



Press Release

Ordinary General Meeting of Shareholders of Alpha Services and Holdings

V. Psaltis: Alpha Bank enters a sustainable and high-profitability course

Highlights from the Chairman of the BoD, V. Rapanos' and Group CEO, V. Psaltis' speeches

This year's **Ordinary General Meeting** which took place today, July 22, is a milestone for the **Alpha Services and Holdings Group**, as it marks the beginning of a new chapter for Alpha Bank.

The **achievement of a single-digit NPE ratio** through the reduction of Non-Performing Exposures from Euro 25.7 billion at the beginning of 2019 to Euro 3.2 billion in June 2022, **the return of the Bank to profitability** with a targeted **Return on Equity (RoE) of 6% already from 2022** and, finally, the **net increase in performing wholesale loans by Euro 5 billion**, or 37%, in the same period, mark the **successful reversal of the effects of the multi-year crisis** and the recapturing of the leading position in **wholesale banking in Greece**.

The General Meeting has approved, inter alia, **the renewal of the Board of Directors' tenure for four years**, but also the replacement – after the completion of his tenure – of Mr. Jan A. Vanhevel by **Ms. Aspasia F. Palimeri**, who will serve as an independent, non-executive member, **further enhancing the representation of women in the Board of Directors to over 30%**.

"Within this environment of instability, I can say that I am proud of what we have achieved. Not just by dealing with the severe legacy of the crisis but by changing the Bank itself, so that it may enter a sustainable and high-profitability course", Group CEO Mr. Vassilios Psaltis notably stated, adding that "we create a resilient Bank, a Bank at the forefront of evolution, a Bank that supports its Customers and the economy, thus creating value for its Shareholders".

"2021 was a milestone year for Alpha Bank. Apart from the radical reduction of the NPEs, the Management of the Bank took some additional measures for cost reduction, the evaluation and better development of human resources and the IT upgrade of our operations", the Chairman of the BoD of the Group, Mr. Vasileios Rapanos, noted respectively, going on to express his satisfaction to the CEO, the Management team and all of Alpha Bank's Employees, for their loyalty and tough and methodical work, while also sharing his optimism that, based on proper planning and the Group's accumulated experience, the new challenges will be successfully overcome.

Vasileios Rapanos: "Alpha Bank progresses steadily despite the uncertainty"

Opening the proceedings of the **Ordinary General Meeting**, the Chairman of the Board of Directors, Mr. **Vasileios Rapanos**, referred in detail to **the geopolitical and economic developments** as well as to the significant progress made by the Group in terms of Corporate Governance and the ESG agenda. *"The energy crisis, which set off last summer and lowered the expectations of a robust growth for 2021 and 2022, gradually intensified and finally peaked with the war declared by Russia against Ukraine in February 2022. The war, apart from the immense humanitarian crisis affecting millions of people, has exposed the European and the global economies to the risk of the continuous rise of inflation, which hit a 40-year high, and of the significant slowdown or even recession of the economic activity. Thus, no one can rule out the risk of returning – after decades – to stagflation", Mr. Rapanos noted. He also added that "the high inflation has already started to increase the central banks' policy rates, a fact which has a negative impact on the investment plans of businesses and the households' purchasing power. At the same time, the increase of the nominal GDP coupled with the controlled cost of servicing public debt – thanks to the low fixed interest rates*



of the “official sector” – lead to the de-escalation of the debt-to-GDP ratio. This however does not mean that the sustainability of public debt is fully secured against the huge external threats. Thus, it is important to place emphasis on the gradual restoration and maintenance of the fiscal balance, in order to achieve a primary surplus starting from 2023. The subsidies to support households and businesses should be mainly granted to those in need, on the basis of income criteria, so that these increases do not exceed in any case the increases in the tax income, which depends on the nominal income”.

“Achieving the investment grade is vital”

He stressed, however, that **despite the geopolitical uncertainty, real GDP is expected to remain on an upward path for the rest of 2022**, with the good performance of tourism being a key driver of growth. According to Mr. Rapanos, another positive aspect for the Greek economy comes from the impact of the additional fiscal measures announced by the government, aimed at mitigating rising energy costs, and from the **increase in the absorption rate of funds from the Recovery and Resilience Fund (RRF)**. “Apart from the support measures adopted by the Government, prerequisites for the support of the economic activity are the enhancement of the extrovert character of the Greek entrepreneurship and the increase of the competitiveness of products and services produced in Greece. The utilization of the financial resources granted by the RRF coupled with the prudent fiscal policy and structural changes will play a decisive role in order for the country to return to the investment grade, which is vital for the financing of the public and private sector”, he highlighted.

“The Bank’s quality of Corporate Governance is at the same level as that of the major European banks”

“2021 was a challenging year, during which, amid difficult circumstances, significant achievements were accomplished”, Mr. Rapanos noted regarding Alpha Bank’s performance and added that **“apart from the radical reduction of the NPEs, the Management of the Bank took some additional measures for cost reduction, the evaluation and better development of human resources and the IT upgrade of our operations”**.

He also made particular reference to the progress made by the Bank in the field of Corporate Governance and the broader ESG agenda. **“In the last years Alpha Bank embarked on an ambitious journey to enhance its corporate governance. The progress made is significant, since the quality of its corporate governance is at the same level as that of the major European banks”**, Mr. Rapanos underlined, adding that the Bank, today, **has one of the most independent and diversified Boards of Directors in Greece**, with a 61% ratio of Independent Members. Mr. Rapanos said that **the representation of women on the Board of Directors**, from 8% in 2019, will be increased to **more than 30% this year**, while he stressed that **Alpha Bank has adopted the Hellenic Corporate Governance Code**, has enhanced its **remuneration framework**, aligning it with the interests of its shareholders, while **significant reforms have been implemented to improve the supervision of Environmental, Social and Governance (ESG) issues**. **“During this period, the financial system plays a decisive role both in the new era of digitalization and in supporting sustainable growth. Alpha Bank enhances its presence both areas by incorporating the new digital transition tools into its operation and makes the most of every possibility these tools provide to its Staff as well as to its Customers”**, Mr. Rapanos assured the Bank’s Shareholders.

Vassilios Psaltis: “Drastic reduction of NPEs, high credit expansion and return to profitability have been Alpha Bank’s achievements during the past 3 years”

In his speech, **the CEO of Alpha Bank Group, Vassilios Psaltis**, referred to the determination and effectiveness of the Bank’s Management and the significant milestones achieved in the last three years, stressing that, despite the successive crises, the Bank has showcased **sustained vigilance and adaptability**.

“We planned the clean-up of our balance sheet with caution and attention to detail. We implemented our plan rapidly and consistently, even though a large part of it had to be delivered within the course of the pandemic. Within three and a half years, we reduced Non-Performing Exposures from Euro 25.7 billion to Euro 3.2 billion, thus achieving the de-escalation of their percentage on loans from 49% in the beginning of



2019 to a single-digit number by June 30, 2022. In parallel, we changed structures and procedures, we focused on the capitalization of talent and on the evolution of our corporate culture. We managed to return to the essence of banking, achieving significant credit expansion and supporting the growth perspectives of Greek businesses”, noted Mr. Psaltis, underlining that **“these changes brought the Bank once again to the position it deserves: At the forefront of business lending in the country”**.

The net increase of performing wholesale loans in Greece, from the beginning of 2019 until March 2022 including, approximates Euro 5 billion or an increase rate of 37%, while, during the first quarter of 2022 **the Bank’s wholesale loan portfolio expanded by Euro 1 billion**, returning the Bank to a leading position in business lending.

Mr. Psaltis said he was *“proud that Alpha Bank, consistently continues to play, in particularly challenging circumstances, a decisive role in supporting Greek businesses and households, by providing financing tools and by building an environment of trust and security”*, estimating that **“the net credit expansion at Group level is expected to be more than double in 2022 compared to 2021 and the performing loans portfolio of the Group to increase by approximately 9%, with wholesale banking in Greece representing more than 90% of this increase”**.

Achieving targets and enhanced profitability

Mr. Psaltis made a special reference to **NPE sale and securitization transactions** the Bank carried out, despite the challenges engendered by the pandemic and, subsequently, geopolitical crisis. In 2021, four NPE sale and securitization transactions were completed, totaling Euro 16 billion -the most emblematic one being **“Project Galaxy” which was awarded as the most successful securitization transaction in Europe for 2021**, while five additional transactions of a total amount of Euro 1.8 billion were initiated for 2022.

“These transactions, were instrumental in achieving our target for a single-digit NPEs ratio already by the second quarter of 2022, which is 6 months earlier than we had planned”, stated the Alpha Bank Group CEO, reiterating that equally important were the sector-specific **strategic partnerships** forged, such as in the merchant acquiring sector with **Nexi**, in bancassurance with **Generali**, in loan servicing with **Davidson Kempner**, and in real estate with the **Dimand / Premia Properties** consortium.

As concerns **the Bank’s financial performance**, Mr. Psaltis reminded that **the Group’s assets amounted to Euro 73.4 billion**, increased by 4.7%, while the **Performing Loans Portfolio increased by 5%** compared to the end of 2020. Of significant importance was the **7.2% increase in the deposits of the Bank’s Customers**, as well as the **Total Capital Adequacy Ratio of the Group standing at the high level of 16.1%** on 31.12.2021, showcasing the Bank’s resilience in crisis periods. Regarding the results of the financial year 2021, Mr. Psaltis highlighted that the **normalized profit after tax** of the period, excluding the non-recurring income, **stood at Euro 330 million, marking an increase of Euro 243 million versus the financial year 2020 results**.

“The recognition of a Bank as an agent of growth and progress is brought about only through the evaluation of its footprint on Society”

The Alpha Bank Group CEO **stressed that the Management has placed a more sustainable Greek economy at the heart of its business practice**, emphasizing that *“Alpha Bank proceeds dynamically with supporting the transition of the Greek economy to low emission standards”*, while reiterating that **the Bank’s tangible commitment to a sustainable framework** is demonstrated by its continuously improving performance in ESG indicators, with the Bank having received an AA rating from MSCI ESG Ratings, and its performance in the ISS ESG Quality Score has improved by 5 notches since 2019.

He also referred to **Alpha Bank’s rich social contribution legacy**, and, in this context, the Bank played a **leading part with environmental awareness and protection initiatives** in 2021, such as the circular economy educational program and the support of e-mobility in Astypalaia, the donation of fire trucks vehicles to volunteer firefighter associations in the country, and the development of Impact Investment products. **Receiving acknowledgement for its actions, the Bank was named, for the first time, as “CSR Corporate Brand of the Year” in Greece, at the Hellenic Responsible Business Awards**, under the auspices of the Ministry of Development and Investments, the Ministry of Environment and Energy and the Hellenic Federation of Enterprises.



“We create a resilient Bank, a Bank at the forefront of evolution, a Bank that supports its Customers and the economy and creates, again, after so many years, value for its Shareholders”

Concluding his speech to the Bank’s Shareholders, Mr. Psaltis stressed that *“the achievement of our financial targets, the implementation of complex financial transactions but also the concurrent enhancement of our corporate governance do not constitute ad-hoc, random ‘victories’.* These are **the achievements of the new Alpha Bank** which we have been consistently creating during the last three years .

“I always believed that Alpha Bank’s greatest advantage is our ability to operate Together and to reach our top performance, even when we are facing great challenges, so as to fulfill our commitments to our Shareholders. This ability has been tested hard during the last three years. And I feel that we could not have responded better”, Mr. Psaltis added. He also expressed his gratitude to the Group’s Employees, *“because, with their tireless efforts, they are the pioneers of evolution for our Bank”*.

“I consider myself very lucky to lead a team characterized by talent and effectiveness, which has been forged through the twists and crises of the last years”, Mr. Psaltis said, adding that as we are in the midst of an era where the only certainty seems to be the succession of crises, *“the prospects of a bank should also be assessed on the basis of its proven management efficiency over time”*.

“Yet, despite the successes I mentioned, we do not rest. Using what we have achieved during the last three years as a springboard, we continue. We create a resilient Bank, a Bank at the forefront of evolution, a Bank that supports its Customers and the economy and creates, again, after so many years, value for its Shareholders. We, the entire Alpha Bank Management, continue Together. With greater ambition and even stronger determination!”, the Group’s CEO Mr. Vassilios Psaltis concluded.