



**ALPHA
SERVICES AND HOLDINGS**

Speech at the General Meeting of Shareholders

(July 22, 2022)

Vasileios T. Rapanos

Chair of the Board of Directors

Dear Shareholders,

Throughout 2021, the global economy and, by extension, the Greek economy were marked by sharp variations. Before the Russian invasion of Ukraine, the global economy was recovering dynamically from the impact of the Covid-19 pandemic and the difficulties in the international supply chain. Both the international and the Greek markets did not envisage the risk of a new crisis that would hinder the expected recovery of the economic activity. 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 invasion of 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. The significant increase in energy costs as well as in raw materials and food cost – developments which reflect the importance of the supply chain from Russia and Ukraine – intensified inflationary pressures and created prolonged inflation expectations. At the same time, these developments have a negative impact on the real income and on household expenses and, in particular, of the most vulnerable groups.

Due to the new geopolitical crisis triggered by the Russian invasion, the hopes and plans for a robust and sustainable economic recovery faded away. All the global organizations and research institutions envisage a further rise in inflation and a significant reduction in the growth rates of the economic activity. In case the geopolitical crisis does not de-escalate by the end of the current year and the energy prices do not gradually fall, it is possible that the growth rate both in Europe and in Greece will be negatively affected. In such an undesirable scenario, the disposable income and the profit margins of businesses may further decrease, a fact which will have a negative impact on consumption, investments and, thus, on growth.

In the context of the geopolitical and the subsequent energy crisis, there is an urgent need of a new strategy pertaining to the country's energy sufficiency. On the

one hand, the provision of Russian natural gas and oil must be substituted by other countries and, on the other hand, fossil fuel must be substituted by clean energy, which means, however, that important investments have to be made. But apart from the geopolitical and economic aspect of the energy issue, it is generally accepted that the use of fossil fuels has a significant impact on the rise of the greenhouse gas emissions and on climate change. These consequences affect the quality of life and play a decisive role in the economic activity worldwide.

The aforementioned developments have significantly affected the financial markets as well. The high rise in inflation globally has resulted in the gradual normalization of the monetary policy by the central banks, among which the European Central Bank (ECB). The first reaction of the central banks was to increase interest rates, in order to control inflation, inflation expectations and their secondary effects. Overall, it seems that the markets anticipate the interest rates increase, since it is expected that most central banks will increase their base rates in 2022. The rise in inflation, the interest rates increase and the slowdown of the economic activity have led to significant risk aversion. As a result, the yield of sovereign and corporate bonds increased significantly, while the prices of shares decreased.

The economic activity in Greece recovered in a fast pace in 2021 and in the first quarter of 2022, offsetting the losses of 2020 due to the pandemic. In particular, in 2021 the GDP increased by 8.3%, in stable prices, due to the improvement of the private and the public consumption as well as to the increase in private investments. Consequently, whereas the pandemic does not hinder the economic activity anymore, the developments in the inflation and in the geopolitical field are causes of uncertainty and risks directly threatening the Greek economy.

The energy price hike, which is due to the geopolitical developments and the problems in the supply chains, gradually increases the prices in other commodities as well, such as food, and spills over into all sectors of the economy. Indicatively, the Harmonized Index of Consumer Prices (HICP) for Greece increased in the first half of 2022 and reached 8.5%, while the natural gas price more than doubled in the first five months and the electric power price also skyrocketed, entraining increases which are hard to be afforded by businesses and households. The Government has

really taken measures to mitigate the negative impact on the household income and on the liquidity of businesses; these measures, however, hinder the effort made to restore the fiscal discipline and balance in the country.

Dear Shareholders,

Let us come to the developments in the financial sector. As a result of the improvement of the quality of their balance sheets, the banks turn the page in the field of financing the real economy. Following the significant reduction of the Loan to Deposit ratio, the banks have capital buffers and sufficient liquidity, thanks to the liquidity drawn from the ECB and the gradual return to a positive savings ratio. The private sector deposits increased by Euro 16.2 billion, half of which are household savings. Lastly, the Non-Performing Loans stock significantly decreased, following the sale of loans amounting to Euro 27.5 billion, through the “Hercules” program.

The target set by Alpha Bank’s Strategic Plan pertaining to the improvement of the quality of the loan portfolio was achieved in 2021, since the Group NPEs ratio decreased to 13.1% versus 42.5% in 2020 and, following the additional measures taken, it has been drawn down to a single digit, since the second quarter of the current year. This is attributed to the sales and securitizations of Non-Performing Exposures standing at Euro 16 billion as well as to the increase of the Group Performing Loan Portfolio. The Group Non-Performing Exposures were down and stood at Euro 5.1 billion in 2021 versus Euro 20.9 billion in 2020.

Apart from the radical reduction of the NPEs, Alpha Bank in 2021 supported the Greek economy, since the total new disbursements in Greece amounted to Euro 5.4 billion, out of which Euro 1.6 billion were loans granted to businesses mainly in the sectors of transport, trade, tourism, energy and processing. This credit expansion in 2021 was supported by the enhancement of the deposit base, since the Group’s deposits stood at Euro 47 billion at the end of 2021 versus Euro 43.8 billion at the end of 2020. Alpha Bank’s capital position remained solid in 2021, with the Capital Adequacy Ratio standing at 16.1% and the Common Equity Tier (CET) 1 Ratio at 13.2%. 2021 was a milestone year for Alpha Bank, as the CEO will explain to you.

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.

With regard to this effort, the Board of Directors was particularly active and examined in a critical and constructive spirit the initiatives of the Management. In 2021, the Board of Directors convened 29 times, the Audit Committee 15, the Risk Management Committee 17, the Remuneration Committee 11, the Corporate Governance, Sustainability and Nominations Committee 10 and the Non-Executive Members of the Board of Directors had 7 meetings. Furthermore, the Board of Directors proceeded with the drafting of a plan for the improvement of its actions, on the basis of the recommendations made by the External Advisor on Corporate Governance issues and of the proposals made by Fidelio, which assessed the operation of the Board of Directors, upon instruction of the Hellenic Financial Stability Fund.

At this point I would like to remind you that 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. In particular:

- We have one of the most independent and diverse Boards in Greece, with the ratio of Independent Directors standing at 61% – one of the highest percentages in Greece.
- Women’s representation on our Board has grown from 8% in 2019 to 23% and, following your approval today, it will exceed 30%.
- We have adopted the Hellenic Corporate Governance Code.
- Our remuneration framework and policies have been enhanced to ensure alignment of interests with our Shareholders.
- We have introduced governance reforms to ensure better oversight of ESG-related issues, in accordance with international best practices.

Prospects of the Greek economy

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.

Despite the geopolitical uncertainty, the real GDP is expected to remain on an upward trend in the next quarters of 2022. The good tourism performance is expected to be the key driver for growth. The additional fiscal measures announced by the Government in order to mitigate the increased energy cost as well as the increase of the absorption rate of the resources granted by the Recovery and Resilience Facility (RRF) will also have a positive impact. According to the recent estimations of the European Commission, the real GDP will increase by 4.0% in 2022 and by 2.4% in 2023. It is also estimated that the Index of Consumer Prices will stand at 8.9% in 2022 and will de-escalate at 3.5% in 2023.

Nevertheless, 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.

Dear Shareholders,

This is a historic period, during which the development models we know are changing. The key pillars of the new model include the sustainable and inclusive growth as well as the utilization of the possibilities offered by new technologies in both the public and the private sectors. During this period, the financial system plays a decisive role both in the new era of digitalization and in supporting sustainable growth. Alpha Bank leads both initiatives 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.

2021 was a challenging year, during which, amid difficult circumstances, significant achievements were accomplished. As Chair of the Board of Directors, I would like to express my gratification to the CEO and the Management Team, but also to all the Employees for their tough and methodical work, the understanding of the challenges and the difficulties we faced and their commitment to the Bank. Last year, the extended Alpha Bank family grieved the loss of its founder, Yannis S. Costopoulos. Honoring his memory, we will move on to the new era, “with wisdom and vision” as he used to say. During the current year, the geopolitical environment suffered significant reversals globally and the uncertainty about the future of our economies has dramatically increased. Challenges are significant and unprecedented. Nevertheless, I would like to believe that sobriety will prevail in the world and we, at Alpha Bank, based on proper planning, accumulated experience and our love for the Bank and Greece, will deal successfully with the new challenges.