



ALPHA BANK

Press Release

ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF ALPHA BANK OF JUNE 29, 2013

At the Ordinary General Meeting of the Shareholders of Alpha Bank, which took place on Saturday, June 29, 2013, 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 2012 was a decisive one in the course of the Greek economy and the banking sector in particular. Political stability was restored following the June elections as was financial stability, which had previously been shaken. The recapitalisation of the Greek banks, which became necessary following the depreciation of the Greek Government Bonds held in their portfolio, was set in motion by implementing the bond exchange programme between the private sector and the Hellenic Republic (Public Sector Involvement – PSI). Furthermore, the resulting reduction in costs for servicing the public debt reinforced fiscal adaptation. These events helped to gradually improve the economic climate, paving the way for the restoration of confidence in the prospects of the Greek economy.

Despite the severe and long-lasting recession, which is detrimental to fiscal adaptation, the General Government deficit was reduced to 6.4% of GDP in 2012 compared with 15.6% in 2009. Moreover, the balance of trade improved significantly with a further fall in imports and a significant increase in exports, as Greece regained in large part its cost competitiveness lost over the last decade. Restoring competitiveness is an essential factor for the transformation of the production process in the Greek economy so that it may become more extrovert; thus accelerating the exit from the crisis through exports which support growth and relying less on consumption.

In 2013, for the first time in years, Greece will show a surplus both in its General Government primary balance and in its external current account balance. Following a delay of years of high socioeconomic costs, the new coalition Government should be more decisive in implementing the adaptation programme and simultaneously taking measures to resuscitate the economy.

This year, the recession is set to continue for a sixth consecutive year, resulting in national income shrinking by 25% cumulatively. Positive growth rate is expected to be restored from 2014 onwards. The first signs of recovery in the economy have already appeared and are expected to progress steadily as measures aiming at growth are put in place.

However, 2013-2014 will be extremely critical for the Greek economy. In order for Greece to overcome the debt crisis and return to growth, it is fundamental that the adaptation measures are adhered to and the public sector is restructured in order to safeguard the long-term viability of the fiscal recovery. Furthermore, it is required to complete the structural changes and thus transform the nature of production in Greece, which will improve competitiveness and openness. All of Greece's forces must be mobilised to achieve this. Otherwise, adaptation may prove fragile and efforts may be undermined, both of which will have serious implications for the Greek economy.

Greeks have paid a heavy price for the difficult fiscal adjustment, not least through a painful rise in unemployment. Now that hope seems to be re-emerging, we have to intensify efforts,



ALPHA BANK

to strive for a better future with as much public support as possible. Involvement and contribution to this cause is everyone's duty.

The lack of confidence in the Greek economy caused Greek banks serious problems. They faced major outflows of deposits and were cut off from the international money and capital markets in the wake of consecutive downgrades of the Greek Government's and hence the banks' credit ratings. The banks also suffered heavy losses due to their participation in the bond exchange programme between the private sector and the Hellenic Republic and to the increased amount of loans in arrears arising from the ongoing recession.

As a result, the banks' capital adequacy was deeply affected and the need to stabilise it became vital. In this context, the Second Financial Support Programme for Greece is expected to provide up to Euro 50 billion in order to enhance the banks' capital and restructure the banking sector. The Bank of Greece defined the banks' capital needs based firstly on the losses they sustained following their participation in the PSI, and secondly in conjunction with projected losses due to credit risk exposure based on appraisals by BlackRock.

After the recapitalisation, the Greek banking system is more robust, having the capital adequacy to regain its potential for growth. A new framework ensuring the credibility of the banking system was created, while extensive restructuring of forces in the banking sector is already underway.

Recently, Alpha Bank's Share Capital Increase was completed successfully. The Bank maintains its private-sector nature having secured the necessary private sector participation as required by law. On behalf of all Personnel, Executives and myself personally, I wish to extend our heartfelt appreciation to our Shareholders for their ongoing trust and support.

Once the recapitalisation process has been completed, the Greek banking system shall comprise fewer yet more robust groups, sufficiently capitalised, as well as some other smaller and healthy banks. The market shares of the remaining banks will ensure competition and allow banks to take advantage from economies of scale.

The consolidation of the four historic Greek banks, the Ionian Bank, Emporiki Bank, Popular Bank and the Alpha Credit Bank, is a reality. These banks have a tradition of more than one hundred years, having played a significant part in Greece's economy. Thus, Alpha Bank, with a strengthened capital base after the acquisition of Emporiki Bank, participates actively in the rationalisation of the Greek banking system, thereby contributing decisively to the recovery of the Greek economy.

The merger of the two Banks will create a strong Group in the financial sector that will have the capital required to respond to the cumulative consequences of the financial crisis. A new entity of such size, financial soundness, and calibre will create new opportunities and potential and will play a key role in re-igniting economic activity in Greece and growth in the broader region. The integrated Bank will hold a leading position in all major banking sectors, especially in the corporate financing and mortgage markets both of which are of vital importance to the recovery of economic activity in Greece.

The integration of Emporiki Bank is progressing according to schedule, driven by the spirit of unity for which we are renowned and the common, across numerous sectors, business culture and consistency of Personnel at both Banks. The legal merger has already been completed and full operational integration is expected to be implemented in 2014. I am certain that we will also successfully complete this new major venture, so as to contribute to the efforts to reverse the adverse climate and ensure that Greece overcome the crisis.

Both Management and Personnel, with shared values and a shared vision are creating a major Bank, which will be in the vanguard of developments in Greece and throughout the broader region, while always protecting the interests of our Shareholders and Customers.



ALPHA BANK

Once again, I extend my deepest gratitude to our Shareholders, to our Customers and to the Personnel of the Bank for their support, dedication and trust throughout our long history.”

Then, the Managing Director - CEO Demetrios P. Mantzounis took the floor and stated the following: “The year 2012 was a critical one for the Greek economy. Uncertainty and a heightened sense of concern regarding the future of Greece prevailed throughout the first half of the year while during the second half of the year the economic environment gradually improved. Following the positive decisions of Eurogroup, in November, to continue support the country financially under more favourable terms the expectations for achieving positive growth rates again as of 2014 increased.

The prospect of recovery for the Greek economy is also reinforced following the successful recapitalisation of the banks and increased disbursements of the financial support from our European partners and the International Monetary Fund, which will enable the State to settle its debts to the private sector and resume major infrastructure projects. Furthermore, privatisations and absorption of funds available from the European Structural Funds will improve liquidity and fuel economic growth.

The Greek banks suffered the consequences of fiscal adjustment, in the form of the intense and ongoing recession. The losses they sustained following their participation in restructuring public debt, the creation of large provisions to cover increasing bad debts and strained liquidity, mainly due to the major outflow of deposits, are a few of the most important consequences suffered by the banks as a result of the economic crisis. Thus, capital adequacy in the Greek banking system shrank and recapitalisation was required in order to restore its robustness and stability.

Within the context of the programme to recapitalise the banks, Alpha Bank’s total capital needs, as assessed by the Bank of Greece, were estimated to be Euro 4,571 million, significantly less than that reported by the other major banks. It should be noted that, for the purpose of assessing the Bank’s capital needs, later actions to increase the Bank’s capital, such as the acquisition of Emporiki Bank, liability management exercises and deferred tax asset recognition, have not been taken into account.

According to the Capital Strengthening Plan, the Bank’s Share Capital Increase included raising up to Euro 550 million from the private sector, with up to Euro 457 million from existing Shareholders and up to Euro 93 million via private placement to selected institutional investors. The remaining amount of the Share Capital Increase is covered by the Hellenic Financial Stability Fund, which is contributing notes issued by the European Financial Stability Facility. For every share acquired, private Shareholders receive a warrant, free of charge, which entitles them to purchase 7.4 shares owned by the Hellenic Financial Stability Fund.

Despite the fact that the Capital Strengthening Plan was very different compared to previous Share Capital Increases, it was completed with absolute success and enabled Alpha Bank to maintain its private-sector nature. Participation by private Shareholders surpassed the percentage specified by law, while the fact that subscriptions by Shareholders exercising their pre-emption and over-subscription rights amounted to 165% was characteristic of the increased demand.

We would like to extend our warm gratitude to our existing and new Shareholders for their support and trust throughout this challenging and decisive period of great importance for the Bank’s future course.

The acquisition of Emporiki Bank from Crédit Agricole is a defining event for the Bank’s future. By acquiring Emporiki Bank, the integrated Bank increases its market share to 21% in the deposits sector and 23% in the loans sector, numbers over 1,200 Branches (700 in Greece and 500 abroad) and 18,000 Personnel (11,500 in Greece and 6,500 abroad). According to the consolidated financial statements as at March 31, 2013, the Bank’s assets total Euro 71.8 billion, total equity stands at Euro 3.5 billion, while customer deposits total



ALPHA BANK

Euro 42 billion and the loan portfolio is worth Euro 65 billion. Emporiki Bank's provisions covering its loan portfolio to a large extent are also extremely important. Specifically, loan loss provisions worth Euro 5 billion cover 25% of the overall loan portfolio and correspond to 61% of non performing loans.

Following the signing of the agreement for the acquisition of Emporiki Bank, on February 1st, 2013, a technically demanding and exceptionally important integration project was initiated to consolidate both Banks' IT systems, in order to ensure that the integrated Bank's business operability is achieved as efficiently and as swiftly as possible.

The legal merger has already been completed. The integration procedure is underway and includes the rationalising of the combined Branch network and the redesigning of business activity sectors based on the new Organization chart that was approved by the Board of Directors a few days ago.

Following the successful Share Capital Increase and capital reinforcement and after the acquisition of Emporiki Bank, which contributed regulatory capital of Euro 2.5 billion, Alpha Bank's Core Tier I Capital stands at Euro 7.9 billion, forming the Core Tier I Capital ratio and the Capital Adequacy ratio at 13.7% and 14.4% respectively. These ratios adequately cover the minimum ones required by the regulatory authorities. Maintaining a robust capital base is a primary objective of the Bank's business strategy, in order to ensure growth and protect the trust that depositors, clients in general, shareholders and the markets have placed in the Bank. Within this context, a series of measures is being implemented or has been scheduled aiming at the effective Assets – Liabilities management. One such initiative, completed successfully in May 2013, involved buying back of hybrid and subordinated securities and contributed Euro 103 million to the Bank's Core Tier I Capital, following on from a similar initiative carried out in the same month of the previous year, which contributed Euro 333 million.

Despite the exceptionally adverse business climate that prevailed throughout 2012, the Bank managed to achieve an operational profit, reporting earnings before provisions and taxes of Euro 681.4 million, excluding extraordinary losses from financial transactions and one-off costs. This is an exceptional result, given the serious impact the recession has had on income and the significant increase in the cost of borrowing from the Eurosystem and deposits.

The year 2012 was the third consecutive one in which Greek banks experienced major deposits outflows, amounting to Euro 12.8 billion or -7.3% on a yearly basis. In addition to liquidity issues arising, this also led to increased competition on the cost of deposits gathering. Performance in terms of deposits at Alpha Bank was better than the market trend, and was down by Euro 1.1 billion which corresponds to 5% of deposit balances as at December 31, 2011. During the second half of 2012, as confidence in the prospects of the Greek economy was restored, Euro 2.2 billion was deposited in the Bank (an increase of 12% compared with a market trend of 7%). The fact that savings are still being re-deposited during 2013 is encouraging and this trend is expected to increase further once the banks have been recapitalised and Greece's economy gradually improves. In 2013 as well, Alpha Bank's performance in attracting deposits beat the market trend. Apart from the Bank's outstanding reputation, well-designed products such as the well-known "Alpha Monthly Progress" term deposit also played a key role. Furthermore, as of the first day following the acquisition of Emporiki Bank, the extensive Branch network of both Banks launched the new "Alpha New Era" term deposit, which was extremely well received among customers.

Increasing deposits is the only way banks can raise the required liquidity in order to boost growth in the economy. By accumulating capital from deposits, the Bank's reliance on the European Central Bank and Bank of Greece for funding (which totalled Euro 24.9 billion in December 2012 and fell significantly to Euro 18 billion by the end of May 2013) will gradually decrease.



ALPHA BANK

In the loans sector, limited demand and the depreciation of State-guaranteed loans resulted in a 9% drop in the Bank's loans balance. In 2013, under more favourable economic conditions, and with jointly financed programmes and European programmes to provide subsidies and guarantees, more new loans will be granted compared to 2012. This way, the Bank can facilitate efforts being made for economic recovery and support businesses and households. Specifically, in order to support small businesses, Alpha Bank took part, in 2012, in the programme of the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.) and the JEREMIE initiatives funded jointly with the European Investment Fund. 920 loans worth Euro 63 million were approved under these programmes and initiatives. In 2013, the Bank participates in the new programme of the Entrepreneurship Fund "Business Restarting" to finance loans jointly with the European Regional Development Fund.

In Southeastern Europe, where the crisis in Greece affected our activity, emphasis is placed on gradually restoring market shares and profits as most countries in this region begin to recover. To this end, business plans are being developed that aim to redefine the Bank's policy as and where is necessary. Alpha Bank's activity in Southeastern Europe is supported by a network of 488 Branches and accounts for Euro 9.7 billion in loans and Euro 5.4 billion in deposits. Emporiki Bank has modest exposure in Cyprus only, with 10 Branches, as its Companies in Bulgaria, Romania and Albania were transferred to Crédit Agricole in 2012.

The main priority is the quality of the portfolio which, as expected given the recession, has deteriorated, resulting in provisions for impairment of bad debts of Euro 1,669 million in 2012 absorbing the total interest income of that year. Total provisions, including the large provisions held by Emporiki Bank, amount to Euro 9.6 billion, which corresponds to a 52% coverage ratio of non performing loans. This is one of the highest coverage rates across the banking sector.

As the economy begins to gradually recover and efforts to manage credit risk and cover loans with adequate collateral in terms both of value and quality are improving, the non performing loans formation will ease and the cost of credit risk will therefore no longer be at a peak. The efficient management of Emporiki Bank's loan portfolio will also play an important part in such developments.

Gradual increase in financing and the rationalising of the deposits cost and amounts held in provisions will be key factors in restoring the Bank's profitability. To this end, certain actions have been implemented, among which are the ones associated with containing expenses and cost of money, as well as those associated with income increase following the merger with Emporiki Bank, which are expected to contribute Euro 265 million per annum.

Since 2010, when the three-year cost containment programme was introduced, operational costs have been reduced cumulatively by 12.3%, outperforming the projected goal. Operational costs for the 2012 financial year totalled Euro 1,054 million (down by 4% per annum), excluding extraordinary expenditure of Euro 125 million. Personnel costs were down by 7%, mainly due to the new enterprise labour agreement signed in May 2012 and Staff retirement. As actions and decisions taken in the previous years to cut costs will continue to be implemented, the objective for the next three years is to achieve a containment of operational costs as a result of the merger with Emporiki Bank.

In 2012, the Bank, as part of its policy on Corporate Social Responsibility, provided financial support to associations, foundations and organisations to support people in unfortunate financial conditions. Furthermore, as part of its social contribution, the Bank continued to invest in education, culture, healthcare and the environment.

Placing particular emphasis on supporting vulnerable groups (deprived, large families, elderly), the Bank started the "Helping Hand" programme in 2012. Throughout the year, 4,000 families were given food supplies in the Prefectures of Attica and Thessaloniki.

In the volunteering sector, the "Alpha Bank Group Volunteer Day" continued to be a success. In 2012, 961 volunteers comprising members of the Personnel and their families carried out



ALPHA BANK

actions of a social or environmental nature in Greece and the Balkans. The Bank encourages its Personnel to participate in the voluntary initiatives organised, such as planting trees, cleaning forest roads, as well as donating goods. Having completed six years of volunteering, the Bank took the opportunity to present awards to 517 conscientious volunteers (Personnel members) in November 2012.

As part of its efforts to support art and culture, Alpha Bank staged a series of exhibitions and cultural events, the most important of which were the “Coins in the Ancient Greek World” exhibition showing until November 2013 at the Exhibition Area of the Banknote Museum of the Ionian Bank in Corfu and organised by the Alpha Bank Numismatic Collection, the photography exhibition entitled “Boissonnas – Images of Greece” which was staged in the same area and the educational exhibitions “Printmaking and its Techniques” and “Learning about Coins” at the Alpha Bank Cultural Centre in Nafplio. The exhibitions entitled “Digitals” and “Athenian Owls” were also showcased at the Exhibition Area of the Main Building of the Bank in Athens.

Alpha Bank, given its capital robustness and ample provisions, strengthened by the acquisition of Emporiki Bank, has the necessary means to revert to growth and profitability.

With hope and faith in the future, relying on the diligence and dedication of our Personnel, we enhance the trust of our Customers and Shareholders, as part of a tradition pursued since our establishment.”

Athens, June 29, 2013