ALPHA
SERVICES AND HOLDINGS

Speech at the General Meeting of Shareholders

(27 July 2023)

Vasileios T. Rapanos

Chair of the Board of Directors

Dear Shareholders,

In recent years, both the Greek economy and the Greek banks have suffered heavy external and successive blows: first it was the pandemic and then the energy crisis. In both cases, they managed to show their great resilience. In addition, 2022 was a period of great uncertainties due to high inflation and rising interest rates.

I identify the changing monetary policy globally as one of the most important elements that emerged in recent years and define a new reality. Indeed, the war in Ukraine and the provision of budget aids during the pandemic at global level have led to strong and persistent inflationary pressures which, in their turn, have caused the reasonable reaction of most central banks.

Inflation, while having substantially declined since autumn 2022, is still high both in the Eurozone and in Greece. The decline in inflation is expected to continue as energy prices ease. The gradual balancing of excess demand and supply, which followed the restart of the economy after the pandemic, has been an important contributor to this decline in inflation. The raise of the key interest rates by the ECB aimed at de-escalating inflation and affected the financing conditions for businesses and households.

Dear Shareholders,

The recent turmoil in the banking sector, with the rescue of Credit Suisse by UBS in Switzerland and the collapse of Silicon Valley Bank and Signature Bank in the USA, has caused significant concern in the markets. An important lesson learnt is that the banking system faces risks when, after a prolonged period of low interest rates, inflation rises sharply and monetary policy tightens, as a result thereof. This banking turmoil also taught us that the supervisory framework needs further improvements at prudential level. These developments also highlighted the role of uncontrolled and superficial circulation of rumours and misinformation, which is accelerated on social media and creates conditions of panic among investors. All Stakeholders, i.e. Regulatory Authorities, the State, banks as well as the Media should properly inform but also "educate" our fellow citizens so that they assess events with composure and are not swayed by irresponsible dissemination of information.

The Greek banking system is now quite resilient, as yesterday's crises have become today's lessons. Greek banks showed a significant improvement in their balance sheets, with the Non-Performing Loans ratio decreased to a single-digit level, i.e. 8.7% (as of December 2022), after many years. 2022 also saw a rise in the Net Interest Income, as a result of higher interest rates and the decreasing cost of risk. It is noteworthy that the Greek banking system is marked by satisfactory capital adequacy and improved liquidity. Greek banks are now shielded against potential turmoil, as they have a broad loan and deposit base, without heavy reliance on a single sector of the economy, and as they operate in a modern and reliable risk management and compliance framework. The regulatory framework has become extremely strict: banks must follow very specific guidelines and constantly undergo stress tests regarding their balance sheet structure, liquidity and deposit outflows, interest rate risk and capital quality.

Dear Shareholders,

European commercial banks have started to increase lending interest rates to households since the beginning of 2022, at rates much more pronounced than those of Greek banks. As a result, the difference in borrowing costs against the Eurozone average has been eliminated. It is therefore reasonable to expect that under these circumstances, there will be a limitation in credit expansion, mainly due to a lower demand for loan funds, on the basis of current credit criteria. This is linked to a rise in the costs of servicing the debt obligations of both the business sector and households, which is a factor inhibiting demand. In addition, uncertainty and persistent inflationary pressures may also squeeze the supply of loans from banks, due to the tightening of their credit criteria. At the same time, recent developments in the banking system have initiated a new debate on the issues of prudential banking supervision.

Nonetheless, this trend of slowing credit expansion could be significantly softened, even reversed in the case of Greece, through three main factors that are rather idiosyncratic.

First, the Greek economy is the recipient of significant stimulus packages, all targeting different and complementary parts of the value chain. The Recovery and Resilience Facility is the key instrument, with total funds of Euro 31 billion until the end of 2027, of which Euro 13 billion in loans, which are expected to mobilize almost twice as much investment, through leverage from the banking system, supporting future credit expansion.

Secondly, the strengthening of the existing trend of attracting Foreign Direct Investment is visible and is expected to increase with the implementation of the reforms announced by the government. Greek banks, now having high levels of liquidity and profitability, are better off to support new financial investment projects.

Thirdly, after many years, Greece is one step away from obtaining investment grade, as the country's fiscal situation is better than that of most countries currently having it.

Dear Shareholders,

The recovery of the investment grade will be a turning point for Greek economy, not only because it repositions the country as an investment destination for long-term return funds, but also because it creates particularly favorable liquidity conditions for the Greek State, banks, insurance funds and, above all, for households and businesses. Upgrading the credit rating of the Greek State will reduce the cost of raising funds for Greek financial institutions. Cheaper borrowing for banks will also be passed through to businesses and households, reducing borrowing costs for them as well and significantly softening the impact of the ECB's contractionary monetary policy.

Investment grade may be a milestone, but it is not a panacea for limiting country risk. Let us learn from the mistakes of the past. Loose fiscal policy during crises should be gradually reduced as the economy recovers, giving way once again to fiscal prudence and discipline. The main priorities of economic policy in the post-election setting should focus on further increasing the country's GDP, so that it returns to the pre-2008 levels, while continuing to de-escalate the public debt-to-GDP ratio. At the same time, limiting the very high current account deficit, which is only partly a result of rising energy prices, should be a priority.

It is important that the new government sets as its priority the promotion of reforms, in order to address the chronic structural weaknesses of the Greek economy. These weaknesses are well known: bureaucracy, delays in the administration of justice, widespread tax evasion, the need for additional basic infrastructure as well as the existence of distortions in some goods and services markets. What must be understood is that it is not enough to legislate a reform in order for it to be implemented. Many ambitious reforms have failed because the public administration lacked the capacity to implement them. A critical element is, therefore, the efficacy of the State's operation, which can and must be improved through systematic planning and investments both in physical and human capital. Another element necessary for the long-term performance of structural changes concerns the two-way relationship between State and citizen. It is now time for the State to start trusting citizens. In the medium term, this could lead to the citizens also trusting the State. Greece is now a developed country and the State must stop legislating on the assumption that all citizens have an inherent tendency to be lawbreakers, untrustworthy or tax evaders.

Dear Shareholders,

Further to the role it plays in the growth trajectory of the Greek economy, the banking system has incorporated the environmental, social, and corporate governance criteria, now known as ESG criteria, into credit assessment, in compliance with the European Green Deal. Our country assumed the obligation to gradually reduce greenhouse gas emissions and to reach zero emissions by 2050. The banking sector will also play an advisory role to businesses, so that their actions reduce the environmental footprint of investment. Greece, however, is dominated by micro-enterprises, while large enterprises do not exceed 500 in number. This significantly different composition of entrepreneurship in Greece, which is one of our structural problems over the years, should not hinder the green transition and, in general, sustainable development. Instead, it should be seen as an opportunity. Alpha Bank's commitment to sustainability and to a positive impact on the communities where it is active has been reconfirmed in 2022, through the numerous awards and recognition we have received as well as through our participation in all relevant international Indices.

Dear Shareholders,

2022 was a year of transformation and significant achievements for Alpha Bank, with significant progress made in achieving the goals set in our Strategic Plan. Our methodical and coordinated actions resulted in a single-digit Non-Performing-Exposures ratio of 7.8% and in strong organic profitability. This effort was combined with the acceleration of the Transformation Program, which focused on the Bank's digitization and the automation of processes. The achievement of our strategic goals was sealed by a strong financial performance approaching Euro 400 million in profits after tax for the full year, translating into a Return on Tangible Equity of 7%, up from 4% in 2021. During 2022, Alpha Bank regained its leading position in the financing of entrepreneurship in Greece, increasing the portfolio of Performing Loans by 10% year-on-year, as a result of a net credit expansion of Euro 2.6 billion to enterprises. Furthermore, a series of initiatives to be further presented by our CEO will help us significantly improve our performance in a range of indicators that show the soundness of the Bank. We have also continued to actively support local communities in order for them to respond to the adverse economic conditions, providing them with the necessary resources that ensure equal access of vulnerable social groups to Health, high-quality Education, Art and Culture.

For 2023, our priority is to achieve high growth rates and create value, by means of detecting early the Bank's most profitable business areas and allocating our funds respectively. We estimate that the updated strategy will increase the Net Normalized Profits and will pave the way for the resumption of dividend payments to our Shareholders.

Last year, the Board of Directors was particularly active as 18 meetings were held and the average participation rate of its Members reached 96%. Its Committees were equally active: the Audit Committee held 13 meetings with a participation rate of 98%; the Risk Management Committee held 12 meetings with a participation rate of 100%; the Remuneration Committee held 11 meetings with a participation rate of 100%; and the Corporate Governance, Sustainability and Nominations Committee held 12 meetings with a participation rate of 95%.

The assessment which was externally facilitated reconfirmed the significant progress made in the Bank's Corporate Governance in recent years. Still, some weaknesses and delays have been identified. A special remediation plan has already been drawn up and is currently being implemented. It is also worth noting that the representation of women on the Board of Directors has increased. Already four of the Non-Executive Members of the Board of Directors are women and this number will increase to five, following today's election of new Members. At this point, I wish to publicly express my thanks to the departing Members of the Board of Directors, namely Messrs. Richard R. Gildea and Shahzad A. Shahbaz, who spent many years on the Board and provided valuable services to the Bank.

Dear Shareholders,

In conclusion, I would like to state that, at Alpha Bank, we are satisfied with the significant progress already made and we firmly believe that, despite the crises, we have ultimately emerged stronger and have managed to enter into a stable trajectory of sustainable growth and generation of value for our Shareholders, whom I would like to thank for their active support. I would also like to make a special mention to Alpha Bank's Employees and the high level of willingness, fervor, dedication and hard work they demonstrated during the energy crisis and general uncertainty. It is with optimism that we continue our efforts to become a better Bank that will reward our Shareholders and will also serve the goals of economic development and social prosperity.