



ALPHA
SERVICES AND HOLDINGS

Ordinary General Meeting of the Shareholders, July 22, 2021

Speech of the CEO

Vassilios E. Psaltis

Dear Shareholders,

Ladies and Gentlemen,

In 2020, the COVID-19 pandemic brought widespread disruption to the global economy which continues to persist the world over. In response, governments have taken unprecedented measures to support economic activity and accelerate vaccination programs.

Despite the prolonged uncertainty faced by states, businesses and households as a result of the virus and its mutations, Alpha Bank demonstrated flexibility and resilience as we stood by Greek society and supported entrepreneurship. Amidst these adverse market conditions, our determination ensured that we could successfully implement the Strategic Plan announced in late 2019. This has allowed us, after the recent Euro 0.8 billion Share Capital Increase, to regain our leading role in the Greek banking system.

Our strategic priority over the last two years has been to decisively address the legacy of the financial crisis. As part of Project Galaxy, we signed a definitive agreement with Davidson Kempner which included the sale of 51% of the Mezzanine and Junior securitization notes of a Non-Performing Exposures Portfolio worth Euro 10.8 billion and of 80% of our loan servicing subsidiary, Cepal. Going forward, Cepal will serve as a long-term strategic partner of the Bank, assuming the management of Non-Performing Exposures that remain on our balance sheet or those that may emerge in the future. Project Galaxy, a landmark transaction and the second largest rated Non-Performing Exposures securitization in Europe, is the springboard for our Bank's return to growth and strong profitability.

With the completion of Project Galaxy, and through the additional transactions of Euro 8.1 billion announced as part of our updated strategic plan in May 2021, we are on track to achieve a full clean-up of our balance sheet using exclusively existing capital so as to reach a Non-Performing Exposures ratio of 2% in 2024.

We made significant progress with our corporate transformation, laying the foundations for a revitalized Bank that is free of the legacy issues of the financial crisis. At the same time, we are accelerating the modernization of our Organization, through a multi-layered transformation plan, in order to offer new, specialized products and state-of-the-art services to our Customers while increasing the value we create for our Shareholders through higher efficiency rates. Finally, we fostered a new working environment by investing in and upgrading our skills and enriching our executive team to secure our position as one of the leading employers in Greece. This new culture has been combined with the introduction of

new procedures to assess staff performance, from top management to new employees, based upon the key criteria of productivity, innovation and creativity.

In terms of our financial performance, in 2020 the **capital base** of Alpha Bank was reinforced and the Common Equity Tier 1 (CET 1) Ratio stood at 17.3%, while the Total Capital Adequacy (CAD) Ratio was 18.4% at the end of December 2020, providing a buffer of Euro 2 billion over the Bank's Overall Capital Requirement (OCR) of 14%. The Bank's capital base was further strengthened by the successful issuance of a TIER II bond of Euro 0.5 billion in February 2020, a move we repeated in the current year with a new issuance of a TIER II bond of Euro 0.5 billion, enabling the Bank to achieve a Total CAD Ratio of 16.9% when taking into account the impact of Project Galaxy.

Non-Performing Exposures (NPEs) continued to decline in 2020, by Euro 0.6 billion in Greece and by Euro 0.9 billion for the Group, as a result of curings and repayments that continued despite the pandemic, although at a smaller pace compared to 2019. As a consequence of Project Galaxy the level of Non-Performing Exposures was reduced by a further Euro 10.8 billion, bringing the Non-Performing Exposures Ratio down to 23.9% in Greece and 26.3% on a Group level¹ at the end of March 2021.

Regarding the Non-Performing Exposures cash coverage ratio, it stood at 48% in Greece and 53% for the Group after the completion of Project Galaxy.

The Bank provided significant support to its Customers and the wider Greek economy during 2020. This support was reflected in:

- performing loans moratoria, both for Businesses and Individuals, which amounted to Euro 5.5 billion and;
- **new loan disbursements** in Greece amounting to Euro 5.6 billion, up from Euro 3.5 billion in 2019, including the utilization of state sponsored schemes.

This marked the strongest performance of our Bank since 2008 and funds were mainly allocated to the manufacturing, trade, transportation, energy and tourism sectors. Gross loans of the Group amounted to Euro 49.1 billion at the end of December 2020, out of which loans in Greece stood at Euro 42.5 billion.

Following the expiration of moratoria that were in effect during 2020, Alpha Bank has been actively offering new "step-up" solutions to those Customers that continue to face temporary difficulties in order to avoid a "cliff effect" on their payments. These measures were also complemented by the successful State subsidy program "Gefyra", with Euro 1.1 billion of loans attributed to Alpha Bank Mortgage Customers enrolled in Q1 2021.

The strong lending activity of the Bank was supported by the **enhanced liquidity** achieved through higher deposits and financing from the European Central Bank. Specifically, private

¹ The Non-Performing Exposures Ratio stood at 43.3% in Greece and 42.8% for the Group, if Galaxy is not taken into account.

sector deposits in Greece increased in 2020 by Euro 3.6 billion (+10.4%) year-on-year, reflecting higher household and corporate savings. Moreover, at the end of December 2020, Eurosystem funding stood at Euro 11.9 billion, reflecting the full utilization of the Bank's TLTRO III borrowing allowance. The Group's Loan-to-Deposit Ratio further improved to 90% at the end of December 2020, up from 97% in the previous year.

Amid the unprecedented market volatility seen in 2020, Alpha Bank delivered a **solid performance** driven by a continued focus on cost discipline. Despite the impact of Euro 283 million of Covid-19 related impairments, Net Profit came to Euro 103.7 million in 2020.

Net Interest Income was resilient in 2020 on an annual basis (-0.4%) and stood at Euro 1,541.6 million, compared to Euro 1,547.3 million in 2019, as a result of improved funding cost mainly stemming from the substitution of interbank repos with Eurosystem funding at lower rates.

Net fee and commission income stood at Euro 335.3 million in 2020, registering a small decrease of 1.4% or Euro 4.8 million compared to 2019, primarily reflecting decreased fee generation from commercial banking activities due to the reduced volume of transactions caused by the pandemic.

In 2020, we maintained the momentum around **cost reduction**, with Group recurring operating expenses reduced by 3.6%, or Euro 38.5 million year-on-year, to Euro 1,042 million, while the Cost-to-Income ratio declined to 54.8% from 56.5% in the previous year.

Dear Shareholders,

Ladies and Gentlemen,

As a result of the pandemic, the mild recovery of the Greek economy in 2019 was disrupted and real GDP decreased in 2020 by 8.2% as the sectors most adversely affected were tourism, food services, culture, transport and retail trade.

However, the contraction of GDP in 2020 was smaller than expected, thanks to strong fiscal policy measures implemented by the Greek government at the onset of the pandemic. These measures moderated employment losses, enhanced business liquidity and preserved households' disposable income.

For 2021 and 2022, a strong economic recovery is expected as a result of both the resurgence of activity in tourism and retail trade, and also the unprecedented inflow of investment arising from the Next Generation EU funds – of which Greece is one of the largest beneficiaries. The expected investments are a unique opportunity for the transformation of the Greek productive model, so that it will be predicated less on consumption and driven more so by investment than was the norm in the past.

The speed of the recovery of the Greek economy in the next two years will depend on three factors. First, the progress of vaccinations in Greece and the rest of the world; second, the impact of the gradual unwinding of supportive fiscal measures; and finally, the speed of absorption and the extent of utilization of funds from the Next Generation EU.

The European Union has overcome its historical weaknesses by introducing an unprecedented program to boost investment in the most dynamic areas of contemporary economic activity. Making use of this program represents a unique opportunity for Greece to fill the investment gap created over the past decade, while achieving an economic, technological and institutional transformation of the economy and public administration. The National Recovery and Resilience Plan, combined with the financial resources from the other European programs and structural funds, can help Greece revamp its economic model and pave the way for structural reforms.

Greek society as a whole must take decisive action to fully reap the benefits of this once-in-a-generation opportunity. Equally, the institutions involved – from the Public Administration, Businesses and the Banking System - must prove up to the task, taking on their share of the burden in this effort.

The growth dynamics of the coming years will be based on a higher proportion of investment funds rather than, as in the past, on an increase in consumer spending, which has led to an increase in public debt. Contrary to the Greek model of the past, the new European Union funds do not serve as allowances. The criteria on the basis of which European funds will be allocated are intended to drastically change the current structure of the economy, overturning the status quo. The orientation is shifting towards Exports, Research and Innovation, as well as to the prospect of Mergers and Acquisitions in order to increase the average size of Greek businesses, to make use of economies of scale and to strengthen the viability of businesses.

Dear Shareholders,

Ladies and Gentlemen,

The prospect of an end to the pandemic and the influx of unprecedented levels of external investment into the Greek economy through the Recovery and Resilience Facility and other European schemes, provides the opportunity for the Greek banking system to reinvent itself by funding long-term investment plans, by showing extroversion and by reinforcing competition within the sector.

Per our new strategic plan, in June 2021 we turned to our Shareholders and to the markets in order to raise additional capital of Euro 0.8 billion to support Alpha Bank's participation in the funding of the upcoming investments. The capital increase marked a decisive first step towards enhancing the Bank's growth prospects and reaffirmed our market-leading position while aligning with the broader efforts of the country to turn the page on the financial crisis. This decision was based on the thorough analysis of the economic environment but also on

the understanding of the dynamics present in Greek society and in the business community which called for a change in the economic model of the country and a return to a sustainable growth path.

On the last day of June 2021, we successfully completed the first growth-oriented Share Capital Increase in the Greek banking system following the onset of the global economic crisis in 2008. 800,000,000 new ordinary shares were offered to institutional investors pursuant to a private placement outside of Greece and a public offering to retail investors and institutional investors in Greece. The Board of Directors of Alpha Bank set the offer price at Euro 1.00 per new share. The private placement was well oversubscribed with very strong support received from existing shareholders, global long-only institutional investors and FIG specialists. Existing shareholders were given priority allocation in line with their proportionate shareholding in Alpha Bank, whilst after exhausting priority allocations, new shares were subscribed by long-only accounts -who received approximately 77% of the offer shares in the private placement.

The capital enhancement is a key part of our new Strategic Plan, which will enable us, for the period 2021-2024, to:

- Participate fully in the disbursement of EU RRF funds, by consolidating our leading position in business investments.
- Improve our profitability, achieving a 10% Return on Equity.
- Strengthen our sources of revenue through strategic moves, such as our partnership with Generali and the repositioning of our international operations.

Above all, however, it will enable us, freed from the legacy of the past, to form a new Bank that will meet its Customers' changing needs and lead the efforts around the adoption of ESG criteria.

Alpha Bank's **Management and Employees** believe that the Bank's role cannot be limited to that of a conventional financial institution. We envisage Alpha Bank becoming **an active force for progress, leading the way in business development and in improving the lives of our fellow citizens**, recognizing the demand, especially of the younger generations, for sustainability, transparency and robust corporate governance. We want our Bank to be a pillar for attracting and developing talent and, ultimately, a partner for change, on the side of those who want to move forward, who dare to set goals and to connect these with new opportunities and partnerships.

Dear Shareholders,

Ladies and Gentlemen,

This review should include a reference to the extensive social work of the Alpha Bank Group. As a firm, we focused on maintaining safe conditions to protect the health of our Personnel and Customers, we ensured the Branch Network could continue to operate fully and we enhanced our digital infrastructure so that our employees and Customers could carry out transactions safely and quickly. We played a leading role in the national effort to tackle the Covid-19 pandemic. We met the needs for medical and healthcare equipment of the Intensive Care Units of three reference hospitals in Greece. Specifically, we provided the Thoracic Diseases General Hospital “Sotiria” in Athens, the University General Hospital of Thessaloniki “AHEPA” and the General University Hospital of Larissa with technologically advanced medical equipment, as well as healthcare equipment, that was needed for the protection of doctors and the nursing personnel.

In addition, Alpha Bank sponsored the Elderly Support Program of Doctors of the World, which supports vulnerable citizens over the age of 60 living in the wider area of Athens who suffer from chronic diseases, live alone, lack income and do not receive assistance from relatives.

The program “Together, for better health” took place for the seventh year, offering medical machinery and equipment to health centers in the Greek islands to address the pandemic and other medical needs. Since the launch of the Program in 2014, and by the end of 2020, more than 240,000 units of medical equipment, devices and pharmaceutical supplies have been donated to local health centers of 58 islands in Greece.

In the field of culture, it is worth mentioning that Alpha Bank, during 2020, remained a supporter of leading cultural institutions and events and continued the program “The defacements that hurt” for the eighth year running. On the occasion of the 200th anniversary of the Greek Revolution of 1821, the Program focused on the maintenance of statues and busts that depict heroes of 1821 in various areas of the city of Athens, while we are proud to participate in the large exhibition for the National Rebirth at the Benaki Museum.

Dear Shareholders,

Ladies and Gentlemen,

A plethora of strategic initiatives have been undertaken since the last ordinary General Meeting; this allows us to feel satisfied with what we have achieved, and optimistic about the future of our Bank.

We continue with the same dedication, with the same determination toward a single goal: the creation of value for our Shareholders, Customers and country.

The preservation of Alpha Bank's strong position during the unprecedented health crisis was **possible thanks to the dedication and professionalism shown by our Bank's employees**; for this, I extend them **a warm thank you**.

Finally, I would like to **thank all our Shareholders, in Greece and abroad**, for their support. Their strong participation in the Share Capital Increase and the extensive interest by prestigious investors confirmed their confidence in Alpha Bank's Strategic Plan and in the growth prospects for the Greek economy. They have put us in the driving seat of the national effort to modernize and grow the Greek economy, better positioning the Bank to achieve our ambitious goals so that soon we can repay them for the trust they placed in us over the years.

Athens, July 22, 2021

Vassilios E. Psaltis