



Press Release

ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF ALPHA BANK OF JUNE 21, 2011

At the Ordinary General Meeting of the Shareholders of Alpha Bank, which took place on Tuesday, June 21, 2011, spoke the Chairman of the Board of Directors Yannis S. Costopoulos and the Managing Director - CEO Demetrios P. Mantzounis.

The Chairman of the Board of Directors Yannis S. Costopoulos stated the following: "The year 2010 saw the Greek banks operating under exceptionally difficult conditions caused by the country's public debt crisis. The exclusion of the Greek State from the capital markets, the repeated downgrading of Greece's debt – which caused corresponding downgrading in the banks' ratings – coupled with a significant outflow in deposits, created particularly unfavourable financing conditions for the Greek banks. In addition, the economic recession and fiscal consolidation, led to a further shrinkage in credit expansion, higher provisions for bad debts and a decline in profitability. Moreover, the cost of funding rose significantly, as asset gathering required higher interest rates. The resulting repricing of loan portfolios only partially counteracts increased cost of funding.

In this unfavourable environment, Alpha Bank managed to achieve the basic objectives laid down in its business plan so as to confront the crisis consequences. It secured adequate levels of liquidity and safeguarded the quality of its balance sheet, maintained its capital base and significantly curtailed operating costs at all levels. The Bank's strong capital adequacy and adequate provisions to cover credit risk offer a solid financial and business base, allowing the Bank to operate without problems. In addition, in order to enhance its liquidity the Bank securitised more loans, issued bonds to support refinancing operations with the European Central Bank, and made further use of the programme to enhance the liquidity of the Greek economy.

In 2011, the global economy is in a growth trajectory. Growth has been reported in the world's large emerging economies which are now attracting the main volume of foreign investments worldwide. In the U.S.A., however, the economy continues to be based to a large extent on an expansionist monetary and fiscal policy. In Europe, growth is lagging because of the major public debt crisis in various peripheral countries of the European Union, and in the United Kingdom. In this environment, there are signs of inflationary pressures and rising prices of oil and raw materials. The European Central Bank has already increased interest rates in the Eurozone while the FED has made cautious interventions to curtail liquidity. Global growth is expected to be satisfactory in both 2011 and 2012.

After one year of implementation of the fiscal consolidation programme and structural reforms, the Greek economy has made progress in numerous sectors against the background of a relatively more favourable international economic environment. In 2010 fiscal deficits have been reduced and steps have been made towards reforming critical sectors of the economy. However, restoration of the country's creditworthiness in the eyes of the markets will require a further drastic reduction in fiscal deficits and consolidation of the economy overall; the levers for this process are increased competitiveness, privatisations and the utilisation of public assets.



Rise in exports reported in the last quarter of 2010, which has also been continued this year, and the favourable prospects for the tourism sector this year, may well be the first signs that the Greek economy is emerging from the recession. These developments will improve the economic climate gradually contributing to economic recovery from 2012.

The banking system has a decisive contribution to make to this endeavour. However, the ability of the banks to continue financing the economy to a satisfactory degree now depends on restoring confidence, which is intertwined with the progress made in achieving fiscal consolidation. A return of confidence will improve the flow of deposits to the banks, will contribute to a gradual reduction in dependence on the European Central Bank, lead to a recovery of credit expansion under better financing terms to businesses and households, and will take the economy out of recession.

At this particularly trying juncture for Greece, the Bank continues to assist in the endeavour to support the Greek economy. Our prudent and responsible stance enables us to continue to support our Customers in the form of refinancing and other facilities. The gradual restoration of the country's creditworthiness and the alleviation of macroeconomic uncertainty will improve the performance of the banking system overall and create new prospects for growth.

In this context, we will continue our efforts to strengthen our balance sheet, as the recession has a negative impact on the quality of the portfolio. At the same time, we are taking measures that will enhance liquidity in order to offset deposit outflows, reduce operating costs and improve the return on assets. We are also supporting our investments in Southeastern Europe, which is a region of vital importance to Greece.

Against these adverse developments, supporting our Customers and safeguarding the interests of our Shareholders constitute duties of the utmost importance for us.

Alpha Bank's Employees have once again been at the forefront of these efforts. We owe them a great debt of thanks".

Then, the Managing Director - CEO Demetrios P. Mantzounis took the floor and stated the following: "The year 2010 was an exceptionally difficult year for our country. The fiscal crisis created conditions of economic instability, the negative consequences of which are still affecting the banking sector as a whole. Nevertheless, the Greek banks have shown great resilience in adversity and adaptability to changes.

In this uncertain environment, we have placed great emphasis on the prudent underwriting and management of credit risk and on the preservation of adequate liquidity. At the same time, we have reduced operating costs and laid the foundations for further rationalisation of our business operations.

The effective management of the Group's liquidity was one of our main priorities in the midst of a series of negative developments. The preservation of a stable and sufficient liquidity buffer was made possible by a series of actions such as the strengthening and differentiation of our collateral pool with the European Central Bank, the participation in the programme for the enhancement of the Greek economy's liquidity and the orderly deleveraging of loans and bonds.

In 2010, we focused on the active management of the balance sheet in order to counterbalance the outflow of deposits and to reduce the need for funding from the European Central Bank. At the end of the year, the Group's loans and assets decreased as compared to 2009 by Euro 1.5 billion and Euro 2.8 billion respectively, thereby contributing to the improvement of the Group's liquidity and its capital adequacy.

The Tier I Capital Ratio increased to 11.9% from 11.7% in 2009, whilst the Capital Adequacy Ratio rose to 13.6% from 13.2% in 2009. Also particularly satisfying was our performance in the European stress tests where Alpha Bank achieved the best performance in relation to its peer group, thereby demonstrating its strong capital base.



The attitude of the markets towards Greece and the climate of uncertainty that has prevailed gave rise to an outflow of deposits from the banking system which approached Euro 30 billion, representing a decrease of 12.3% on an annual basis. Consequently, the outflow from our Group's customer deposit base at the close of 2010 stood at Euro 38.3 billion, shrinking by 10.8% on an annual basis. Deposits showed a decrease in balances in Greece and an increase in our international Units.

In spite of the adverse business conditions which prevailed in 2010, the Bank achieved a stable financial performance. Our net profits, excluding the Euro 61.8 million one-off tax levied on profits for the financial year 2009, reached Euro 147.8 million. Revenue from core banking activities amounted to Euro 2,214.4 million, essentially unchanged in comparison with 2009 and 2008. This performance was supported, on the one hand, by a 10-point rise of the net interest rate margin in relation to 2009, as a result of the successful implementation of our cost optimisation programme.

The implementation of a cost-cutting policy across the Group resulted in reducing operating costs by Euro 53.4 million or 4.4% on an annual basis. General and Administrative expenses were down by 9.2% and Personnel costs by 3% on an annual basis due to Personnel departing on retirement in Greece. In 2011, we initiated two new important programmes, one for operational reengineering and the other in order to further increase Personnel productivity, aiming at a cost reduction of more than Euro 50 million on an annual basis.

At the same time, we are proceeding with the implementation of the two programmes initiated in 2010 for the restriction of the remuneration of third parties and the reduction of the Network by about 100 Branches. The total reduction in costs is expected to reach Euro 75 million.

The recession in the Greek economy has led to a sizable increase in credit risk and provisions, which rose in 2010 by 31% on an annual basis, reaching Euro 885 million. In 2010 year end, our accumulated balance sheet provisions reached Euro 2.2 billion, which translates to a 51% cash coverage ratio, the best-in-class among our peers.

The downturn in economic activity and consequent reduction in households' disposable income, in combination with the low level of consumer and business confidence, have brought about a clear fall in demand for new loans and a decline in credit expansion in Greece. In this difficult juncture, the Bank has continued to support its Customers and to assist in the effort to restore stability to the Greek economy. By providing new credit facilities and seeking the most constructive solutions for facilitating repayment of loans by creditworthy Customers, we are making an ongoing effort to support our customer base.

Loans to private individuals stood at Euro 20.7 billion, marking a small rise of 1% on an annual basis. In regard to housing loans, our balances in Greece at the close of 2010 amounted to Euro 11.3 billion with new mortgages for the year standing at Euro 1.2 billion. In the consumer credit sector, where repayments are greater, there was a decrease in balances outstanding and emphasis was placed on improving credit risk management with very good results.

Support for Small and Medium-sized Enterprises was the priority for this year too. We financed new needs and provided credit facilities to about 6,000 of our Customers, whilst balances recorded a slight increase of 1%. We participated in the programmes run by the Credit Guarantee Fund for Small and Very Small Enterprises (T.E.M.P.M.E.), as well as in the JEREMIE 1 programme, after having been selected by the European Investment Fund (E.I.F.).

In regard to medium-sized enterprises and large corporations, loan balances dropped by 3.8% or about Euro 1 billion, with most of the reduction coming from selective deleveraging in Southeastern Europe.

In 2010 the Bank, based on the experience of previous years, invested in education, culture, social care, the environment, health and sports.

Putting special emphasis on the promotion of education, as the sector par excellence with long-term, substantial social benefits, Alpha Bank supported schools and universities. At the same time, it organised a series of educational activities which were attended by thousands of pupils.



The Bank continued to support the arts and culture with the staging of cultural events which were attended by a large number of people. The most significant of these were: The exhibition “Alexander the Great: From Macedonia to the Edge of the World”, held at the Archaeological Museum of Ioannina; the exhibition “Alpha Bank/History I: Banque de Crédit Commercial Hellénique 1924-1947” organised by the Historical Archives and staged at the Exhibition Area of the Main Building at the Headquarters of the Bank; and the exhibition “City Block 19: The presence of Alpha Bank in the centre of Athens”, which was presented in the same space.

Alpha Bank, as a Grand Sponsor of the 28th Athens Classic Marathon, has completed a 10-year cycle of support and promotion of this significant athletic event, which this year marked its historical 2,500th anniversary. The Bank also continued the “Sports Panorama” tour in ten towns in Greece but also in Serbia and Bulgaria. In the area of volunteering, the “Alpha Bank Group Volunteer Day” was successfully organised, involving about 1,500 volunteers, Personnel members and their families, thereby promoting teamwork and cooperation.

In December 2010, Alpha Bank was named “Bank of the Year” for 2010 in Greece by the prominent international financial magazine “The Banker”. Alpha Bank distinguished itself, according to the voting jury, as “the Greek bank best placed to emerge from the difficult financial conditions” owing to the prudent policy it is following, the result being one of the highest capital adequacy ratios among Greek banks.

2011 is another difficult year for the Greek economy and the banking system. The restoration of macroeconomic stability is a prerequisite for the improvement in operating conditions for banks. Regaining the confidence of the markets is a slow and painful process, but it can be achieved, so long as there is undeviating implementation of the economic programme and the structural reforms necessary to bring the economy back on to the path of self-reliant development.

In 2011, the Bank is moving along the same lines in regard to business operations, intensifying its efforts towards effective management of credit risk, further rationalisation of costs and maintenance of profitability. At the same time, the Bank continues to focus on active management of the balance sheet in order to ensure sufficient liquidity and capital adequacy.

Being fully aware of the circumstances, the Bank is assisting in efforts to secure the recovery of the Greek economy by supporting businesses and households. Our successful course is founded on the professionalism of our Personnel, whom I wish to thank for their dedication and hard work. Utilising our potential, we will work unremittingly to strengthen Alpha Bank for the benefit of our Shareholders, Customers and Employees”.

Athens, June 21, 2011