



ALPHA  
SERVICES AND HOLDINGS

Ordinary General Meeting of the Shareholders, July 22, 2021

Speech of the Chairman of the Board of Directors

Vasileios T. Rapanos

Dear Shareholders,

Ladies and Gentlemen,

2020 was a year like no other, dominated by the Covid-19 pandemic causing an unprecedented and acute health, social and economic crisis, with a heavy toll on human lives both in Greece and across the world. To contain the spread of the coronavirus, the Greek Government has taken a series of measures, including the closing of businesses and the restrictions on movement and travel.

The Greek economy, which was in the process of recovery, was severely affected by the restrictive measures taken in response to the crisis as well as by the drastic reduction in tourist arrivals. The high contribution of tourism and retail trade to the country's economic activity was reflected by the significant drop in GDP in the second quarter of 2020, by 13.9% year-on-year. Economic activity recovered slightly in the third quarter of 2020 due to an increase in public and private consumption, although the annual growth rate remained negative (-10%). The recession continued in the last quarter of the year, due to the new measures taken to address the second wave of the Covid-19 pandemic with GDP declining by 6.9% year-on-year. In 2020 as a whole, the country's GDP declined by 8.2% compared to 2019, primarily due to both the contraction of services exports as a result of the sharp decline of tourism and the decrease in private consumption; yet, the increase in public consumption, the resilience of goods exports and the decrease of imports had a positive contribution. The sectors most affected by the pandemic, in terms of turnover, were in the tertiary sector: accommodation and catering services, property management services, the arts, leisure and entertainment.

Faced with the effects of the pandemic, the Greek Government reacted swiftly, taking fiscal policy measures of a broad and unprecedented scale to support businesses and employment. These measures meant that the economy shrank less than expected. Furthermore, the pandemic had a milder effect on the labour market, as the measures taken by the government were aimed at preserving jobs. At the same time, the impact of the pandemic on disposable income was mitigated by the government's measures including state income support schemes, combined with an increase in household and business savings, for providence purposes in view of possible future needs as well as forced savings due to limited consumption, mainly in the services sector.

Dear Shareholders,

Ladies and Gentlemen,

The adoption of a strongly expansionary fiscal policy, combined with the accommodative single monetary policy of the European Central Bank, contributed significantly to the mitigation of the crisis effects. Admittedly, at the outbreak of the pandemic, the financial system experienced a shock but, thanks to the measures taken by the competent authorities, it quickly regained its footing. It is also worth noting that the liquidity of the Greek banks improved significantly in 2020 as a result of the inclusion of Greek Government securities in the Pandemic Emergency Purchase Programme (PEPP) of the European Central Bank (ECB) and their acceptance as collateral in Eurosystem refinancing operations as well as due to the notable increase in customer deposits.

The European Union's response to the pandemic through the adoption of the "Next Generation EU" (NGEU) fund in July 2020, a Euro 750 billion Recovery Plan, was particularly impressive. The respective program aims to help relaunch economic activity and strengthen the resilience of the European economy in the post-Covid era. The main pillars of this policy are digital transformation, the transition to a green economy and the implementation of structural policies that will enhance the efficiency of the Member States' economies.

For Greece, the use of the NGEU funds of Euro 32 billion will be effected through the National Recovery and Resilience Plan "Greece 2.0", which aims at high and sustainable growth, job creation and social cohesion. Overcoming the crisis and making the best use of European funds is a challenge for the government, the public administration, the businesses and for the Greek society as a whole. Contrary to what was foreseen for the National Strategic Reference Framework, the centralized and sound coordination by the executive state is crucial for the success of this endeavor. It is also a challenge for the private sector which, with properly prepared and targeted investment projects in cutting-edge sectors, such as research and development, renewable energy, waste recycling, innovation, etc., will be able to play a leading role in the revival of the Greek entrepreneurship.

The National Recovery and Resilience Plan goes beyond the simple offering of grants and loans and is supported by the acceleration of the implementation of the national reform program and the legislative initiatives, with a view to improving the country's position in rankings including those published by the Doing Business and International Competitiveness reports, through:

- firstly, the acceleration of the administration of justice and of the dispute resolution process;
- secondly, the adoption of a more growth-friendly tax policy mix, and

- thirdly, ensuring that the new tax system and the legal framework governing investments will not change but will remain stable for many years and, at least, for one investment horizon.

Dear Shareholders,

Ladies and Gentlemen,

The rapid activation of the National Recovery and Resilience Plan to absorb the capital resources that Greece is entitled to receive from the NGEU can significantly help restore the fiscal balance, so as to ensure the country's creditworthiness without the need to return to the strict austerity policies of the past that would trap the country in a state of stagnation.

This can be achieved:

- firstly, by making use of the EU resources that will significantly strengthen the country's growth dynamics, which will have the significant effect of reducing the debt-to-GDP ratio;
- secondly, by discounting the medium-term growth dynamics in markets, which will lead the country to an investment-grade rating faster, resulting in a further reduction of borrowing costs for the Greek State and, consequently, of the level of debt; and
- thirdly, with the investment plans of the Recovery Fund, which can contribute to improving the asset quality and structure of the Greek banks, which is an important criterion for the country's assessment by international rating agencies.

Despite the fact that, in 2020 and 2021, the expansionary policy is a widely applied option, it should be noted, of course, that the fiscal risks do persist. In Greece, the strongly expansionary fiscal policy followed in 2020 resulted in the general government primary balance turning from a surplus to a deficit. The emergence of a deficit, combined with a steep recession and deflation, led to a strong increase in public debt as a percentage of GDP. Of course, the medium-term sustainability of public debt, characterized by a favourable composition and time structure of repayments, is not expected to be undermined if fiscal measures remain targeted and temporary.

Dear Shareholders,

Ladies and Gentlemen,

Banks in Greece significantly increased their liquidity in 2020 as a result of measures taken by the ECB, including the admission of Greek bonds in refinancing operations, the supervisory measures and the increased savings. This has helped to strengthen the ability of the Greek banks to grant higher loans to businesses than last year, and in particular to large companies operating in the commerce, industry and tourism sectors. Furthermore, in line with

the guidelines of the European Banking Authority, the Greek banks have suspended the payment of loan instalments for borrowers affected by the Covid-19 pandemic.

At the same time, the Greek banks are taking on an important role in boosting the economy through the National Recovery and Resilience Plan, providing credit facilities, attracting and mobilizing private capital and acting as an investment assistant and advisor. Of course, the National Recovery and Resilience Plan represents a challenge for the banking system, which must now select the most viable and profitable investment plans, mobilize investment funds and, of course, help develop and maintain the new ecosystem that will support our country's growth.

The Hercules Asset Protection Scheme (HAPS), which was set up by the Greek government in late 2019, is helping the Greek banks reduce the amount of Non-Performing Loans. The "Hercules" Scheme, which the four systemic banks have joined, provides a state guarantee on senior bonds of securitized loans, against a fee granted to the State, which is calculated on market terms.

Dear Shareholders,

Ladies and Gentlemen,

At Alpha Bank, we have taken important steps in cleaning up our balance sheet from bad loans. This was achieved with the completion of Project Galaxy, which was a highly complex landmark transaction and the second largest rated Non-Performing Exposures securitization in Europe. To further reduce the Non-Performing Exposures ratio, we have taken new initiatives for additional transactions amounting to Euro 8.1 billion, which will reduce the ratio to 2% in 2024.

Alpha Bank believes that the Recovery and Resilience Facility represents a growth opportunity for Greek companies. With the aim of ensuring the availability of necessary capital, it made the first growth Share Capital Increase after the 2008 financial crisis, which was successfully completed on June 30, 2021. This increase amounted to Euro 800,000,000, while 800,000,000 new common shares, of a nominal value of Euro 0.30, were made available at an offer price of Euro 1 per new share. The new shares were offered in Greece to retail investors and to qualified investors in the context of a public offering, and outside Greece to qualified, institutional and other eligible investors pursuant to an international private placement book-building process. The oversubscription of the issue is undoubtedly a great success and a tangible sign of the confidence of the (Greek and international) investors in our Bank. It is worth noting that, based on the Tier 1 capital ratio, even before the recent increase, Alpha Bank had an internationally remarkable position. Based on research published in the latest issue (July 2021) of "The Banker" magazine, our Bank ranked 179th among the Top 1000 banks of the world.

Utilizing its valuable knowledge and experience, Alpha Bank will support its Customers in their investment plans and in making the most of the opportunities offered by the Recovery and Resilience Facility, by providing specialized solutions, tailored to the needs of each company. In 2020, Alpha Bank presented new loan disbursements amounting to Euro 5.6 billion at the highest level since 2008, mainly directed to manufacturing, commerce, transport, energy and tourism. It is true that for this year, too, the Bank will not pay dividends. However, thanks to all the initiatives taken by Management, we are now able to achieve double-digit profitability rates and to reinstate, after the financial year 2023, a robust dividend policy, returning the trust to our thousands of Shareholders.

Dear Shareholders,

Ladies and Gentlemen,

Despite the uncertainty caused by the pandemic and the need to take key actions to deal with it, Management continued its effort to transform the Bank into a more competitive business in the new international environment shaped by globalization and technological changes. The key pillars of this effort include the further rationalization of procedures and costs, the evaluation of Staff based on contemporary criteria, and the promotion of talent.

Already in 2016, efforts started to improve the functionality of the Board of Directors and the Bank in general, through the adoption of modern corporate governance principles, and for achieving full compliance with governance principles indicated by the European regulatory authorities. Our progress since 2017 is impressive, as reflected both in the recent report submitted to us by Nestor Advisors and in an evaluation by international consulting firm ISS (Institutional Shareholder Services). Despite this progress, there is much more to do. The modernization and transformation program continues and will pick up pace in the coming months. Regarding, in particular, the functionality of the Board of Directors, I must point out that at the 21 meetings held in 2020, the Board methodically and systematically promoted all key issues relating to the reduction of Non-Performing Exposures, the issuance of the Tier 2 capital and the restructuring that will strengthen the Bank's competitive position.

Dear Shareholders,

Ladies and Gentlemen,

The progress of the vaccination program and the use of the NGEU funds will play an extremely decisive role in the recovery of the Greek economy. For the Greek economy, the effectiveness of the vaccination program, both in Greece and in the tourists' countries of origin, is a crucial parameter for the gradual recovery of tourism as a result of the lifting of travel restrictions. The effective use of the NGEU funds represents a unique opportunity for the country to boost its economic activity after the heavy blow it suffered due to the pandemic

and to rapidly adapt to the emerging post-Covid era. However, to fill the huge investment gap created during the economic recession of the last decade, it is imperative that the government proceeds with the plan for substantial structural reforms, as these were formulated in the Pissarides Committee report.

Dear Shareholders,

Ladies and Gentlemen,

The pandemic and the ensuing economic crisis have had a decisive impact on the daily life of businesses and employees, have redefined how we transact with our Customers and have shaped a highly uncertain environment, in which our Bank responded successfully. I am proud of the achievements of our Employees, who quickly adjusted to the adverse conditions, with commitment and dedication, providing quality work to serve our Customers and preserve the Bank's strong position. I would like to extend my warmest thanks to them. A warm thank you also goes to our Customers for their understanding and support. At Alpha Bank, true to our customer-centric model, we promise to stand by businesses and households and support their efforts towards recovery in the post-pandemic period. Finally, I would like to thank our Shareholders for the support and trust they showed in the vision we presented for our Bank's growth during the recent Share Capital Increase, reaffirming our leading position. On behalf of the Board of Directors, I promise that we will continue to work hard and tirelessly to do justice to the trust all of our partners (Employees, Customers, Shareholders) have had in us, contributing substantially to the progress of the Greek economy and to creating a society with equal opportunities for prosperity and dignity for all.

Athens, July 22, 2021

Vasileios T. Rapanos