



Valuation Report of Alpha Services & Holdings S.A. investment in subsidiary Galaxy Mezz Ltd in accordance with the provisions of articles 17 and 31 of L.4548/2018

Valuation Date: 22nd June 2022

To the Board of Directors of
Alpha Services & Holdings S.A.
40 Stadiou Str., 102 52 Athens,
Greece

We have the pleasure of enclosing a copy of our report in accordance with our engagement letter dated April 19th 2022.

Scope of work and limitations

Our work focused on the areas set out in our engagement letter, which has been agreed with Alpha Services & Holdings (“Company”). Our engagement was undertaken in accordance with Grant Thornton International Advisory Standards.

The procedures that we have performed, as specified in the engagement letter, do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements. Therefore, we do not express any opinion on the financial figures presented in this report and consequently, no assurance is provided.

Our analysis was based, amongst others, on publicly available information from reputable sources and financial and other information that were included in the VDR, in which the Company provided us access to. Grant Thornton has not audited, reviewed or proceeded with any kind of verification of the information provided.

Consequently, we express no opinion, or provide any other form of assurance regarding the accuracy and completeness of the financial and other information that we relied upon during the course of this engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the specific transactions and accounts and which a wider scope agreed upon procedures might uncover.

The detailed list of sources of information, significant Notes & any limitations are presented throughout the sections of this report.

Period of our fieldwork

Our fieldwork was performed during May 15th 2022 to June 22nd 2022. We have not performed any fieldwork since **22/06/2022** and in agreement with the addressee of this report, our report may not take into account matters that have arisen since then. If you have any concerns in this regard, please do not hesitate to let us know.

Limitation of liability

Based on our engagement letter, the liability of Grant Thornton for any damage incurred due to breach of Grant Thornton's obligations under the engagement letter shall be proportionate and limited to our fair share of that damage, based on our contribution to it. To the extent permitted by applicable law, in no case shall we be liable for any consequential or indirect damages or loss of profits. Furthermore, the Company may not recover from us, in contract or under statute or otherwise, any amount exceeding the amount of remuneration received by Grant Thornton for provision of Services except in case that said damages are attributed by a competent court to our gross negligence or willful misconduct. No claims or legal proceedings shall be brought in respect of loss or damage suffered by you out of or in connection with the Services or otherwise under the engagement letter against any other Grant Thornton member firm nor against our or its subcontractors, partners, members or employees. This restriction will not operate to limit or exclude the liability of Grant Thornton for the acts or omissions of its subcontractors, partners, members or employees

Forms of report

For your convenience, this report may have been made available to you in electronic as well as hard copy format, multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

General

Our report is issued on the understanding that the Company has drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our report up to the date of signature of this report.

Events and circumstances occurring after the date of our report will, in due course, render our report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date report. Additionally, we have no responsibility to update this report for events and circumstances occurring after its date.

Contents

Section	Page
Executive Summary	5
Company Overview	7
Transaction Overview	9
Valuation Approach	16
Limiting Factors and Clarifications	27
Conclusions	29
Appendix	31



Executive Summary

Introduction

Background

- Alpha Services & Holdings SA (the “Company” or “ASH”), former Alpha Bank SA with GEMI registration number 223701000) was holding portfolios which relate to a mix of non-performing retail and corporate loans (Galaxy Portfolio and Cosmos Portfolio).
- In the context of Cosmos and Galaxy securitization processes, the following SPVs were established:
 - **“Cosmos Securitisation DAC”** – “Cosmos”, 27/7/2021,
 - **“Galaxy II Funding DAC”** – “Galaxy II”, 16/9/2019,
 - **“Galaxy IV Funding DAC”** – “Galaxy IV”, 16/9/2019,
 - **“Orion X Securitisation DAC”** – “Orion X”, 16/9/2019
- The Bank transferred assets of gross book value “GBV” equal to €14.2b, as of cut-off date of each portfolio in compliance with the requirement of the Greek securitisation Law 3156/2003.
- Each of the aforementioned SPVs proceeded with the issuance of Class A, B and C Notes, “the Notes”. Class A Notes constitute the Senior Notes, Class B Notes constitute the Mezzanine Notes and Class C Notes constitute the Junior Notes. In addition, the distinction of each Class Title represents the prioritization of the repayment schedule for each title.
- With respect to the Galaxy Securitization, following completion of a hive down process of the banking business sector of the Company, the Company retained 95% of the outstanding principal amount of the Mezzanine Notes and the Junior Notes while the remaining c. 5% of the aforementioned Notes was transferred to the Bank. With respect to Cosmos securitization, the Bank transferred 95% of the principal amount outstanding of the Mezzanine Notes and the Junior Notes to ASH by means of a decrease in the Bank’s share capital in kind in accordance with paragraph 1 of article 31 of Greek law 4548/2018.
- In the context of the Galaxy & Cosmos securitizations, the Company (and in case of Cosmos, the Bank) entered into commitment letters with funds, wholly owned and controlled by Davidson Kempner Capital Management (the “Buyer”) for the sale and transfer of 51% of the Mezz Notes and 51% of the Junior Notes to the Buyer
- The Company has retained 44% of Mezzanine and the 44% of Junior Notes of Galaxy & Cosmos securitizations which are going to be transferred to a subsidiary company (the “Galaxy Mezz Ltd”) of ASH through a contribution in kind process.

Scope of work

- The Company has engaged Grant Thornton (“Grant Thornton, “we”, “us”) to perform the valuation of its investment in “Galaxy Mezz Ltd” based in Cyprus (the “Transferred Asset” or “Transferred Investment”) in accordance with articles 17 and 31 of Greek Law 4548/2018 for the purposes of the share capital reduction of the Company (in kind) with the distribution of the Transferred Asset (i.e. shares of Galaxy Mezz Ltd held by the Company) to the Company’s shareholders
- For the purposes of this valuation, it is assumed that the transfer of the 44% of Mezzanine and 44% of Junior Notes to Galaxy Mezz Ltd will have been completed before the resolution of the Company with regards to the share capital reduction in kind
- Valuation Date: 22 June 2022

Sources of Information



Virtual Data Room

- Transaction Summary documents
- Transaction’s contractual documents (Loan Sale agreement, Servicing agreement, Trust Deeds, Cash Management agreement)
- Rating letters of Senior Notes of Cosmos & Galaxy Portfolios
- Transaction’s projected Cash flows
- Transaction’s Business Plan



Other sources of information

- Publicly available financial information of the Bank
- Data from International Databases to which Grant Thornton has access
- Other public/ private market and industry information and reports



Company Overview

Company's Profile & History

Introduction

Company's Main Characteristics

Name

Alpha Services & Holdings S.A.

Headquarters

Municipality of Athens, Prefecture of Attica.

Tenure

182 years (up to 2100)

Headquarters' address

40 Stadiou Str., 105 64 Athens, Greece

Business Registry's number

000223701000

Company's Equity



€ 6.3b⁽¹⁾

The total share capital of the Company as of 31/5/2022 amounted to €704,223,379.5 and its total number of shares is 2,347,411,265 ordinary registered shares with a nominal value of €0.30 each.

(1) As of 31/12/2021

Overview

The Company, namely Alpha Services & Holdings S.A. (formerly Alpha Bank S.A.) was founded in 1918 and is headquartered in Athens, Greece.

On 16 April 2021 the Company, with G.E.MI registration number 000223701000 underwent a demerger by way of hive-down of its banking activity and its contribution into a wholly owned new entity, also named Alpha Bank S.A., with G.E.MI registration number 159029160000 incorporated and licensed as a credit institution ("the Bank"), pursuant to the provisions of article 16 of L. 2515/1997 and articles 54, 57, 59-74 and 140 of L. 4601/2019.

Securitisation Nominal Value



€ 14.2b

Alpha Bank performed a securitization of a mixed non-performing retail and corporate exposures with a total nominal value of €14.2b



Transaction Overview

Transaction Overview

A securitization of €14.2b o/w 38.6% of total GBV has been included under Hercules Asset Protection Scheme

Overview

Securitization Structure

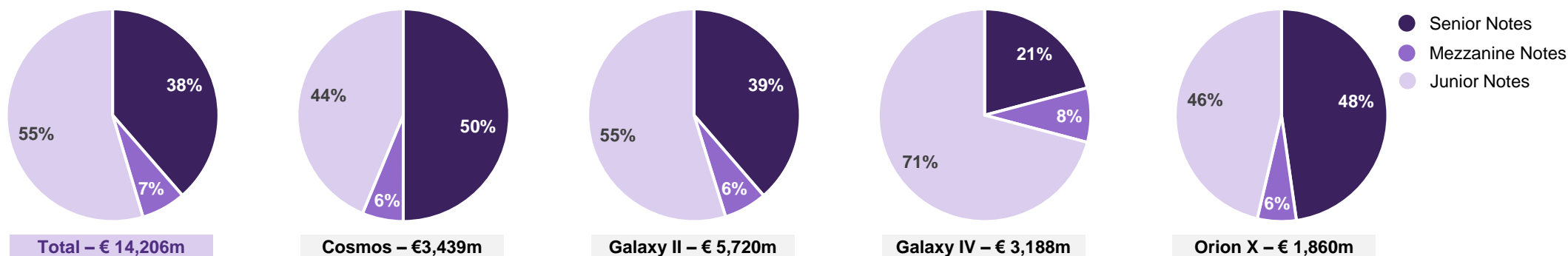
Note Class	Size (€m)	Size (%)	Coupon (%)
Class A	5,483	38.60%	0.70% / 0.75% ⁽¹⁾
Class B	963	6.78%	4.00%
Class C	7,760	54.63%	-
Total	14,206	100.00%	-

Portfolio	Class A	Class B	Class C	Total
Cosmos	1,720	215	1,504	3,439
Galaxy II	2,210	375	3,135	5,720
Galaxy IV	665	263	2,260	3,188
Orion X	888	110	862	1,860
Total	5,483	963	7,760	14,206

Key Notes

- In 2020 and 2021, the Company (former Alpha Bank SA) and the Bank (in case of Cosmos securitization) proceeded with the securitization of Galaxy II, Galaxy IV and Orion X (“Galaxy”) and Cosmos portfolios with total gross book values of €5.7b, €3.2b, €1.9b and €3.4b respectively.
- Loan receivables were transferred to the 4 SPVs established in Ireland. Each of the 4 SPVs issued Notes in accordance with the table on the left. Securitization follows the structure outlined below
- Each of the aforementioned SPVs has issued
 - Class A (Senior),
 - Class B (Mezzanine) and
 - Class C (Junior)
- Pursuant to Law 4649/2019, the securitizations of Galaxy II, Galaxy IV and Orion X (Collectively, the “Galaxy Transaction”) and Cosmos (Cosmos Transaction), have been included under the Hercules Asset Protection Scheme “HAPS” in June 2021 and December 2021 respectively.
- Fees payable to the Greek State for HAPS guarantee are calculated on the basis of the 2-month average of mid-price of Greek Credit Default Swap (CDS) (mid price) at different maturities (3, 5, 7 and 10 years)

Securitization Structure (% over Notes total nominal value of each SPV)



(1) 0.70% refers to the interest rate of Cosmos Class A Notes, while 0.75% refers to the interest rate of Galaxy II, Galaxy IV and Orion Class A Notes

Transaction Overview

A 51% of Mezzanine and 51% of Junior Notes have been acquired by the Buyer by virtue of a commitment letter

Notes Nominal Value per Noteholder & level of subordination

Cosmos	Cosmos (in € '000)	Level of Subordination	Alpha Bank	Buyer	Galaxy Mezz LTD	Total
	Class A Notes	Senior	1,720,000	-	-	1,720,000
	Class B1 Notes	Mezzanine	-	10,750	-	10,750
	Class B2 Notes	Mezzanine	10,750	98,900	94,600	204,250
	Class C Notes	Junior	75,185	766,887	661,628	1,503,700
	Total		1,805,935	876,537	756,228	3,438,700

Galaxy	Galaxy II (in € '000)	Level of Subordination	Alpha Bank	Buyer	Galaxy Mezz LTD	Total
	Class A Notes	Senior	2,210,000	-	-	2,210,000
	Class B Notes	Mezzanine	18,750	191,250	165,000	375,000
	Class C Notes	Junior	156,739	1,598,735	1,379,301	3,134,775
	Total		2,385,489	1,789,985	1,544,301	5,719,775

Galaxy	Galaxy IV (in € '000)	Level of Subordination	Alpha Bank	Buyer	Galaxy Mezz LTD	Total
	Class A Notes	Senior	665,000	-	-	665,000
	Class B Notes	Mezzanine	13,150	134,130	115,720	263,000
	Class C Notes	Junior	113,001	1,152,610	994,409	2,260,020
	Total		791,151	1,286,740	1,110,129	3,188,020

Galaxy	Orion (in € '000)	Level of Subordination	Alpha Bank	Buyer	Galaxy Mezz LTD	Total
	Class A Notes	Senior	888,000	-	-	888,000
	Class B Notes	Mezzanine	5,500	56,100	48,400	110,000
	Class C Notes	Junior	43,081	439,425	379,112	861,618
	Total		936,581	495,525	427,512	1,859,618

Analysis

- In February 2021, the Company entered into a commitment letter with the Buyer regarding the Galaxy transaction (Galaxy II, Galaxy IV and Orion X portfolios). The Buyer acquired 51% of Class B and Class C Notes, which reflects 51% of Mezzanine Notes of nominal value €381.5m and the 51% of Junior Notes of nominal value €3,190m
- In October 2021 the Company and the Bank entered into a commitment letter with the Buyer regarding the Cosmos transaction (Cosmos portfolio). Namely the Buyer acquired the a) 100% of Class B1 Notes of nominal value €10.75m, b) appr. 48,4% of Class B2 Notes of nominal value €98.9m, so that collectively with B1 the Buyer acquired the 51% of total Class B Notes and c) 51% of Class C Notes of nominal value €766.9m.
- The 44% of Class B (Mezzanine) Notes as well as the 44% of Class C (Junior) Notes were retained by the Company (following the distribution in kind by the Bank to the Company in relation to Cosmos Notes), in order to be contributed to Galaxy Mezz Ltd.
- The remaining 5% of Class B (Mezzanine) Notes as well as the 5% of Class C (Junior) Notes is maintained on an ongoing basis until the final maturity date by Alpha Bank S.A. in accordance with Articles 6(1) and 6(3)(a) of the EU Securitisation Regulation.

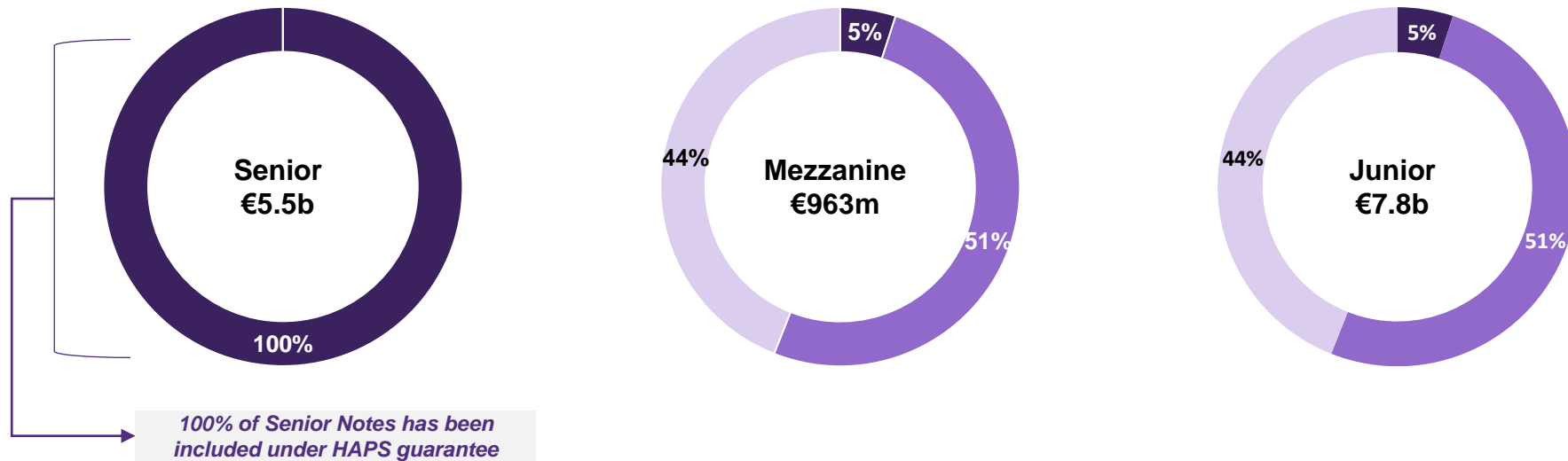
Transferred Asset

Contribution of 44% of Mezzanine Notes and 44% of Junior Notes by the Company "Galaxy Mezz Ltd"

Noteholders post Contribution Completion

Noteholders

● Alpha Bank
 ● Buyer
 ● Galaxy Mezz Ltd



Key Note

- Alpha Bank is the sole noteholder of Senior Notes. Alpha Bank has also retained a portion of c.5% of Mezzanine and c.5% of Junior Notes issued by each of Galaxy and Cosmos SPVs.
- Company's remaining Notes – as stated in the previous section and excluding the Notes that were acquired by the Buyer, according to the respective commitment letters will be contributed to a newly established subsidiary company of ASH, an SPV based in Cyprus, namely "Galaxy Mezz Ltd"
- "Galaxy Mezz Ltd" the ("Cypriot SPV") is established in Cyprus by Alpha Group, and its main objective is to acquire by way of registration, purchase, contribution, or any other way and to hold and administer Notes issued in the scope of securitization of receivables.
- Following the contribution of the Notes, Galaxy Mezz Ltd will be converted to a public liability company upon application to the Registrar of Companies of Cyprus and will be renamed to "Galaxy Cosmos Mezz Plc"

Transferred Asset

Following the completion of contribution in kind process ASH will hold 99.9999930987811% of “Galaxy Mezz Ltd” shares

Galaxy Mezz LTD Share Capital Structure (current)

Share Capital	Shares	Nominal Value/Share
84,542.4	313,120	0.27
Shareholders	Shares	As a percentage (%) of Total
Alpha Services & Holdings S.A.	313,114	99.998%
Other shareholders	6	0.0019%
Total	313,120	100%

Galaxy Mezz LTD Share Capital Structure (post transfer & SCI)

Share Capital	Shares	Nominal Value/Share
23,474,114.28	86,941,164	0.27
Shareholders	Shares	As a percentage (%) of Total
Alpha Services & Holdings S.A.	86,941,158	99.9999930987811%
Other shareholders	6	0.0000069012189%
Total	86,941,164	100.0%

Analysis

- Galaxy Mezz Ltd's share capital, prior to the completion of contribution in kind process, consists of 313,120 shares with nominal value of €0.27 each, out of which the Company owns 313.114 shares while the other subsidiaries of Alpha Group own one share each.
- Following the completion of contribution in kind process, Galaxy Mezz Ltd's share capital will increase by the value of the Transferred Notes and new cash contributions. The number of new shares to be issued as a result of the above will amount to 86,628,044 and the total number of outstanding shares will amount to 86,941,164 shares . The nominal value per share will remain €0.27.
- Participation of the Company in “Galaxy Mezz Ltd”, post the completion of contribution in kind process is expected to stand at the 99.9999930987811% of share capital or of 86,941,164 total shares.
- Consequently, the Transferred Asset, which is the subject of this valuation report, consist of 86,941,158 shares or 99.9999930987811 % of Galaxy Mezz Ltd's total shares**



Transferred Asset

Main Characteristics of the Notes to be contributed to “Galaxy Mezz Ltd”

Overview

Amounts in €'000	Cosmos		Galaxy II		Galaxy IV		Orion X	
	Class B2 Notes	Class C Notes	Class B Notes	Class C Notes	Class B Notes	Class C Notes	Class B Notes	Class C Notes
Nominal Value	94,600	661,628	165,000	1,379,301	115,720	994,409	48,400	379,112
Interest rate (Fixed)	4.00%	0%	4.00%	0%	4.00%	0%	4.00%	0%
ISIN ¹	XS2397544656	XS2397545034	XS2159931083	XS2159931240	XS2159931919	XS2159932057	XS2159930275	XS2159930432
Maturity Date	Oct 2060	Oct 2060	Oct 2060	Oct 2060	Oct 2060	Oct 2060	Oct 2060	Oct 2060

Key Notes

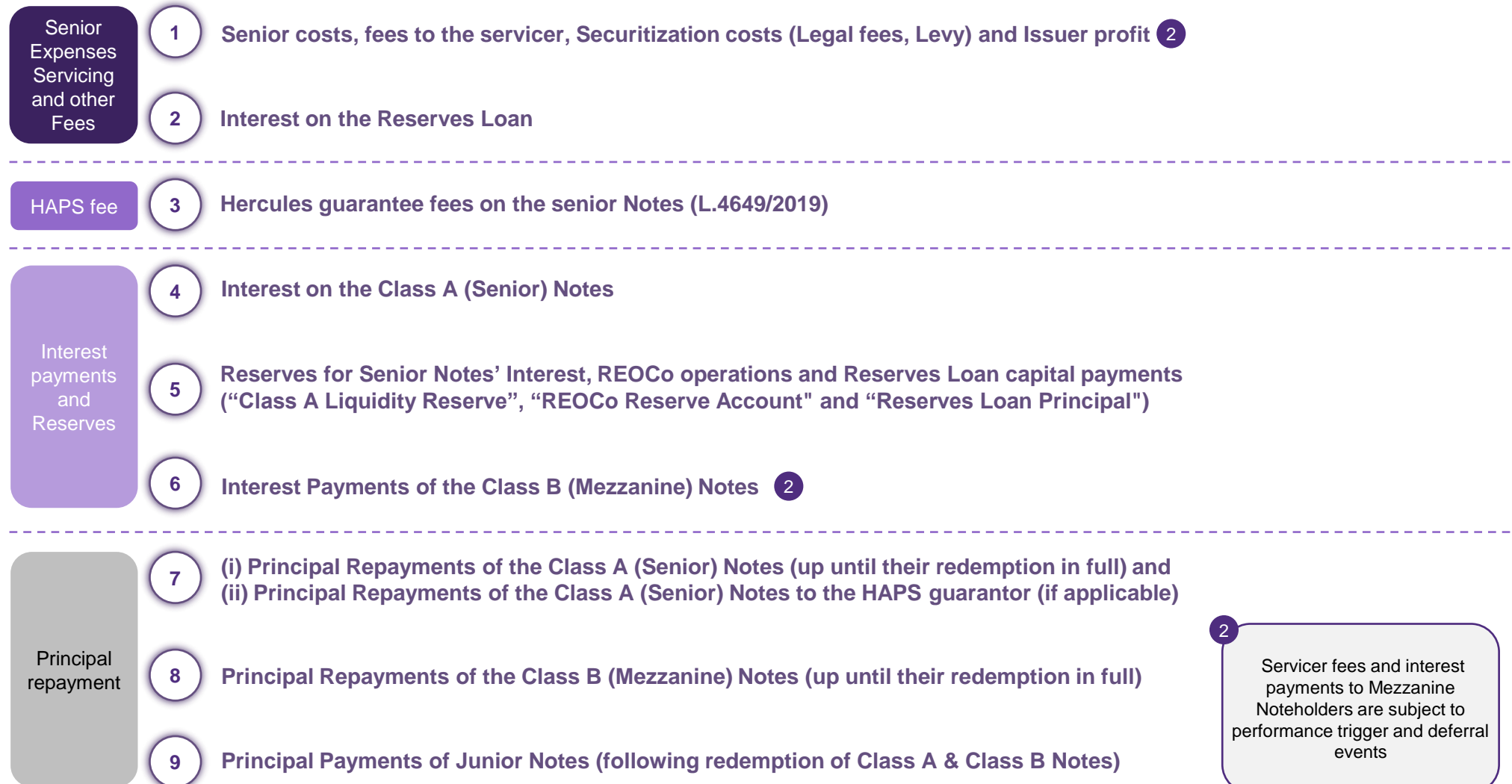
- The above table presents the main characteristics of the Class B and Class C Notes (per issuer company) to be contributed from the Company to Galaxy Mezz Ltd.
- Nominal value represents the c. 44% of Class B and Class C Notes of Galaxy and Cosmos securitizations which will be contributed to the Galaxy Mezz Ltd

1.ISIN note: The Notes of each Class are issued in fully registered global form. The Notes are represented by a Global Note which the Issuer deposits with Clearstream, Luxembourg as Common Safekeeper for Euroclear and Clearstream, Luxembourg, pursuant to the provisions of Trust Deed

Waterfall Structure

A predetermined schedule¹ that prioritizes the manner in which interest and principal payments from the underlying loan portfolios should be allocated

Overview



¹ In accordance with the contractual transaction's documents provided – Prioritization is common to all the SPVs established.



Valuation Approach



Valuation Methodology

Overview

- For the purposes of our engagement we measured the Transferred Asset at a fair value as of June 22nd 2022, while the outcome of our exercise corresponds to the value of the Transferred Asset following all the relevant actions (contribution, SCI)
- Our approach to valuation of the Notes to be contributed is based on international standards and best practices applied for the purposes of the calculation of their fair value. Fair Value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assigned represents the consideration that could be received from the sale of the Notes in an arm's length transaction at the various valuation dates under prevailing market conditions.
- This section presents the valuation methodologies, the key assumptions, as well as the valuation results.
- The subject of this valuation is the Transferred Asset or the investment of ASH to the share capital of its subsidiary Galaxy Mezz Ltd which arises as a result of the contribution in kind of :
 - The 44% of the nominal value of Mezzanine Notes under the securitisation of Cosmos (which corresponds to appr. 46.32% of Class B2 Notes) and Galaxy portfolios and
 - The 44% of the nominal value of Junior Notes under the securitisation of Cosmos and Galaxy portfolios.

and any cash balances that are expected to be contributed to Galaxy Mezz Ltd by its shareholders as presented in pages 13 and 26

- In order to estimate the fair value of the Transferred Asset we applied the Adjusted Net Asset Method considered that the sole Asset of Galaxy Mezz LTD will be the Notes and any additional cash to be contributed by its shareholders along with the initial contributed capital, while in order to estimate the fair value of the contributed Notes we applied the Income Approach Method and Market Approach method according to the assumptions and the limitations as described in the following sections.

Income Approach

- 1 Income approach is a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more methods that convert anticipated benefits into a single amount in present value (i.e. discounted) terms. In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical or forecasted cash flows. The focus is to determine the cash flows that reasonably reflect the asset's most likely future benefit stream. The cash flows are then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return as at the valuation date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

Market Approach

- 2 The market approach is a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the assets under analysis to similar businesses, business ownership interests, securities, or intangible assets that have been the subject of a transaction. According to the approach, the fair value of an asset is determined by reference to the transaction prices or 'valuation multiples' implicit in the transaction prices, of identical or similar assets in the market. Adjustments are required to the transaction prices or valuation multiples to reflect the differentiating characteristics of the subject asset.



Income Approach

Discounted Cash Flows

Overview

- The Discounted Cash Flows (DCF) method is widely recognised as one of the most credible valuation methodologies worldwide. The DCF model examines the entity from a dynamic perspective, by analysing its performance through the years as well as by considering its ability to generate “cash surpluses”.
- The model considers the value of a firm, security or asset to be equal to the net present value of its future cash flows that are available for the repayment of company’s debt and for securing returns on the shareholders’ funds.
- The net present value of future cash flows consists of:
 - the present value that corresponds to a period for which projections can be made. This period is defined as the time it takes for the company business plan to be achieved and
 - company value in perpetuity.
- Consequently, if we want to take into account the time value of money, the DCF is considered one of the most appropriate methods. The firm, security or asset value equals the anticipated future cash flows, discounted by a risk adjusted discount rate (e.g. Weighted Average Cost of Capital – WACC).
- The method involves the calculation of future cash flows for a period of at least (3) years, as well as the determination of the firm’s terminal value. FCFs and terminal value are then discounted using the Weighted Average Cost of Capital so as to get the Net Present Value of the entity.
- In the case of Cosmos and Galaxy portfolios, no terminal value was calculated as the Notes have a finite maturity, namely October of 2060. Instead, the available cash flows throughout the useful life of the instruments were estimated.

Advantages ✓

1. The DCF method provides the best estimate of the intrinsic value of a business or entity.
2. It is the most appropriate valuation methodology as long as the projected cash flows are considered reliable.
3. Unlike other methods, it relies on cash flows, which are affected less by the entity's accounting policies.
4. It is not affected by short-term fluctuations in the share price or by non-economic factors.
5. It takes into account the time value of money.

Disadvantages ✖

1. The results of the DCF method are very sensitive to the underlying assumptions of the projected cash flows.
2. Unlike the other methods, the results of the DCF method are affected by the assumption of the timing of cash flows.
3. It requires reliable estimates of the future evolution of a business and the size of a company, which is not easy for firms that do not have good corporate governance practices and / or operate in volatile markets.
4. It includes the valuation of the perpetual value, which is usually an important part of the value and has a significant degree of uncertainty.



Income Approach

Discounted Cash Flows – Key Assumptions

Ke 

Cost of Equity was estimated using the model known as Capital Asset Pricing Model, under which:

$$K_e = R_f + \beta * (ERP + CRP) + SP + ILp$$

Cost of Equity drivers

Ke = Cost of Equity
Rf = Risk free rate
β = Beta
ERP = Mature Equity Risk Premium
CRP = Country Risk Premium
SP = Size premium risk
ILp = Illiquidity premium

Cost of equity

Beta	1.501
Risk free rate	1.13%
Mature equity market risk prem.	5.07%
Country specific risk premium	3.56%
Size premium	5.01%
Illiquidity premium	1.50%
Cost of equity	20.60%

- ➔ **Rf** = The risk free rate equals the yield of a 'riskless' bond denominated in euro. We used the ten-year German government bond yield (Source: International database - 60day average as of 22/6/2022).
- ➔ **β** = The systemic or market risk. Beta coefficient was calculated at 1.501 based on weighted beta coefficients of comparable listed companies (Source: International financial databases).
- ➔ **ERP** = The mature equity risk premium. It reflects the excess return required by an investor from equity investments compared to fixed income investments. It is actually the difference between the expected return between shares and bonds for mature markets. It was estimated at 5.07% (Source: A. Damodaran, NYU Stern, June 2022).
- ➔ **CRP** = The country risk premium. For Greece it was estimated at 3.56% (Source: A. Damodaran, NYU Stern, January 1st of 2022, based on Moody's credit rating).
- ➔ **SP** = The size premium is the additional risk premium required by investors for companies that are smaller than the weighted average of the entire equity market. It was estimated at 5.01%.
- ➔ **ILp** = The illiquidity premium is the additional compensation requested by potential investors for less liquid NPL investments. These investments are considered illiquid compared to listed bonds / stocks, etc., especially given the limited depth of a secondary market. Therefore, based on empirical studies and considering the implied "junk" rating of the investments, we have considered an illiquidity premium between 1% - 2%.



Cost of Equity is deemed the most appropriate discount rate for the intangible asset under consideration, as it better reflects investors' expected returns from such investments.



Market Approach

Comparable Transactions

Overview

- Fair value measurement under the comparable transactions method requires information on sales transactions for similar assets. Differences between the asset under review and assets for which transaction price data are available need to be quantified and incorporated into the fair value estimates.
- The fair value of the asset in question is assessed in a benchmarking-type exercise by estimating its fair value relative to observed transaction prices of similar assets.
- In the context of our work we extracted the info provided through the commitment letters for the sale and purchase of a part of Mezzanine and Junior Notes between the Buyer and ASH for the Galaxy securitization and between the Buyer and ASH and the Bank in case of Cosmos securitization.
- It is noted that we have been provided with separate documents for each SPV established and as a result we performed an individual assessment of each transaction.

Advantages ✓

1. It is easier to implement as it requires a significantly smaller number of assumptions than the DCF method.
2. It better reflects current market conditions.

Disadvantages ✘

1. It is based on historical data and does not take into account the business prospects.
2. The existence of similar transactions, having the same activity and size in the same markets as the transaction under consideration, is not always possible.
3. It assumes that similar transactions have been properly valued by investors.

Valuation of Mezzanine Notes

Discounted Cash Flows Method

Overview

Cosmos



Galaxy



The total Fair value of the Mezzanine Notes to be contributed is estimated at the following range:



Analysis

- The adjacent table presents the range and the mid price of the fair value of the Mezzanine Notes to be contributed as of June 22nd 2022, based on the Discounted Cash Flows Method approach.
- We have been provided with the Business Plan prepared by the Company in the context of the securitization process. The Business Plan as well as the projected cash flows, are based on the repayment schedule or “Waterfall Structure” as previously described, in order to properly allocate the available funds to the securitisation costs and expenses and to the repayment of the Notes outstanding amount.
- It is noted that projected cash flows were prepared for each SPV separately taking into account the main characteristics of the loan receivables that were transferred to each SPV.
- We have also conducted a sensitivity analysis to the model using alternate discount rates.



Valuation of Mezzanine Notes

Comparable Transactions Method

Overview


Mezzanines' Notes NoteHolders	Cosmos	Galaxy
Buyer	51%	51%
Galaxy Mezz Ltd	44%	44%
Alpha Bank S.A.	5%	5%
Total	100%	100%

Amounts in €'000	Cosmos	Galaxy
Consideration	5,609	19,801
Percentage Acquired	51%	51%
Implied Value for 100% of Mezz Notes	10,999	38,826
Value for the 44% of Mezz Notes	4,839	17,084


Analysis

- With respect to Galaxy securitizations, pursuant to the commitment letter signed between the Buyer and the Company, the Buyer acquired the 51% Class B (mezzanine) Notes issued by Galaxy SPVs for an amount of € 19.8m. With respect to Cosmos securitization, pursuant to the commitment letter signed between the Buyer, the Bank and the Company, the Buyer acquired the 51% Class B (mezzanine) Notes (specifically 100% of Class B1 Notes and 48,42% of Class B2 Notes) issued by Cosmos SPV for an amount of € 5.6m.
- Based on this purchase price, the 100% of Mezzanine Notes equals to a value of €11m for Cosmos Mezzanine Notes and a value of €38.8m for Galaxy Mezzanine Note.
- It is noted that out of the total Class B (Mezzanine) Notes the 51% has been acquired by the Buyer, the 5% has been retained by Alpha Bank while the remaining 44% will be contributed to Galaxy Mezz Ltd.
- The adjacent table presents a short description of the aforementioned calculations per Issuer.

The total Fair value of Mezzanine Notes to be contributed is estimated at:

 €21,923k

The total Nominal value of Mezzanine Notes to be contributed is:

 €423,720k



Valuation of Junior Notes

Discounted Cash Flows Method

Overview

- With respect to the Business Plan and following the implementation of the appropriate discount rate alongside with the credit risk accounted for Junior Notes the projected Cash Flows are zero (0)
- On that basis and according to limiting factors and clarifications presented under the relevant section, the fair value of the Class C – Junior Notes to be contributed according to Discounted Cash Flows Method is calculated in total to zero (0).



Valuation of Junior Notes

Comparable Transactions Method

Overview

Junior' Notes NoteHolders	Cosmos	Galaxy
Buyer	51%	51%
Galaxy Mezz LTD	44%	44%
Alpha Bank S.A.	5%	5%
Total	100%	100%

Amounts in €'000 (otherwise stated)	Cosmos	Galaxy
Consideration	202	510
Percentage Acquired	51%	51%
Implied Value for 100% of Junior Notes	396	1,000
Value for the 44% of Junior Notes	174	440

Analysis

- With respect to Galaxy securitizations, pursuant to the commitment letter signed between the Buyer and the Company, the Buyer acquired the 51% Class C (Junior) Notes issued by Galaxy SPVs for an amount of € 0.5m. With respect to Cosmos securitization, pursuant to the commitment letter signed between the Buyer, the Bank and the Company, the Buyer acquired the 51% Class C (Junior) Notes issued by Cosmos SPV for an amount of € 0.2m.
- The above purchase price, translated for to the 100% of Junior Notes results in a total value of €396k for Cosmos Junior Notes and in a total value of €1.000k for Galaxy Junior Notes.
- It is noted that out of the total Class C (Junior) Notes the 51% has been acquired by the Buyer, the 5% has been retained by Alpha Bank while the remaining 44% will be contributed to Galaxy Mezz Ltd.
- The adjacent table presents a short description of the aforementioned calculations per Issuer.

The total Fair value of Junior Notes to be contributed is estimated at:

 €614k

The Nominal value of Junior Notes to be contributed in total is:

 €3,414,450k



Valuation Synthesis

Estimated fair value of Mezzanine and Junior Notes

Overview

Amounts in €'000	Nominal Value of Contributed Notes	DCF Method	Comparable Method	Estimated Fair Value
Cosmos				
Class B2 Notes	94,600	6,256	4,839	5,548
Class C Notes	661,628	-	174	87
Galaxy				
Class B Notes	329,120	16,198	17,084	16,641
Class C Notes	2,752,822	-	440	220
Collective Portfolio				
Class B Notes	423,720	22,454	21,923	22,188
Class C Notes	3,414,450	-	614	307
Total	3,838,170	22,454	22,537	22,496

Weighted Average
[per Method]

Discounted Cash Flows
Method



50%

Comparable Transactions
Method



50%

Analysis

- To summarize the fair value of the Notes to be contributed was valued with the use of the Discounted Cash Flows method and Comparable Transactions method.
- We have applied a weighting of 50% to each of the two valuation methods respectively.
- The estimated base fair value (following the weighting of each method) of the **Mezzanine Notes** to be contributed is **€22,188k** while for the **Junior Notes** to be contributed is **€307k**, respectively as of the valuation date of 22nd June 2022
- Total Fair Value of Notes is estimated at **€22,496k**
- We consider that the above value reflects the range to which the fair value of the Mezzanine and Junior Notes to be contributed fluctuates, based on the projections and the assumptions made available to us by the Bank's management, as well as the observations contained under the section "Limiting Factors and Clarifications" of this valuation report.



Estimated Fair Value of the Transferred Asset

Pro forma Balance Sheet¹ of Galaxy Mezz LTD

Class B Notes Receivables (Mezzanine)	22,188,359.11
Class C Notes Receivables (Junior)	307,180.89
Subscribed initial share capital based on the articles of association	84,542.40
New cash contribution	894,031.88
Total Assets	23,474,114.28
Equity	23,474,114.28
Liabilities	-
Total Equity and Liabilities	23,474,114.28
Class B Notes (Mezzanine)	22,188,359.11
Class C Notes (Junior)	307,180.89
Subscribed Initial share capital	84,542.40
New cash contribution	894,031.88
Fair Value for the 100% of subsidiary's shares	23,474,114.28
<i>Percentage (%) to be transferred to the Company's shareholders</i>	<i>99.9999930987811%</i>
Estimated Fair Value of Transferred Asset	23,474,112.65

Analysis

- According to the information provided by the Company, the assets of Galaxy Mezz Ltd, following the completion of the contribution, will consist of the Notes to be contributed along with any cash contributed by its shareholders

1. As of valuation date: 22nd June 2022



Limiting Factors and Clarifications



Limiting Factors and Clarifications

Important Notes

Disclaimer

The entire report is subject to the comments made throughout and to all assumptions and limiting conditions set out herein. With regards to our work, in arriving at our opinions, we, inter alia: (a) utilized internal analyses, contractual agreements and other information provided by the Company and certain publicly available financial and other information concerning the Transaction; (b) held discussions with the Company regarding the Transaction and its prospects; (c) have performed studies and analyses and considered other factors as we deemed appropriate.

The forecasted projections of the Business Plan were delivered by the Company to Grant Thornton. Our work incorporates our knowledge from and understanding of the abovementioned sources of information, and is dependent on certain key assumptions which are further analyzed in the report related to our work. Even if the events anticipated under the assumptions described above occur, actual results are still likely to be different from the projections incorporated in the Business Plan since other anticipated events frequently do not occur as expected and the variation may be material. A slight change in the Business Plan key assumptions may lead to significant changes in future financial performance of the underlying assets, both positive and negative, and thus, impact the overall Business Plan.

Grant Thornton has not independently verified any information (whether publicly available or provided directly to us by the Company) concerning the Transaction, including without limitation, any financial information in connection with the Business Plan. Therefore, Grant Thornton cannot guarantee to anyone reading this report, the accuracy and reliability of the documents that were given to us by the Company.

Furthermore, Grant Thornton does not accept any responsibility or liability in case any information or fact presented herein proves to be inaccurate, wrong, misleading or non-acceptable.

Grant Thornton does not accept any responsibility or liability if proved that the Company withheld important documents or facts.

Most of the information used for our work was based on the latest available and updated data according to the period of our fieldwork. Our work is based on both the objective and qualitative evaluation of the facts, which were assessed according to our experience and knowledge. Our work is also based on the economic, business, and other conditions that were prevailing in the market at the date of this report. We have no obligation to restate our work in case conditions change at a later date, unless we are requested in writing to do so by the Company.

Based on the above facts we consider that the conclusions and the interpretation of our exercise results may be more sensitive to changes in a higher rate than normal.

It is suggested that anyone interested in this report should evaluate, based on their personal judgment, the relevant economic facts and data. This Report does not cover any legal, technical, regulatory and/or tax matters related to the Transaction, but it is limited to financial matters only.



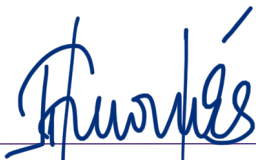
Conclusions

Conclusions

Based on the above and upon taking into account the provisions of paragraphs 3, 5 and 6 of article 17 of L. 4548/2018 the total value of the Transferred Asset is estimated at **€ 23,474,112.65**

The Valuation Report was prepared in accordance with the provisions of articles 17 and 31 of L. 4548/2018 solely for the purpose of the Company's share capital decrease in kind, by distributing the Transferred Asset to its shareholders, and shall not be used for any other purpose.

Athens, June 22, 2022
The Certified Public Accountants



Panagiotis Gkioumes
SOEL Registration Number 44421



Dimitrios Melas
SOEL Registration Number 22001



Appendix

Abbreviations

#	Abbreviation	Explanatory Note
1	Approx. / Appr.	Approximately
2	ASH/ the Company	Alpha Services & Holdings S.A.
3	b	Billions
4	Business Plan	The projected future cash flows of the Notes for the period from their issuance to their maturity
5	Buyer	Davidson Kempner Capital Management through its affiliate funds
6	c.	Circa
7	CDS	Credit Default Swaps
8	CF	Cash Flow
9	Commitment Letter	The agreement executed between a) Alpha Services & Holdings SA and the Buyer and b) Alpha Services & Holdings SA, the Bank and the Buyer for the sale and purchase of certain Notes of a) Galaxy securitizations and b) Cosmos securitization respectively
10	Cosmos	Refers to Cosmos securitization SPV, i.e Cosmos Securitisation DAC, incorporated in Ireland as a designated activity company with registered number 700585
11	DCF	Discounted Cash Flows
12	EUR / €	Euro
13	Galaxy	Refers to Galaxy securitization SPVs, i.e. Galaxy II Funding DAC, Galaxy IV Funding DAC and Orion X Securitisation DAC, incorporated in Ireland as designated activity companies with registered number 657099, 657125 and 656384
14	Galaxy Mezz Ltd/ Cypriot SPV	The SPV, "Galaxy Mezz Ltd", incorporated in Cyprus with main object the acquisition by way of registration, purchase, contribution, or any other way and to hold and administer Notes issued in the scope of securitization of receivables.
15	Galaxy/Cosmos Portfolio	Mixed non performing loans portfolio with gross book value €14.2b, transferred by Alpha Bank (meaning the Company and the Bank, due to hive down) to Galaxy II Funding DAC, Galaxy IV Funding DAC, Orion X Securitisation DAC and Cosmos Securitisation DAC
16	GBV	Gross Book Value
17	HAPS	Hercules Asset Scheme Protection
18	HAPS Guarantee	Any guarantee of the Senior Notes granted by the HAPS Guarantor pursuant to the HAPS Law.
19	Hive-down	The demerger of the Company by way of hive-down of its core banking assets and liabilities to the wholly-owned subsidiary, namely Alpha Bank S.A. (with GEMI number 159029160000) (the Bank) in accordance with article 16 of law 2515/1997, par. 3 of article 54, par. 3 of article 57 and articles 59-74 (inclusive) and article 140 of law 4601/2019, as in force
20	ISIN	International Securities Identification Number

Abbreviations

#	Abbreviation	Explanatory Note
21	Junior Notes	The Class C Notes of Galaxy and Cosmos Portfolios
22	k or '000	Thousands
23	m	Millions
24	Mezzanine Notes	The Class B1 and B2 Notes of Cosmos Portfolio and Class B of Galaxy portfolios
25	Noteholders	The Class A Noteholders, the Class B Noteholders and the Class C Noteholders.
26	Notes	Refers to the Notes to be contributed, i.e 44% of Class B (Mezzanine) Notes and 44% of Class C (Junior) Notes of Galaxy securitizations along with the 46,3% of Class B1 (Mezzanine) Notes and 44% of Class C (Junior) Notes of Cosmos securitization
27	NPL	Non-performing loans
28	Senior Notes	The Class A Notes of Galaxy and Cosmos Portfolios
29	SPV	Special Purpose Vehicle
30	the Bank	New Entity that occurred as result of the hive-down, and inherited the banking business, named Alpha Bank S.A. with business registry number of 159029160000
31	The Company	Alpha Services & Holdings S.A.
32	Valuation Date	22 th June 2022

