decision-making at executive level."

(v) No Significant or Material Change

Since 31 December 2018 (the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been prepared), there has been no material adverse change in the prospects of the Issuer or the Group. Since 31 September 2019 there has been no significant change in the financial or trading position of the Issuer or the Group.

Save as disclosed in this Supplement, there has been no other significant new factor and there are no material mistakes or inaccuracies relating to information included in the Base Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme since the publication of the Base Prospectus.

To the extent that there is any inconsistency between (a) any statements in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus are available on the Luxembourg Stock Exchange's website (www.bourse.lu).