



ALPHA BANK

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CEO

SPEECH AT THE ORDINARY GENERAL MEETING OF THE  
SHAREHOLDERS OF ALPHA BANK

July 31, 2020

Dear Shareholders,

Ladies and Gentlemen,

It is a great pleasure and honor to address you today for the presentation of the Management report and the financial performance of the Bank for the previous year, despite the fact that the challenges we faced in the first half of the current year, following the onset of the pandemic, were so great and so many, that they make the achievements of the previous year sound like something from the distant past.

The pandemic caused by COVID-19 poses a significant threat to the health of citizens around the world and has had a profound effect on both the global and Greek economies. Furthermore, it raises new challenges in how to run an organization

- with millions of customers,
- employing thousands of employees
- and, above all, forming part of the critical infrastructure for the functioning of society and the economy.

Alpha Bank, which over its 140-year history has rightly gained recognition as standing by its Customers and its people in difficult times, is one such an organization.

As societies and economies around the world experience unprecedented uncertainty, in anticipation of a vaccine or at least a medicine that will prove effective in mitigating the pandemic, there are many questions as to what is to come:

- in terms of macroeconomic developments in Greece and in the other countries in which the Group operates;
- in terms of the ability of businesses to cope with the restrictive measures imposed due to the pandemic and;
- in terms of the market's dynamics and its ability to recover.

With the confidence of a large institution, from the outset of the pandemic crisis, our key priority has been

- keeping our Branches open and remaining operational
- supporting our Customers and the Greek Economy
- maintaining safe conditions for our Employees and Customers.

At the same time, we are actively supporting the Greek Economy as we in consider the return to normal economic activity as a national priority.

So far this year we have granted approximately Euro 3 billion of loans and we are proactively supporting our Business Customers to help them access funding programs sponsored by the Greek Government, the Greek Development Bank and the European Union. In fact, in the Entrepreneurship Fund II program, Alpha Bank managed to secure among Greek banks the largest volume of liquidity for its for business Customers.

Finally, we proceeded with suspensions of loan moratoria, to support our Customers, amounting in the first half of 2020 to Euro 4.8 billion.

Our confidence has been enhanced over these past few months, among others, by the response of our people, both in the Network and in the Head Office Units.

Operating in an uncharted environment, they ensured the Bank maintained a high level of operational readiness and functionality and responded effectively to heretofore unprecedented demand.

They embraced the collaboration tools while almost 50% of our Employees are positive towards a remote work policy.

In an effort to stand by the Group's Personnel, we conducted a large internal survey to understand their issues, concerns and suggestions. Their answers make me optimistic that the next stages of our transformation will be successful.

Ladies and Gentlemen,

Under normal circumstances, this speech would provide a wealth of information about the course of the Greek Economy and our Bank during 2019.

These issues however, must now be seen in the light of a new reality.

In the first quarter, Greek economic activity, and also the economic sentiment index through to May, recorded the smallest drop among European countries as a result of the success of the front-loaded restrictive measures which led to a smoother epidemic curve as well as the successful fiscal interventions.

The international praise that the Greek Government has won for its management of the health crisis and the timely implementation of a robust fiscal package, which has up to now reached approximately 14% of the previous year's GDP, allows the country to return to normality with growing confidence.

These stimulus measures are expected to limit the recessionary impact of COVID-19 to the current year and pave the way for a strong recovery in 2021.

Dear Shareholders,

Ladies and Gentlemen,

In this context, the ability that we have to support the real economy at this stage stems from our strong financial performance and our achievements in the previous year.

The **Bank's strong capital base** was further strengthened. The Common Equity Tier 1 (CET 1) ratio and the Total CAD ratio stood at 17.9%, at the end of December 2019. It is noteworthy that the Tangible Book Value was the highest among Greek banks, at Euro 7.9 billion, at the end of December 2019.

The **reduction of Non-Performing Exposures** continued in 2019 on the back of successful restructurings, improved cash collections and liquidations. In particular, the Group's Non-Performing Exposures in Greece stood at Euro 18.8 billion, at the end of December 2019, down by Euro 3.1 billion compared to December 2018. The Group Non-Performing Exposures ratio stood at 44.8%, while the Non-Performing Exposures coverage ratio stood at 43.8%, at the end of December 2019.

In 2019, Alpha Bank remained **committed to its redesigned customer-centered growth model** with a strong focus on supporting sustainable growth, innovation and entrepreneurship, and continued to extend credit to the sectors of the economy where loan demand is strong. As a result, in 2019, **new loan disbursements in Greece reached Euro 3.5 billion** compared to Euro 3 billion in 2018 and were mainly allocated to the sectors of transportation, manufacturing, trade and tourism.

Our estimation for 2020 is that new loan disbursements in Greece will amount to more than Euro 5 billion.

As regards gross loans of the Group, these amounted to Euro 48.7 billion, at the end of December 2019, out of which loans in Greece stood at Euro 41.8 billion and loans in Southeastern Europe stood at Euro 6.9 billion.

Dear Shareholders,

Ladies and Gentlemen,

The **improvement in the liquidity** of Alpha Bank continued in the previous year as a result of an increase in deposits.

More specifically, Group deposits increased to Euro 40.4 billion at the end of December 2019, with deposits in Greece recording inflows of Euro 1.8 billion (+5.4%) on an annual basis, primarily as a result of inflows from the private sector.

In the first quarter of 2020, this improvement continued due to reduced spending amid the COVID-19 lockdown and also because the Bank's funding sources were diversified by a landmark Tier II bond issuance.

At the same time, in 2020, the Bank drew increased liquidity from the European Central Bank (ECB) from Euro 3.1 billion (TLTRO II) funding to Euro 11.9 billion (TLTRO III) due to the enhanced Bank's pool of ECB eligible collaterals.

Furthermore, the Group's Loan-to-Deposit ratio further improved to 97%, while for Greece it improved to 98%, at the end of December 2019.

In 2019, Alpha Bank's **upward trend of profitability** continued. In particular, Profit After Tax rose to Euro 97 million from Euro 53 million in 2018.

Net Interest Income declined by 11.9% on an annual basis to Euro 1,547.3 million in 2019. The estimation for 2020 is that Net Interest Income will marginally increase as a result of deleveraging and continued improvement in funding costs.

Furthermore, Fees and Commission Income grew by 2.7% on an annual basis to Euro 340.1 million on the back of higher revenues from asset management and bancassurance, and new loan originations as well as due to a higher contribution from investment banking activity.

At the same time, we consistently prioritized the **containment of costs**. Recurring Operating Expenses for the Group declined by 2% or Euro 22.3 million, on an annual basis, to Euro 1,065 million, in 2019, while the Cost-to-Income ratio stood at 55.4%.

Dear Shareholders,

Ladies and Gentlemen,

2019 was also a year that saw a redefinition of our strategic direction. As a new Management Team, we worked closely with our Board of Directors and our Employees to design and to start implementing our vision for Alpha Bank's future.

I would like to reaffirm our commitment to the **priorities of our Strategic Plan** that we announced at the end of 2019.

**Firstly**, we proceed with the significant reduction of Non-Performing Exposures utilizing our high capital adequacy.

The Non-Performing Exposures (NPEs) securitisation, code-named Project Galaxy (amounting to Euro 10.6 billion) is one of the largest NPE securitisations in the European market and has already attracted keen interest from important foreign investors.

We are currently holding advanced discussions with preferred bidders and hope to shortly receive binding offers to proceed towards the completion of this large transaction within the current year.

This will allow us to achieve a front-loaded improvement in our asset quality ratios and take yet another significant step towards our set profitability targets.

To this direction, a month ago, we closed the sale of the Neptune portfolio of Non-Performing Loans to Greek small and medium-sized enterprises, amounting to Euro 1.1 billion, introducing a new architecture into this type of transactions.

**Secondly**, we remain committed to the needs of our Customers and to supporting investments in Greece.

While we are fully committed to the national effort to limit the consequences of the pandemic, at the same time we must also keep our eyes on the Future.

At Alpha Bank, we consider it our mission to support healthy entrepreneurship and to prioritize the provision of high-quality banking services. We are fully committed to making the banking experience once again pleasant for our Customers.

**Thirdly**, we systematically implement the Bank's transformation plan.

We have already planned 20 major actions around which our transformation will be centred, while a specialized Transformation Office will take care of implementing our commitments on time.

As the digital agenda remains among our top priorities, we have identified a number of interventions to reduce complexity and improve the overall Customer experience.

Our Customers are already responding to this: More than 93% of cash transactions of the Bank's Customers, during the last months, were not carried out in Branches, while half of these were performed on the Bank's web and mobile banking digital platforms.

**Fourthly**, we aim at standing out for our high and ever-improving level of Corporate Governance.

The increased number of Independent Non-Executive Members in the Board of Directors, the reshuffling of responsibilities and areas of activity among the members of the Management Team, in accordance with the guidelines of the Regulatory Authorities, as well as the adjustment to the new Corporate Governance of the articles of association and the internal policies promote transparency, accountability and efficiency.

Our new Management Team has already demonstrated its competence, especially in dealing with the pandemic.

At the same time, we place great emphasis on creating a framework for talent management and an Employee rewards system, through a structured target-setting and a performance assessment process.

The Government's recent legislative initiative on providing tax incentives when using stock options and bonus shares schemes are in the right direction of aligning incentives between Shareholders and Employees.

Dear Shareholders,

Ladies and Gentlemen,

Let me now focus on the medium-term prospects for our country.

It is clear that this crisis will give rise to an opportunity for a new, sustainable and more productive model for our country.

The financial system will be in the spotlight of this challenge, with two great projects underway, which, in my view, will change how business is done.

The first is the management of Non-Performing Exposures that will lead to a rearrangement of the country's business landscape, substantially supporting healthy competition.

The second concerns the national attempt to cover the investment gap created by the previous multi-year crisis, which has been further hampered by the new 2020 crisis.

In this case, the role of banks should now be different.

They will should be involved not only as a mechanism for the optimal distribution of society's resources, but also in assisting and advising in the management and absorption of available European funds. Over the next decade, Euro 70 billion will be allocated to Greece, as Euro 32 billion were added to the funds of National Strategic Reference Framework and Common Agricultural Policy, following the recent agreement between European leaders for the new EU Recovery Plan.

These resources must be used for a new growth model to achieve a complete restart of the economy, putting emphasis on the focus areas of the European Union, namely green economy, smart economy and fair and sustainable growth.

The banking system is required to play a key role in increasing the absorption rate compared to the past by assuming project co-financing and strengthening a new ecosystem that should mobilize funds for investments.

A new ecosystem, political will and strong financial support mean new and competitive businesses in Greece and, ultimately, ability to attract and repatriate a significant

percentage of Greeks who excel abroad, especially in research and development and in new technologies.

Let us not forget that this has been successfully done by other similarly-sized countries before us.

Everyone's focus should be on delivering a "virtuous circle" of investment in new technologies, new jobs and transfer of know-how to the country.

At Alpha Bank, we aspire to act as a pole for attracting Greeks working abroad and, indeed, we have already managed to attract quite a few, strengthening our Management Team.

Dear Shareholders,

Ladies and Gentlemen,

I would like, if I may, to mention a few things on the social work and contribution of the Bank.

Alpha Bank participates actively in the global effort to build a sustainable future for the economy and the planet.

To this end, in August 2019, it signed the six Principles for Responsible Banking, which were developed as an international initiative of the United Nations Environment Programme Finance Initiative (UNEP FI). Furthermore, in 2019, the Bank remained a constituent of the Financial Times Stock Exchange4Good (FTSE4Good) Emerging Index, while for the first time, it was included in the Bloomberg Gender-Equality Index (GEI).

At the same time, through the Corporate Social Responsibility programs, Alpha Bank responsibly supports the societies where it operates, undertaking initiatives in the areas of health, education, culture and environmental protection.

In recent months, the Bank, responding to the national effort of addressing the impact of the pandemic, supplied state-of-the art technical equipment and medical consumables to the Intensive Care Units of the reference hospitals, "SOTIRIA", ACHEPA and the General Hospital of Larissa, as well as the 6th Regional Health Authority of the Peloponnese and the Ionian Islands.

Finally, we supported the initiative of Doctors of the World to help vulnerable elderly citizens, including the home delivery of medicines and provision of medical advice and remote psychosocial support.



Dear Shareholders,

Ladies and Gentlemen,

Even an unprecedented crisis like the one we are experiencing is always also an opportunity.

This period has indeed been instructive as to which weaknesses need to be addressed and what can and should be done in a more effective way.

It was also revealing for the evolutionary dynamics and the ability to change that in Alpha Bank has in its DNA.

The Bank's Board of Directors, Management Team and Personnel, we all worked hard with dedication, professionalism, a high sense of duty but also with flexibility and ground-breaking ideas, to serve our Customers and support the Economy.

We are now preparing to embark on an even bolder course, standing on this legacy. As we had promised, our Bank's Transformation Plan is now being implemented at a rapid pace.

We dare to rejuvenate our Bank by modernizing not only processes within the Group but also our very perception of our role in the countries in which we operate.

We evolve and build on the values that have established our strong presence over the decades to shape a new Bank that, together with our Customers, will have a leading role in the effort to create a better and more sustainable future of opportunity for everyone.

Thank you very much for your trust!