ALPHA SERVICES AND HOLDINGS

Press Release

FY 2021 Results: NPEs clean-up led to Euro 2.9 billion Loss; Normalised[1] Profit After Tax of Euro 330 million;

Delivery on 2021 financial targets and transactions marks the return to normalcy; expected loan growth acceleration paves the way to improved profitability

Alpha Bank's CEO, Vassilios Psaltis stated:

"2021 saw Alpha Bank deliver a number of significant long-term strategic objectives which will allow the Bank to proceed to the next phase of its transformation. With a strengthened balance sheet and renewed confidence, we are ready to live to our core purpose which is to enable progress and to support our Customers in Greece and beyond, to face the undoubted challenges of the year ahead.

During the past year, Alpha Bank completed 11 transactions including Euro 16 billion of disposals and securitisations of NPEs, putting the Bank on track to reach a single-digit NPE ratio by mid-2022 and decisively putting the legacy of the financial crisis behind it. Indeed, the final quarter of 2021 saw the first significant expansion of Alpha Bank's domestic loan portfolio following 10 years of deleveraging.

Alpha Bank's capital position is solid with the Total Capital Ratio at 16.1% and CET1 at 13.2%, while a number of planned capital measures should fully offset the impact of envisaged NPE transactions in our Strategic Plan.

Alpha Bank supported the Greek economy with disbursements of Euro 5.4 billion in 2021. As a result, there was a Euro 1.6 billion expansion of net credit towards businesses, which is expected to grow again in 2022 with support for major projects in energy, hospitality and infrastructure. Improved economic activity saw an increase in fees and commissions while asset management AUMs grew sharply, up by 37% year on year.

On the funding side, domestic deposits continued to grow, up by Euro 1 billion q-o-q to Euro 41.6 billion demonstrating growing confidence in the Greek economy.

Alpha Bank has an improving cost reduction story and achieved its profitability targets for the year with a return on tangible book value of 5% in 2021 and Normalised Profit After Tax of Euro 330 million.

The conflict between Russia and Ukraine casts a shadow of uncertainty over the outlook for the year ahead with unpredictable impacts on inflation and growth rates on the horizon, however with a healthy and strong balance sheet and numerous projects in hand to modernise and invest in our franchise for the benefit or our Customers and our People, our focus will remain on delivering profitable growth and making a positive contribution for all our stakeholders."

[1]Normalised Profit After Tax in FY 2021, is Reported Profit /(Loss) After Tax of Euro 2.9 billion, adjusted for losses related to Project Galaxy Cepal and Cosmos deconsolidation of Euro 2.1 billion and excluding Income from financial operations of Euro 120 million, "Excluded items" from Operating Expenses of Euro 265 million, Impact from NPA transactions of Euro 1,038 million and tax (income) of Euro 131 million related to continued operations and discontinued operations of Euro -35 million.

Main Highlights

Alpha Bank has implemented the transactional leg of its business plan

- Eleven transactions[1] were delivered in 2021, including Euro 16 billion of NPE disposals and securitisations, a Euro 800 million growth-oriented capital increase, Business Development deals, Capital Market placements and Balance Sheet optimisation measures, clearly demonstrating the Bank's determination and capacity to execute on a large pipeline of projects well within the timeline and economics that were presented in its Business plan.
- Business Plan targets were met, outperforming on Asset Quality off the back of the acceleration of the NPE clean-up effort, leading to the reduction of the NPE ratio to 13% from 42.5% and enabling the bank to reach a single digit NPE ratio by mid-2022.

Commercial Activity was solid in Q4 2021

- Q4 2021 witnessed the first meaningful expansion of Alpha Bank's domestic PE Loan portfolio (+Euro 0.5 billion q-o-q) following a 10-year deleveraging process. New disbursements in Greece of Euro 5.4 billion in 2021 (Euro 1.6 billion in Q4), providing significant support to the economy. Net credit expansion stood at Euro 1.3 billion for the year driven by a Euro 1.6 billion expansion of credit towards businesses.
- Alpha Bank's Franchise power underpins prospects for Wholesale Banking credit as the Bank is currently underwriting a number of significant projects in the energy, hospitality and infrastructure sectors. Net credit expansion is expected to reach Euro 2.2 billion in 2022.
- Higher loan growth and the pick-up in economic activity generated Fees of Euro 400.4 million in 2021, with Q4 coming in above the Euro 100 million mark for a third consecutive quarter. Asset Management AUMs saw sustained growth, primarily in non-money market funds (up by 41% y-o-y).
- New peak in domestic deposit base, up by Euro 0.8 billion q-o-q to Euro 41.6 billion, reflecting inflows to core deposits that now account for more than 80% of the total.

Alpha Bank delivered on targeted profitability, with RoTBV[2] of 5.0% in 2021

- Headline Net Interest Income was 5.3% lower q-o-q at Euro 297.8 million negatively impacted by one-off income of Euro 6.8 million booked in Q3 2021 on the back of a restructuring of a large corporate loan in Cyprus. On an underlying basis, NII declined by 2% in the quarter mainly due to the NPE clean-up and increased funding costs.
- Recurring expenses increased by 9.7% q-o-q, mainly on the back of seasonally higher marketing costs, due to campaigns launched in Q4, and taxes. For the full year, recurring expenses improved by 1.5% on lower Staff Costs. The Bank has secured Euro 132 million of cost savings, most of which are anticipated to materialise within 2022.
- Pre-Provision Income of Euro 135.8 million vs. Euro 219.4 million in the previous quarter, reflecting lower NII and higher Recurring and "Excluded items". Core PPI amounted to Euro 800.1 million for the year, down by 6.9%, as the loss of NII from loan portfolios that were disposed (Galaxy, Cosmos) was partially counterbalanced by higher interest income from TLTRO III and increased net fee and commission income.
- In Q4 2021 the underlying impairment charge amounted to Euro 100 million from Euro 59 million in the previous quarter on the back of increased Management actions, driving the underlying[3] Cost of Risk to 109bps. Servicing fees amounted to an additional Euro 25 million. The underlying CoR de-escalated to 85bps over net loans in 2021, outperforming the initial 120bp Business Plan target.
- The impact from NPA transactions[4] reached Euro 423 million in the quarter, mainly as a result of the agreements reached on Projects "Sky" and "Orbit" that have been reclassified to Held For Sale.

---

[1] Transactions concluded in 2021 include Galaxy, Cosmos, Orbit, Sky, Prometheus, Aurora and Riviera, a Euro 800 million growth-oriented capital increase, a Euro 500 million Tier II, and two Senior Preferred issuances of Euro 900 million in total.
[2] RoTBV on Normalised net income.
[3] Excluding impairment losses allocated to portfolio transactions, Covid related impairments and of servicing fees to Cepal that were reclassified in Q3 2021 to Impairment Losses on Loans from General Administrative Expenses (G&As).
[4] In Q4 2021, Impact from NPA transactions includes Euro 332 million impairment losses on NPE transactions, Euro 66 million impairment of fixed assets of Sky, Euro 22 million Cosmos and Euro 3 million NPA transaction related payments to Cepal.

- In 2021, Normalised[1] Profit After Tax stood at Euro 330 million.
- Including the losses from Galaxy[2], booked in Q2, reported Profit/(Loss) After Tax stood at Euro -2.9 billion for the year, in line with the Bank's estimates and capital plan.

Capital - Asset Quality and Liquidity Position

- Alpha Bank's capital position remains solid with the Total Capital Ratio standing at 16.1% and CET1 at 13.2%, or 16.7% and 13.7% respectively, accounting for the RWA relief from agreed transactions. The planned capital measures should almost offset the negative impact from impending NPE transactions.
- At the end of December 2021, the Group's Tangible Equity stood at Euro 5.6 billion.
- Group NPE ratio contracted further to 13.1% from 42.5% a year ago, well on track to reach single digit by mid-2022.
  NPL ratio reached 6.2% at the end of December 2021.
- NPE stock in Greece now below the Euro 5 billon mark, down by Euro 1.1 billion q-o-q as a result of the reclassification of the Orbit transaction to the Held for Sale category in view of the expected completion. Prevailing asset quality trends allow Alpha Bank to reduce its CoR target for 2022 to 70bps.
- Group NPE cash coverage decreased to 47% and to 45% in Greece due to the reclassification of NPE portfolios to Held for Sale. Group NPL coverage ratio stands at 99% while total coverage including collateral stood at 151%.
- The Group's robust liquidity position is evidenced by the strong Liquidity Coverage Ratio (LCR) which stood at 183% at the end of Q4 2021, far exceeding the regulatory threshold, and the material improvement in the Loan to Deposit ratio, to 78% versus 90% at the start of the year.
- In December 2021, the Bank successfully placed with investors a Euro 400 million Senior Preferred instrument with a 3% coupon, following its inaugural Euro 500 million issuance completed in September, further enhancing the Bank's funding profile and diversifying its investor base.
- ECB funding stood flat at Euro 13 billion. The Bank's blended funding cost remained in negative territory in Q4 2021 (-5 bps).

[1]Normalised Profit After Tax in FY 2021, is Reported Profit /(Loss) After Tax of Euro 2.9 billion, adjusted for losses related to Project Galaxy Cepal and Cosmos deconsolidation of Euro 2.1 billion and excluding Income from financial operations of Euro 120 million, "Excluded items" from Operating Expenses of Euro 265 million, Impact from NPA transactions of Euro 1,038 million and tax (income) of Euro 131 million related to continued operations and discontinued operations of Euro -35 million.
[2] After Tax Galaxy impact, including Cepal deconsolidation ("Project Aries"), of Euro 2.1 billion.

KEY FINANCIAL DATA

(in Euro million)	Twelve months ending (YoY)[1]			Quarter ending (QoQ)		
	31.12.2021	31.12.2020	YoY (%)	31.12.2021	30.09.2021	QoQ (%)
Net Interest Income	1,375.9	1,527.3	*(9.9%)*	297.8	314.5	*(5.3%)*
Net fee & commission income	400.4	331.9	*20.6%*	104.3	108.4	*(3.8%)*
Income from financial operations[2]	142.6	689.0	…	24.7	26.5	…
Other income	31.6	23.9	…	4.4	5.8	…
Operating Income	1,950.5	2,572.1	*(24.2%)*	431.2	455.3	*(5.3%)*
Core Operating Income	**1,807.9**	**1,883.1**	***(4.0%)***	**406.4**	**428.8**	***(5.2%)***
Staff Costs	(400.4)	(428.7)	*(6.6%)*	(96.8)	(94.8)	*2.2%*
General Administrative Expenses	(450.3)	(442.6)	*1.7%*	(124.4)	(106.3)	*17.1%*
Depreciation & Amortisation	(157.1)	(152.1)	*3.3%*	(40.4)	(37.4)	*7.8%*
Recurring Operating Expenses	**(1,007.8)**	**(1,023.4)**	***(1.5%)***	**(261.6)**	**(238.5)**	***9.7%***
Excluded items[3]	(200.3)	(118.3)	…	(33.7)	2.6	…
Total Operating Expenses	**(1,208.1)**	**(1,141.7)**	***5.8%***	**(295.3)**	**(235.9)**	***25.2%***
Core Pre-Provision Income	**800.1**	**859.7**	***(6.9%)***	**144.8**	**190.2**	***(23.9%)***
Pre-Provision Income	**742.4**	**1,430.4**	***(48.1%)***	**135.8**	**219.4**	***(38.1%)***
Impairment Losses on loans	(373.5)	(985.6)	*(62.1%)*	(125.1)	(82.9)	*50.9%*
Other Impairment Losses	(21.0)	(13.4)	…	(3.7)	(2.5)	
Impact from NPA transactions[4]	(1,149.0)	(320.0)		(423.0)	(374.2)	
Profit/ (Loss) Before Income Tax excluding Galaxy impact	**(801.2)**	**111.4**	***(819.3%)***	**(416.0)**	**(240.1)**	***73.2%***
Income Tax	68.2	(10.1)	…	38.7	67.2	…
Galaxy and Cepal deconsolidation impact	(2,140.0)	0.0		0.0	0.0	
Profit/ (Loss) After Tax from Discontinued Operations	(33.1)	2.8		(30.8)	1.6	
Reported Profit/ (Loss) After Tax attributable to Equity owners of the Bank	(2,906.1)	104.0		(408.1)	(171.4)	
Normalised[5] Profit After Tax	**330**	**87**	***279.3%***	**35**	**84**	***(58.6%)***

	31.12.2021	31.12.2020	31.12.2021	30.09.2021
Net Interest Margin (NIM)	1.9%	2.3%	1.6%	1.8%
Cost to Income Ratio (Recurring)	55.7%	54.3%	64.4%	55.6%
Common Equity Tier 1 (CET1)	13.2%	17.3%	13.2%	13.9%
Total Capital Ratio	16.1%	18.4%	16.1%	16.5%
Loan to Deposit Ratio (LDR)	78%	90%	78%	77%

	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	YoY (%)
Total Assets	73,356	73,059	70,452	71,152	70,040	*4.7%*
Net Loans	36,860	35,970	37,500	39,376	39,380	*(6.4%)*
Securities	10,645	10,933	10,376	10,012	10,081	*5.6%*
Deposits	46,970	46,522	45,032	43,612	43,831	*7.2%*
Shareholders' Equity	6,036	6,536	6,023	7,981	8,325	*(27.5%)*
Tangible Book Value	5,558	6,073	5,555	7,433	7,726	*(28.1%)*

	Group		Greece	
Asset Quality	31.12.2021	30.09.2021	31.12.2021	30.09.2021
Non-Performing Loans (NPLs)	2,412	5,459	2,259	3,266
Non-Performing Exposures (NPEs)	5,120	8,435	4,860	5,941
NPL ratio (%)	6.2%	12.9%	6.4%	9.1%
NPE ratio (%)	13.1%	19.9%	13.8%	16.6%

[1] P&L comparative figures have been restated due to the classification of "Alpha Bank Albania" in "discontinued operations in Q4 2021.
[2]In published financial statements, Galaxy impact and Cepal deconsolidation of Euro 2.1 billion (Pre-Taxation) booked in Losses from Derecognition of Financial Assets.
[3] In 2021, Excluded items, of Euro 200.3 includes Euro 97.2 million related to a provision for a Voluntary Separation Scheme (VSS) booked in Q1 2021, Euro 11.6 million attributed to Transactions, Euro 7.7 million, attributed to Transformation Programme Fees and Euro 6.9 million were HR related.
[4] In Q4 2021, Impact from NPA transactions includes Euro 332 million impairment losses on NPE transactions, Euro 66 million impairment of fixed assets of Sky, Euro 22 million related to Cosmos and Euro 3 million NPA transaction related payments to Cepal. In 2021, Impact from NPA transactions includes Euro 1,039 million impairment losses from NPE transactions, Euro 66 million impairment of fixed assets of Sky, Euro 22 million related to Cosmos and Euro 23 million NPA transaction related payments to Cepal.
[5]Normalised Profit After Tax in FY 2021, is Reported Profit /(Loss) After Tax of Euro 2.9 billion, adjusted for losses related to Project Galaxy, Cepal and Cosmos deconsolidation of Euro 2.1 billion and excluding Income from financial operations of Euro 120 million, "Excluded items" from Operating Expenses of Euro 265 million, Impact from NPA transactions of Euro 1,038 million and tax (income) of Euro 131 million related to continued operations and discontinued operations of Euro -35 million. In FY 2020, Normalised Profit After Tax excluding Income from financial operations of Euro 689 million, Impact from NPA transactions (including Covid-19 related impairments) of Euro 602 million, "Excluded items" from Operating Expenses of Euro 118 million, tax of Euro 48 million and Income from financial operations included in discontinued operations of Euro 1 million.

Key Developments and Performance Overview

A large-scale economic rebound in 2021, while economic activity in the current year remains on an upward trajectory but moderated due to heightened geopolitical risks

Against expectations, real GDP recorded significant gains in 2021, growing by 8.3% and achieving to almost recover to its pre-pandemic levels, with the recession actually lasting only one year. The strong rebound of GDP in 2021 is driven by (a) the better-than-expected performance of exports of services, thanks to the remarkable recovery of tourism, (b) the strong increase of private consumption, supported by the sharp rise in accumulated savings during the pandemic, with private sector deposits inflows to the Greek banking system reaching EUR 16.2 bn in 2021, (c) the rise in investment, which gained further momentum. Labor market conditions continue to improve, with the unemployment rate remaining on a declining trajectory, reaching 12.8% in December 2021, almost 3 pps below the December 2020 levels (15.5%), supported by significant employment gains.

2022 growth prospects remain robust, underpinned by the expected second-round rebound of tourism and the investment injection of RRF funds. This development is subject to elevated geopolitical uncertainty and inflation risk, that may weaken the upward course of economic sentiment, which in early 2022 recorded its highest value since October 2000. The full-scale Russian invasion to Ukraine may have adverse effects on the Greek economy, given the large energy import dependency of Greece and the negative impact on tourism arrivals due to the reduction in European households' purchasing power.

Downside risks are also related to strong inflationary pressures, intensified by the Russian invasion in Ukraine. HICP inflation stood at 0.6% on average in 2021; however, it remains on an upward path, reaching 6.3% in February 2022, fueled by soaring energy prices. Greek government introduced recently additional fiscal measures to support households and enterprises from rising energy cost and food prices, weighing on public finances.

First meaningful expansion of domestic PE Loan portfolio since the onset of the crisis (+Euro 0.5 billion q-o-q)

Gross loans amounted to Euro 39.2 billion at Group level as of the end of December 2021, compared to Euro 40.6 billion at the end of September 2021, mostly reflecting Q4 net credit expansion, the classification as Held for Sale of Orbit and Sky as well as the sale of the Bank's operations in Albania. Note that the gross loan figure as of December 2021 includes Euro 3.5 billion of retained senior notes associated with the Galaxy and Cosmos NPE securitizations. In Greece, Loan balances stood at Euro 35.1 billion, compared to Euro 34.1 billion at the end of September 2021. In 2021, Alpha Bank continued to steadfastly support its Customers, with **new disbursements** in Greece reaching Euro 5.4 billion, allocated to key sectors including transportation, trade, tourism, energy and manufacturing.

Notably, after a 10-year deleveraging process, the Group's **performing book** (excluding the Galaxy and Cosmos senior notes) commenced to expand, up by 2.1% y-o-y, or Euro 0.6 billion, to Euro 28.6 billion, with new disbursements - mainly to businesses – still, being partly offset by repayments on the retail book. In Q4 2021, domestic PE loan portfolio additions amounted to Euro 0.5 billion.

In 2021, **net credit expansion** stood at Euro 1.3 billion. Credit demand is expected to accelerate further in the coming quarters on the back of a significant pipeline of projects and through leveraging of RRF funds, which are expected to foster a strong rebound of investments in the country.

In 2022, Alpha Bank anticipates underwriting a number of significant projects on a stand-alone basis outside the RRF perimeter. The current short-term pipeline includes financing of projects, mostly in the energy, hospitality and infrastructure sectors, aimed at creating the conditions for Greece's long-term sustainable growth. With respect to the RRF, on February 8, 2022, Alpha Bank issued a public call, to demonstrate operational readiness to receive and assess financing requests under the provisions of the framework agreement signed on December 28th with the Hellenic State. The facility aims to finance investments in green transition, digital transformation, innovation, economies of scale through partnerships and mergers and acquisitions as well as extroversion. Moreover, within this context, in Q4 2021, the Bank has defined its internal and external strategy, developed a marketing plan, implemented internal training of its Employees and held numerous meetings with its large and SME customers to identify eligible projects. Disbursements are anticipated to begin from Q2 2022 onwards.

Group deposit inflows of Euro 3.7 billion in 2021; Mix shift towards core deposits continues

In Q4 2021, the **Group deposit base** increased by Euro 1 billion[1] to Euro 47 billion (+2.2%). More specifically, in Greece, deposit balances recorded inflows of Euro 0.8 billion (+2.1%) with core deposits from businesses accounting for the majority of inflows. On a year-on-year basis, the **deposit base in Greece** recorded inflows of Euro 3.5 billion, or 9.3%, reflecting higher corporate and household savings. **Deposits in SEE** increased by Euro 0.2 billion[1] q-o-q to Euro 5.4 billion at the end of December 2021.

ECB's TLTRO III facility at Euro 13 billion provides support to NII

At the end of December 2021, **Eurosystem funding** stood at Euro 13 billion, reflecting the full utilization of our TLTRO III borrowing allowance. Benefiting from the low-cost liquidity drawn from the ECB, the Bank's blended funding cost remained in negative territory in Q4 2021 (-5 bps) and continued to support Net Interest Income.

At the end of December 2021, the **Group's Loan to Deposit Ratio** declined to 78%, from 90% the year prior, while the Group's Liquidity Coverage Ratio (LCR) reached 183%, far exceeding regulatory thresholds.

Trough in fully loaded capital reached, with FL Total Capital at 14.4%[2] at the end of Q4 2021

At the end of December 2021, the Group's **Total Capital** base stood at Euro 5.7 billion, resulting in a **Total Capital Ratio** of 16.1%, down by 106bps q-o-q[3]. This was mainly attributable to a circa 91bps[4] impact from transactions and an 18bps impact from the lower reserve of the investment securities portfolio measured at fair value through other comprehensive income (FVOCI) and was partly supported by Q4 organic profitability. Accounting for the RWA relief of the Bank's concluded inorganic NPEs and capital generation transactions, namely projects "Orbit", "Sky" and "Riviera", which will be realized in the coming quarters, the Group's Total Capital Ratio stands higher at 16.7%.

The respective **Fully loaded Total capital ratio**, stood at 13.8% in December 2021 or 14.4%[2] factoring-in the RWA relief from the "Orbit", "Sky" and "Riviera" transactions.

At the end of December 2021, the Group's **Tangible Equity** amounted to Euro 5.6 billion. Tangible Book Value per Share stood at Euro 2.4.

RWAs at the end of December 2021 amounted to Euro 35.3 billion, down by 8.1% q-o-q or Euro 3.1 billion, on the back of a lower contribution from credit risk.

[1] Pro-forma for Alpha Bank Albania's classification to Discontinued Opearions.
[2] Factoring a 57bps RWA relief (on FL Total Capital) from the "Orbit", "Sky" and "Riviera" transactions, which were concluded but the RWA relief will be realized upon conclusion, following the receipt regulatory approvals.
[3] Based on the pro-forma Total Capital ratio for "Cosmos" securitization in Q3 2021, which factored a 72bps RWA relief that was realized in Q4.
[4] Includes impact from Aurora (+43bps), Orbit (-43bps), Sky (-65bps), Solar (-3bps), Leasing (-4bps), Albania (-17bps).

Net interest income negatively affected q-o-q by acceleration of NPE clean-up and funding costs

Net Interest Income in Q4 2021 stood at Euro 297.8 million, down by Euro 16.7 million or 5.3% q-o-q. The headline q-o-q performance was negatively impacted by a one-off income of Euro 6.8 million recorded in Q3 2021 on the back of a restructuring of a large corporate loan in Cyprus as well as affected by the TLTRO-III reprofiling, while NII in Q4 has also been restated for the sale of the Albanian operations. On an underlying basis, NII declined by 2% in the quarter mainly due to the NPE clean-up and increased funding costs.

More specifically, on the asset side, NII from Performing loans increased marginally (+Euro 0.7 million) as the impact from higher balances was partly offset by a reduction in spreads, whereas the derecognition of the Cosmos securitisation, following its completion in December 2021, reduced NII from NPEs by Euro 4.2 million. Moreover, the effect from Bonds and Other items amounted to Euro 1 million, on increased income from securities.

On the liability side, the contribution from deposits was flat q-o-q (+Euro 0.1 million), as the positive impact from repricing in Greece and ROBOR movement was fully offset by higher balances. Lastly, funding NII decreased by Euro 4.7 million q-o-q, mainly due to the cost incurred from two senior preferred bond issuances of Euro 0.5 billion and Euro 0.4 billion in September and December respectively.

In 2021, Net Interest Income declined by 9.9% y-o-y to Euro 1,376 million, mainly due to a lower contribution from NPE balances and higher deposits, partly counterbalanced by improved funding costs.

Net Interest Margin stood at 1.9% in 2021.

Solid recovery of Net Fee and commissions, up by 20.6% y-o-y

Net fee and commission income stood at Euro 104.3 million in Q4, down by 3.8% compared to Q3 2021, primarily as a result of the seasonally weaker performance of the card business (down by Euro 8.2 million q-o-q) and reflecting a decreased contribution from loan commissions - on the back of a less beneficial mix of disbursements - while it was supported by increased fee generation from asset management.

In 2021, Net fee and commission income witnessed a solid recovery, up by 20.6% y-o-y or Euro 68.5 million with growth across cards, asset management, bancassurance and loan fees.

The headline y-o-y performance was positively impacted by an extraordinary fee of Euro 10 million booked in Q2 2021 related to an early termination of previous agreement with AXA, whereas a non recurring benefit booked in H1 2020 of Euro 11.8 million related to modification of collateral agreements (CSA) negatively affected y-o-y comparison. On a recurring basis, Net Fee and commissions posted an increase of 21.3% y-o-y.

In Q4 2021, **income from financial operations** came to Euro 24.7 million, compared to Euro 26.5 million in Q3 2021, as gains on GGBs were offset the Fair Value Through P&L (FVTPL) movement in the quarter.

In 2021, income from financial operations stood at Euro 142.6[1] million vs a strong trading line of Euro 689 million in 2020, which had benefited from participation in GGB swap arrangement with the Greek State.
Other income stood at Euro 4.4 million in Q4 2021.

[1] In published financial statements, Galaxy impact and deconsolidation of Cepal and Cosmos of Euro 2.2 billion (Pre-Taxation) booked in Trading Income line.

Recurring OPEX down by 1.5% y-o-y on lower Staff Costs; Euro 132 million of cost savings secured

In Q4 2021, **Recurring Operating expenses**[1] adjusted for the discontinued Albanian operations increased by 9.7% q-o-q or Euro 23.1 million, mainly on the back of increased General Expenses (+Euro 18.1 million) due to higher taxes and marketing expenses, as well as seasonally higher Staff Costs, and an increased depreciation charge primarily on intangible assets. In Q4 2021, **Total Operating Expenses** amounted to Euro 295.3 million, including Euro 33.7[2] million of "Excluded items".

The Bank has already secured Euro 132 million of cost savings with c.80% materialising within 2022 stemming from (a) the deconsolidation of Cepal, (b) the completed VSS program in Greece, (c) the deconsolidation of the Merchant Acquiring business targeted for Q2 2022 and (d) cost benefits post the completion of a number of transactions (namely projects Sky, Skyline, Riviera, Crown).

It is worth also noting that, following the completion of the VSS that has led to the gradual departure of more than 550 Employees and on the back of the continued Employee attrition, headcount in our domestic operations reached 5,528 FTEs[3], solidifying our best-in-class operational efficiency.

The **Group Network**, as of the end of December 2021, was reduced to a total of 464[4] Branches from 519 a year ago due to the ongoing platform rationalization and the sale of our subsidiary in Albania. As of December 2021, the number of Branches in Greece stood at 313. Annual productivity on a per Branch level has improved, with higher retail loan disbursements as well as an increased market share in core deposits.

On a yearly basis, **Recurring operating expenses** for the Group decreased by 1.5% y-o-y or Euro 15.6 million to Euro 1,007.8 million, on the back of a decrease in Staff Costs offsetting the increase in General Expenses as well as a higher depreciation charge, primarily on intangible assets. Accounting for CEPAL deconsolidation, Recurring OPEX amounted to Euro 979 million.

In 2021, **Personnel expenses** amounted to Euro 400.4 million, down by 6.6% y-o-y, largely reflecting the reduction in headcount. Group headcount was reduced from 10,528 in December 2020 to 8,529 employees at the end of December 2021, affected by the VSS and the deconsolidation of Cepal and Albania.
General expenses increased by 1.7% y-o-y to Euro 450.3 million, on the back of the first-time consolidation of CEPAL in August 2020 as well as increased IT and outsourcing expenses and supported by lower collections services related to NPL management.

In 2021, the **depreciation** charge stood at Euro 157.1 million, up by 3.3% year-on-year, mostly attributable to an increase in intangible assets linked to investments in IT.

In 2021, **Total Operating Expenses** amounted to Euro 1,208.1 million, negatively affected by Euro 200.3 million of Restructuring Costs and other one-off charges, of which Euro 155.9 million was booked in Q1 2021 including Euro 97.2 million related to a provision for a Voluntary Separation Scheme (VSS) and Euro 33.7 million in Q4 2021, of which Euro 11.6 million was attributed to Transactions, Euro 7.7 million are attributed to Transformation Programme Fees and Euro 6.9 million are HR related mostly related to Performance based compensations.

---

[1] Excluding servicing Fees which were reclassified in Impairment line and taking into account sale of Alpha Bank Albania.

[2] Extraordinary Costs of Euro 33.7 million in Q4 2021, out of which Euro 7.3 million was attributed to impairment of fixed assets, Euro 7.7 million to Transformation Programme costs, Euro 11.6 million related to Transactions (Cosmos, Aurora, Gemini, Skyline, Prometheus and Luminous) and Euro 6.9 million are HR related.

[3] Excluding 36 VSS Exits and 12 Holdco Employees.

[4] Accounting for the sale of Alpha Bank Albania.

Domestic NPE stock below the Euro 5 billion mark, as per our revised Business Plan guidance; On track to reach a single digit NPE ratio from mid-2022

Alpha Bank has continued to deliver on its inorganic NPE reduction, with the conclusion of Projects "Orbit" (December 2021) and "Sky" (February 2022), thus **concluding 85% of its planned NPE transactions** as per its revised Business Plan. As a result, in Q4 2021, the **NPE stock** contracted by Euro 3.3 billion q-o-q, bringing the total down to Euro 5.1 billion. This mainly reflects the classification of the Orbit and Sky transactions to the Held for Sale category in view of their expected completion as well as the sale of Alpha Bank Albania. With regards to Asset quality trends in the quarter, **NPE formation in Greece** remained largely flat q-o-q (+Euro 29.6 million), as lower inflows from expired moratoria were almost fully offset by lower curings and repayments. As a result, at the end of December 2021, the **NPE ratio in Greece** contracted to 13.8%, whereas, on a Group level, the **NPE ratio** declined to 13.1% from 42.5% a year ago, ahead of the original business plan targets.

Likewise, **NPL balances for the Group** also continued their negative trajectory with the stock down by Euro 3 billion q-o-q, to Euro 2.4 billion, while **domestic NPL balances** stood at Euro 2.3 billion, down by Euro 1 billion q-o-q. In Q4 2021, the **NPL ratio in Greece** declined further to 6.4% over total loans and at 6.2% on a Group level.

Moving forward, the Bank is fairly advanced in terms of preparation for a series of transactions to further dispose of NPE portfolios with an aggregate GBV of circa Euro 1.5 billion[1] that, along with the negative organic formation anticipated for the year, will allow it to achieve a single digit NPE ratio already from mid-2022.

In Q4 2021, CoR driven by Transaction costs

In Q4 2021, **impairment losses on loans** stood at Euro 548.1[2] million vs. Euro 457.1 million in the previous quarter, materially affected by the **impact of NPA Transactions** of Euro 423 million, associated mostly with Projects "Sky", "Orbit" and "Cosmos". The **underlying impairment charge** in Q4 2021 amounted to Euro 100 million from Euro 59 million in the previous quarter on the back of increased Management actions, whereas **servicing fees** paid to Cepal, which were reclassified in Q3 to the impairment line, amounted to Euro 25 million.

As a result, in Q4 2021, CoR stood at 5% over net loans vs.4.8% in the previous quarter, out of which 3.7% related to NPE transactions and 0.3% to servicing fees. The **underlying CoR** in Q4 2021 stood at circa 1.1% over net loans, vs. 0.6% in the previous quarter. In 2021, the underlying CoR stood at 0.85% over net loans, better than targeted, paving the way for the full normalisation of our impairment line post completion of the planned transactions. **Other impairment losses** in Q4 2021 amounted to Euro 3.7 million.

Group NPE Coverage decreased to 47%

As a result of the aforementioned transactions **Group NPE cash coverage** decreased to 47% and to 45% for Greece at the end of December 2021. On the other hand, the **Group NPL coverage ratio** increased significantly q-o-q reaching 99%, while total coverage including collateral reached 151%.

At the end of December 2021, **accumulated provisions** for the Group amounted to Euro 2.4 billion, with the equivalent figure for Greece at Euro 2.2 billion.
Out of the Euro 5.1 billion remaining NPEs as of year-end, circa 52% or Euro 2.7 billion are FNPL exposures less than 90 days past due, while the majority or Euro 2.1 billion are attributed to secured exposures.

Operations in SEE

In **SEE**, **Operating Income** for 2021 amounted to Euro 213.3 million, down by 9.4% y-o-y, negatively affected by pressure in Net Interest Income, mainly as a result of lower loan volumes in Cyprus on the back of increased provisioning

[1] With anticipated additional impact of Euro 0.3 billion.
[2] In Q4 2021, "Impact from NPA transactions" includes Euro 330 million impairment losses on NPE transactions, Euro 66 million impairment of fixed assets of Sky, Euro 22 million related to Cosmos and Euro 3 million NPA transaction related payments to Cepal.

related to the Sky transaction, partly counterbalanced by improved performance in commission income in both Cyprus and Romania. Moreover, a significant decrease was registered in trading income, mostly attributable to losses in non-banking activities (real-estate owned SPVs related to NPE sales) in the Cypriot operations.

Operating expenses amounted to Euro 176.8 million, effectively flat y-o-y[1], as the decrease in personnel expenses stemming from our Cypriot subsidiary as a result of the Voluntary Separation Scheme (VSS) completed at the end of 2020 was counterbalanced by higher professional fees and Deposit Guarantee Fund contribution in Romania and higher depreciation charge mostly attributed to onboarding of Real Estate Assets in Romania and Cyprus.
Pre-Provision Income stood at Euro 36.5 million, reflecting a lower NII line. In 2021, the SEE operations posted losses of Euro 440.1 million before tax, driven by an impairment charge in the Cypriot operations linked to the acceleration of the balance sheet restructuring.

The **Loan to Deposit Ratio in SEE** operations stood at 70.3% at the end of December 2021, down from 93.9%[2] in the previous year.

In **Romania**, loan balance increased by Euro 86 million y-o-y exceeding Euro 2.7 billion, while deposits amounted to Euro 2.7 billion, posting a 3.3% annual increase.

Total Revenues amounted to Euro 141.9 million, marking a 3% annual increase, as improved performance in net F&Cs overshadowed lower NII stemming primarily from operating in a low interest rate environment. Operating Expenses stood at Euro 111.6 million, up by Euro 6.7 million (6.3% y-o-y), on the back of increased G&A, reflecting higher professional fees, insurance expenses and Deposit Guarantee Fund contributions. Profit before Tax for 2021 stood at Euro 25.6 million, up by Euro 4.2 million y-o-y, due to the lower impairment charge (by Euro 6.8 million) versus 2020.

In **Cyprus**, the loan portfolio in 2021 stood at Euro 905 million (-72.3% y-o-y), with the decrease driven by the completion of the Sky transaction at the end of the year, while deposit balances increased by Euro 147 million y-o-y (+7.1% y-o-y) to Euro 2.2 billion.

Total Revenues decreased by 26.8% y-o-y to Euro 71.5 million, mainly as a result of lower loan volumes on the back of increased impairments. Operating Expenses stood at Euro 65.2 million (-9.6% y-o-y), affected by lower staff costs following the implementation of the VSS at the end of 2020. In 2021, our Cypriot operations posted losses of Euro 465.7 million, negatively impacted by an impairment charge of Euro 471.9 million related to the upsizing of the Sky transaction perimeter in Cyprus. It is worth noting that, post completion of the Sky transaction, the remaining NPE balances in Cyprus stand at Euro 76 million from 2.3 billion in the previous quarter.

Athens, March 14, 2022

[1] 2020 figures excluding Euro 26.2 million VSS cost, Euro 11.3 million one-off impairments on fixed assets and Euro 5 million related to NPE Management actions, 2021 figures excluding 69.3 million one-off impairments on fixed assets related to NPE sales (Project Sky).
[2] 2020 comparative figures excluding our operations in Albania.

ALPHA SERVICES AND HOLDINGS

Glossary

Terms	Definitions	Relevance of the metric	Reference number	Abbreviation
Accumulated Provisions and FV adjustments	The item corresponds to (i) "the total amount of provision for credit risk that the Group has recognised and derive from contracts with customers", as disclosed in the Consolidated Financial Statements of the reported period and (ii) the Fair Value Adjustments.	Standard banking terminology	1	LLR
Impairment losses on loans	The figure equals "Impairment losses and provisions to cover credit risk on loans and advances to customers" as derived from the Consolidated Financial Statements of the reported period	Standard banking terminology	10	LLP
"Income from financial operations" or "Trading Income"	The figure is calculated as "Gains less losses on derecognition of financial assets measured at amortised cost" plus "Gains less losses on financial transactions" as derived from the Consolidated Income Statement of the reported period.	Standard banking terminology	3	
Core Operating Income	Operating Income less Income from financial operations less management adjustments on operating income for the corresponding period. Management adjustments are: Euro -9.7 million related to Goodwill impairment of an associated company in Q1 19 and Euro 13.0 million related to Insurance company compensation in Q4 18.	Profitability metric	5=4-3	
Core Pre-Provision Income	Core Operating Income for the period less Recurring Operating Expenses for the period.	Profitability metric	5-7	Core PPI
Cost of Risk	Impairment losses on loans for the period divided by the average Net Loans of the relevant period. Average balances is defined as the arithmetic average of balance at the end of the period and at the end of the previous period.	Asset quality metric	10/9 (avg)	CoR
Deposits	The figure equals "Due to Customers" as derived from the Consolidated Balance Sheet of the reported period.	Standard banking terminology	8	
Excluded items	The figure equals the management adjustments on operating expenses. Management adjustments on operating expenses include events that do not occur with a certain frequency, and events that are directly affected by the current market conditions and/or present significant variation between the reporting periods, and are quoted in the appendix of the Financial Report	Standard banking terminology		
Fair Value adjustments	The item corresponds to the accumulated Fair Value adjustments for non-performing exposures measured at Fair Value Through P&L (FVTPL).	Standard banking terminology		FV adj.
Fully-Loaded Common Equity Tier 1 ratio	Common Equity Tier 1 regulatory capital as defined by Regulation No 575/2013 (Full implementation of Basel 3), divided by total Risk Weighted Assets (RWAs)	Regulatory metric of capital strength		FL CET 1 ratio
Gross Loans	The item corresponds to "Loans and advances to customers", as reported in the Consolidated Balance Sheet of the reported period, gross of the "Accumulated Provisions and FV adjustments", excluding the accumulated provision for impairment losses on off balance sheet items, as disclosed in the Consolidated Financial Statements of the reported period.	Standard banking terminology	2	
Loan to Deposit ratio	Net Loans divided by Deposits at the end of the reported period.	Liquidity metric	9/8	LDR or L/D ratio
Net Interest Margin	Net Interest Income for the period (annualised) and divided by the average Total Assets of the relevant period. Average balances is defined as the arithmetic average of balance at the end of the period and at the end of the previous period.	Profitability metric		NIM
Net Loans	The figure equals "Loans and advances to customers" as derived from the Consolidated Balance Sheet of the reported period.	Standard banking terminology	9	
Non Performing Exposures Collateral Coverage	Value of the NPE collateral divided by NPEs at the end of the reference period.	Asset quality metric	13	NPE collateral Coverage
Non Performing Exposure Coverage	Accumulated Provisions and FV adjustments divided by NPEs at the end of the reference period.	Asset quality metric	14=1/12	NPE (cash) coverage
Non Performing Exposure ratio	NPEs divided by Gross Loans at the end of the reference period.	Asset quality metric	12/2	NPE ratio
Non Performing Exposure Total Coverage	Accumulated Provisions and FV adjustment plus the value of the NPE collateral divided by NPEs at the end of the reported period. NPE Total coverage equals the sum of NPE coverage and NPE collateral coverage.	Asset quality metric	13+14	NPE Total coverage
Non Performing Exposures	Non-performing exposures are defined according to "EBA ITS on forbearance and Non Performing Exposures" as exposures that satisfy either or both of the following criteria: a) material exposures which are more than 90 days past-due b)The debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.	Asset quality metric	12	NPEs
Non Performing Loan Collateral Coverage	Value of collateral received for Non Performing Loans divided by NPLs at the end of the reference period.	Asset quality metric	16	NPL collateral Coverage
Non Performing Loan Coverage	Accumulated Provisions and FV adjustments divided by NPLs at the end of the reference period.	Asset quality metric	17=1/15	NPL (cash) Coverage
Non Performing Loan ratio	NPLs divided by Gross Loans at the end of the reference period.	Asset quality metric	15/2	NPL ratio
Non Performing Loan Total Coverage	Accumulated Provisions and FV adjustments plus the value of the NPL collateral divided by NPLs at the end of the reference period. NPL Total coverage equals the sum of NPL coverage and NPL collateral coverage.	Asset quality metric	16+17	NPL Total Coverage
Non Performing Loans	Non Performing Loans are Gross loans that are more than 90 days past-due.	Asset quality metric	15	NPLs
Normalized Profit After Income Tax	The caption normalized net profits after income tax, excluding gains/losses that have been designated as non-recurring, gains/losses recognized either in the context of planned transactions or the transformation plan of the Group	Profitability metric		Normalised Profit After Tax
Operating Income	The figure is calculated as "Total Income" plus "Share of profit/(loss) of associates and joint ventures" as derived from the Consolidated Income Statement of the reported period, taking into account the impact from any potential restatement as described in Note 32 of the Consolidated Financial Statements.	Standard banking terminology	4	
Other impairment losses	The figure equals "Impairment losses on other financial instruments" as derived for the Consolidated Financial Statements of the reported period.	Standard banking terminology		
Other Income	This item corresponds to the sum of "Dividend income", "Other income" and "Share of profit/(loss) of associates and joint ventures", as defined in the Consolidated Balance Sheet of the reported period.	Standard banking terminology		
Pre-Provision Income	Operating Income for the period less Total Operating Expenses for the period	Profitability metric	4-6	PPI
Recurring Cost to Income ratio	Recurring Operating Expenses for the period divided by Core Operating Income for the period.	Efficiency metric	7/5	C/I ratio
Recurring Operating Expenses	Total Operating Expenses less management adjustments on operating expenses.	Efficiency metric	7	Recurring OPEX
Securities	This item corresponds to the sum of "Investment securities" and "Trading securities", as defined in the Consolidated Balance Sheet of the reported period.	Standard banking terminology		
Shareholders' Equity	This item corresponds to "Equity attributable to equity owners of the Bank", as defined in the Consolidated Balance Sheet of the reported period.	Standard banking terminology		
Tangible Book Value (or Tangible Equity)	TBV (or TE) is the sum of "Total Equity" less "Goodwill and other intangible assets", less "Non-controlling interests" and less "hybrid securities", as defined in the Consolidated Balance sheet at the reported period.	Standard banking terminology		TBV or TE
Tangible Book Value (or Tangible Equity) per share	Tangible Book Value (or Tangible Equity) divided by the outstanding number of shares.	Valuation metric		TBV/share
Total Assets	The figure equals "Total Assets" as derived from the Consolidated Balance Sheet of the reported period taking into account the impact from any potential restatement, as described in Note 32 of the Consolidated Financial Statements.	Standard banking terminology	11	TA
Total Operating Expenses	The figure equals "Total expenses before impairment losses and provisions to cover credit risk" as derived from the Consolidated Income Statement of the reported period taking into account the impact from any potential restatement, as described in Note 32 of the Consolidated Financial Statements.	Standard banking terminology	6	Total OPEX

ALPHA SERVICES AND HOLDINGS

About Alpha Services and Holdings

Alpha Services and Holdings S.A. (under the distinctive title Alpha Services and Holdings) is a financial holdings company, listed on the Athens Stock Exchange, and the parent company of the banking institution "ALPHA BANK S.A.".
Subsequent to the corporate transformation that took place in April 2021, the banking operations were hived-down to a new wholly owned banking subsidiary (Alpha Bank S.A.).
Alpha Bank S.A. is 100% subsidiary of Alpha Services and Holdings S.A. and one of the leading Groups of the financial sector in Greece which was founded in 1879 by J.F. Costopoulos. The Bank offers a wide range of high-quality financial products and services, including retail banking, SMEs and corporate banking, asset management and private banking, the distribution of insurance products, investment banking, brokerage and real estate management.
https://www.alphaholdings.gr/en/investor-relations

ENQUIRIES

Alpha Services and Holdings

Iason Kepaptsoglou
Manager
Investor Relations Division

Elena Katopodi
Deputy Manager
Investor Relations Division

E-mail: ir@alphaholdings.gr
Tel: +30 210 326 2271 | +30 210 326 2272
+30 210 326 2274 | +30 210 326 2273

Finsbury Glover Hering

Edward Simpkins
Tel. +44 207 251 3801