

Press Release

Full Year 2013 Results after Tax at Euro 2,922 million¹

Results' Highlights

- Continuous recovery in operational performance strengthened by improvement in Net Interest Income due to lower funding costs. Core revenues up by 7.4% quarter-on-quarter.
- Recurring Operating Expenses decrease 6.6% year-on-year exceeding the initial target of 5%. Synergies ahead of initial schedule allow for upsizing and further cost optimisation initiatives.
- NPLs down by Euro 0.4 billion quarter-on-quarter at 32.7% as a result of our successful NPL remedial management initiatives.
- Core Tier I ratio at 15.9%, ahead of ECB's AQR and stress tests. Fully loaded Basel III Core Tier I ratio pro forma for the capital increase at 12.1%.
- Book Value at Euro 7.4 billion at the end of December 2013. Book Value per share at Euro 0.68.

BlackRock diagnostic exercise and capital needs assessment by the Bank of Greece

- Alpha Bank registered the least capital requirement among systemic Greek banks of Euro 262 million under the binding scenario.
- The estimated capital need implies a circa 130% coverage of BlackRock's lifetime losses, well ahead of the respective coverage for peers.

Share Capital Increase

- Euro 1.2 billion underwritten capital increase, to facilitate the repayment of Euro 940 million Hellenic Republic preference shares and fully accommodate the marginal result of the Bank of Greece's diagnostic exercise.

Improving Balance Sheet Fundamentals

- **Core Tier I capital ratio at 15.9%, providing an adequate buffer ahead of ECB's Comprehensive Assessment and stress tests. Fully loaded Basel III Core Tier I ratio at 9.7% and 12.1% pro forma for the capital increase well above European banks average.**
- **Eurosystem reliance at Euro 17.2 billion at the end of 2013. Eurosystem funding to Total Assets at 20%². ELA funding at Euro 3.5 billion.**
- **Deposits up by 3% year-on-year at Euro 42.5 billion as a result of inflows in Greece mainly from the Private Sector affirming Alpha Bank's strong market position by securing 1% market share gains in 2013. Loan to Deposit Ratio in Greece at 117%.**
- **Declining stock of NPLs to 32.7% due to ongoing targeted initiatives on NPL remedial management.**
- **Accumulated on-balance sheet provisions at Euro 11.1 billion, raising our cash coverage by 200bps in Q4 to 54% or 18% of gross loans.**

¹ Profit after Tax from Continuous Operations at Euro -304 million adjusted for the negative goodwill impact of Emporiki Bank acquisition of Euro 3.3 billion.

² Excluding EFSF bonds.

Operating performance continues to rebuild supported by lower funding cost and gradual realisation of synergies

- Higher core revenues¹ at Euro 597.4 million in Q4 2013 vs. Euro 556.1 million in Q3 2013 (+7.4%). Pre-provision income (adjusted for trading income, integration and extraordinary costs²) up by 8.1% quarter-on-quarter to Euro 240.8 million.
- Net Interest Income at Euro 476.1 million in Q4 2013, up by 6.4% quarter-on-quarter, on lower cost of time deposits and wholesale funding. Net Interest Margin up by 20bps to 2.6% in Q4 2013.
- Operating Expenses, adjusted for integration and extraordinary costs², at Euro 356.6 million in Q4 2013 higher due to seasonality.
- Loan loss provisions at Euro 449 million vs. Euro 490 million in the previous quarter. Cost of risk at 285bps, down by 23bps quarter-on-quarter.
- Profit/(Loss) Before Tax of Euro -292.0 million for Q4 2013.

Euro 1.2 billion underwritten capital increase

The Board of Directors of Alpha Bank has called an Extraordinary General Meeting, on March 28, 2014 to consider an up to Euro 1.2 billion capital increase in cash with the cancellation of pre-emption rights to facilitate an equity offering.

The proceeds from the capital increase are expected to be used to strengthen the Bank's capital base with high-quality common equity capital, facilitate the full repayment of Euro 940 million Hellenic Republic preference shares subject to regulatory approvals and accommodate fully the results of the Bank of Greece's latest diagnostic exercise.. The transaction is envisaged to be executed via a non-preemptive equity offering to international institutional and high net worth investors as well as a public offering in Greece. Alpha Bank will consider favourably any participation of existing shareholders and warrant holders. Following the completion of the transaction, Alpha Bank's free float is expected to increase substantially improving the trading liquidity of its stock and index weightings.

A consortium of international banks have committed to underwriting the capital increase, subject to customary conditions. Citigroup Global Markets Ltd and J.P. Morgan Securities plc are to act as Joint Global Coordinators, and, along with Merrill Lynch International, as Joint Bookrunners. HSBC Bank plc is to act as Co-Bookrunner with Keefe, Bruyette & Woods Ltd and Banca IMI Spa as Co-Lead Managers. Axia Ventures Group Ltd as Advisor to the company.

Alpha Bank's Chairman, Mr. Yannis S. Costopoulos stated:

"Our Euro 1.2 billion capital increase underwritten by a group of leading international banks, will be used for the repayment of the preference shares we have issued in favour of the Hellenic Republic, a key part of our strategy to pay-back the state aid we have received and bring the Bank again under full private ownership. As the country resumes into a growth trajectory, Alpha Bank with its leading market position, its strong franchise and its unparalleled Brand reputation, stands committed to support its Customers and continue creating shareholder value in the years to come."

Alpha Bank's CEO, Mr. Demetrios P. Mantzounis stated:

"Following the result from the recent capital needs assessment we continue to implement our plan aimed at the restoration of our profitability. In 2014, we expect further improvement to our core revenues from decreased funding costs. Our cost base retracted by 6.6% in 2013 and with the completion of the Emporiki Bank integration, substantial further cost savings are expected to take place. Our initiatives on remedial NPL management have provided tangible results as our Non Performing Loans decrease, allowing us to anticipate further reduction in the cost of risk in 2014. With the repayment of preference shares we infuse high quality capital to our equity base and allow our Shareholders to solely benefits from future earnings."

¹ Defined as total income excluding income from financial operations.

² Extraordinary costs in Q4 primarily include gains from employee statutory indemnities of Euro 32.2 million (Staff Costs), impairment of investments and repossessed properties of Euro 62.5 million and contributions to the Hellenic Deposit and Investment Guarantee Fund of Euro 28 million (General Expenses).

KEY FINANCIAL DATA

(in Euro million)	Twelve months ending			Quarter ending		
	31.12.2013	31.12.2012	(%)	31.12.2013	30.09.2013	
Net Interest Income	1,657.8	1,383.3	19.8%	476.1	447.4	
Net fee & commission income	370.3	271.7	36.3%	106.7	95.3	
Income from fin. operations	256.6	(232.9)	...	1.6	5.2	
Other income	59.5	51.9	14.5%	14.6	13.4	
Operating Income	2,344.2	1,474.1	59.0%	599.0	561.3	
Core Revenues¹	2,087.6	1,706.9	22.3%	597.4	556.1	
Staff Costs	(658.3)	(532.7)	23.6%	(142.0)	(173.3)	
General Expenses	(648.0)	(525.8)	23.3%	(265.5)	(129.7)	
Depreciation & Amortisation expenses	(92.2)	(93.6)	-1.6%	(24.0)	(22.9)	
Operating Expenses Before Integration cost	(1,398.5)	(1,152.1)	21.4%	(431.5)	(325.8)	
Integration costs	(27.4)	0.0	...	(10.3)	(10.8)	
Operating Expenses	(1,425.9)	(1,152.1)	23.8%	(441.8)	(336.7)	
Pre-Provision Income²	750.8	679.9	10.4%	240.8	222.8	
Impairment Losses	(1,923.2)	(1,666.5)	15.4%	(449.2)	(490.0)	
Profit Before Tax	(1,004.9)	(1,344.6)	-25.3%	(292.0)	(265.4)	
Income Tax	701.2	257.0	...	81.6	41.6	
Profit After Tax	(303.7)	(1,087.6)	...	(210.4)	(223.7)	
	31.12.2013	30.9.2013	30.6.2013	31.03.2013	31.12.2012	(%) y-o-y
Total Assets	73,697	74,033	74,880	72,515	58,253	26.5%
Loans (net)	51,678	52,596	53,530	54,776	40,579	27.4%
Securities	10,645	10,022	9,889	5,756	7,573	40.6%
Deposits	42,485	41,967	42,002	42,042	28,464	49.3%
Shareholders' Equity	8,312	8,460	8,591	4,139	588	...
	31.12.2013	31.12.2012		31.12.2013	30.9.2013	
Net Interest Margin	2.3%	2.4%		2.6%	2.4%	
Cost to Income Ratio (excl. trading & integration costs)	64.0%	60.2%		58.0%	58.0%	
Core Tier I Ratio	15.9%	8.5%		15.9%	13.5%	
L/D ratio	122%	143%		122%	125%	

Numbers include Emporiki Bank from 1.2.2013.

¹ Defined as total income excluding income from financial operations.

² Adjusted for trading income, integration costs and extraordinary costs.

Key Developments and Performance Overview

Improving market and investor sentiment underpins economic recovery amidst growing confidence on policy mix sustainability

The better than expected growth performance in Q4 2013, together with corroborating evidence from economic confidence indicators, net hirings over dismissals, VAT revenue collections, retail sales, building permits, manufacturing production, car registrations and tourist arrivals, all point to economic recovery, possibly from Q1 2014. GDP growth is expected to climb above the 1% mark in 2014, with growth in investment (+7%) and exports (+4%) more than offsetting still weakening private consumption (-1.5%), leading to strong employment gains of up to 1%. Growth dynamics are supported by strong macroeconomic fundamentals and, in particular, the earlier-than-targeted realised surpluses in the primary budget (1.1% of GDP) and in the current account of the balance of payments (1.25% of GDP). Indeed, the 2013 Euro 2 billion primary surplus achievement, in combination with a backup of Euro 9 billion in overdue taxes, assessed just in 2013 and expected to be timely collected, have effectively improved prospects for an early resolution of the Greek program financing issues, with market access emerging as more of a viable option. As a result, market sentiment is burgeoning, as reflected in Greek bond spreads and stock indices and incipient private sector inflows for early investor positioning.

Alpha Bank registered the least capital need among Greek systemic banks according to the BlackRock II diagnostic exercise

On March 6, 2014, the Bank of Greece (BoG) released the results of its second diagnostic exercise taking into account BlackRock Solutions' Credit Loss Projections (CLPs). In particular, Alpha Bank registered the least capital need among systemic Greek banks of Euro 262 million under the binding scenario. This strong performance was achieved despite the application by the Bank of Greece of very conservative prudential filters over and above BlackRock's credit loss estimates. In particular, Alpha Bank's CLPs for Greek Risk suggested by BlackRock stood at Euro 6.9 billion, while the adjusted CLPs by the Bank of Greece doubled to Euro 14.7 billion, implying a circa 130% coverage of BlackRock's lifetime losses.

Solid capital level ahead of ECB's AQR and Stress Tests. Core Tier I at 15.9%; Fully loaded Basel III pro forma for the Share Capital Increase at 12.1%

At the end of December 2013, Alpha Bank's **Core Tier I** taking into account the removal by the Bank of Greece of the 20% regulatory filter in deferred tax assets and incorporating Emporiki Bank's DTA recognition amounted to Euro 8.2 billion. As a result, the Core Tier I ratio stood at 15.9% at the end of December, up by 240bps quarter-on-quarter, providing ample buffer ahead of ECB's Comprehensive Assessment and stress tests. **Total Capital Adequacy ratio** stood at 16.3%. RWA's stood at Euro 51.5 billion¹ down by 11% year-on-year (on a comparable basis) or Euro 6.2 billion as a result of deleveraging. Taking into account the phasing of CRD IV, which comes into effect from 31/3/2014, and the Euro 1.2 billion capital increase, our pro-forma fully-loaded Basel III Core Tier I ratio stands at 12.1% placing Alpha Bank among the best capitalised banks in Europe.

Operating income performance positively impacted by lower cost of funding

Net interest income in 2013 stood at Euro 1,658 million up by 19.8% year-on-year predominantly due to the inclusion of Emporiki Bank. In Q4 2013, the net interest income stood at Euro 476.1 million up by 6.4% quarter-on-quarter, benefiting mostly from the consistent repricing of new Greek time deposits as well as lower wholesale funding costs due to the interest rate cut of ECB by 25bps in November 2013. Rates for new time deposits in Greece declined by almost 200 basis points since the high 4.6% at the beginning of 2013. The improving trend in Net Interest Income is expected to continue over the next quarters, benefiting from the new time deposits cost level (down by 100bps on average year-on-year) and the lower cost of Central Bank funding.

¹ Based on latest estimates

Net fee and commission income stood at Euro 370.3 million, up by 36.3% year-on-year following the acquisition of Emporiki Bank. In Q4, fees were up by 11.9% vs. Q3 to Euro 106.7 million partly due to loan related fees commensurately with the pickup of restructurings over the last quarter as well as a revival of brokerage and asset management activity. It should be noted that in early February, Alpha Asset Management has signed an agreement with Amundi Hellas for the undertaking of the management of the Hermes Mutual Funds with Assets under Management of 98 million as of end 2013. **Income from financial operations** amounted to Euro 256.6 million, mainly impacted by the gain of Euro 120 million from the initial recognition of the convertible bond issued to Crédit Agricole as well as the benefit from the buyback of subordinated notes 34.9 million, which were recorded in Q2. **Other income** stood at Euro 59.5 million.

Operating expenses decrease by 6.6% yoy beating target of -5%; Well on track to capture our 20% cost savings target

Operating expenses were down by 6.6%¹ in 2013 (excluding extraordinary items and integration costs)² to Euro 1,336.8 million. The Bank has targeted a 20% reduction of the combined Alpha Bank and Emporiki Bank cost base, out of which one third has already been realised in 2013 on the back of Emporiki related synergies and of stand alone cost optimisation initiatives. In 2013, **personnel expenses** amounted to Euro 690.5 million, down by 7.2% year-on-year¹, mainly attributed to the new two-year collective agreement, which became effective on July 1, 2013, and the accelerated natural attrition in Greece. In addition, Group headcount has been reduced by 5.3% or 946 FTEs for the combined entity. Furthermore, the total number of Branches has been reduced by 10.2% or 123 Branches. **General expenses** were down by 3.7% year-on-year¹ to Euro 554.8 million mainly as a result of the streamlining of operations following the acquisition of Emporiki. In Q4, General expenses excluding extraordinary items amounted to Euro 159.1 million traditionally higher due to seasonality recorded in the last quarter of the year and increased legal expenses due to ongoing restructuring efforts. **Integration costs** for the year reached Euro 43.6 million of which Euro 27.4 million have been expensed and the rest were capitalised.

NPL ratio decreased first time since the economic downturn in Greece

In Q4 2013, our stock of NPLs decreased for the first time since the economic downturn in Greece, mainly due to increased remedial measures. As a result, our **NPL ratio** declined by 20bps in Q4 to 32.7%. In Greece, NPLs stood 34.3% at the end of December 2013 down by 40bps quarter-on-quarter, while in SEE our NPLs stood at 24.8%. From a segmental perspective, our business NPLs for the Group declined by Euro 76 million, while mortgage and consumer NPLs declined by Euro 222 million and by Euro 54 million respectively. As a result, business, mortgages and consumer NPL ratio for the Group stood to 32.2%, 30.4% and 42.1% respectively.

In Q4, we continued strengthening our reserves by adding another Euro 449 million of impairments. As a result, our **accumulated balance sheet provisions** for the Group totalled Euro 11.1 billion at the end of 2013, raising our cash coverage ratio to 54% or by 200bps in Q4. The ratio of loan loss reserves over loans stood at 18%, at the end of 2013.

¹ Accounting for a full Q1 contribution from Emporiki Bank in 2013 and on a pro-forma combined basis of Alpha Bank and Emporiki Bank for 2012.

² Extraordinary costs in Q4 primarily include gains from employee statutory indemnities of Euro 32.2 million (Staff Costs), impairment of investments and repossessed properties of Euro 62.5 million and contributions to the Hellenic Deposit and Investment Guarantee Fund of Euro 28 million (General Expenses).

Continuous decrease of Eurosystem funding reliance mainly due to deposits inflow, loan balances contraction and favourable market conditions

In 2013, usage of **Central Banks funding** continued its downward trend, having benefited from deposits inflow mainly in the first half of the year, loan balances decline and repo transactions as interbank markets become more liquid for Greece. As of 31.12.2013 Central Banks funding stood at Euro 17.2 billion accounting for 20% of Total Assets if we exclude the EFSF notes. Our ELA borrowings stood at Euro 3.5 billion in December 2013, with a potential to decrease it within 2014 through secured lending transactions with covered bonds or EFSF notes currently used in ECB's refinancing facility and the securitisation of the shipping loan portfolio.

Gross Loans of the Group amounted to Euro 62.8 billion at the end of December 2013, down by Euro 548 million quarter-on-quarter. Loans balances in Greece stood at Euro 52.4 billion down by Euro 0.4 billion in Q4 2013, while SEE loans amounted to Euro 9.9 billion.

The Group's total deposit base amounted to Euro 42.5 billion at the end of December 2013. Deposits in Greece stood at Euro 36.8 billion with private sector inflows of Euro 1.9 billion year-on-year, vs. an increase of Euro 1.8 billion for the market. It should also be noted that in the beginning of December 2013, Alpha Bank announced the undertaking of the deposits of three cooperative banks (Western Macedonia, Dodecanese and Evia), amounting to Euro 0.4 billion.

Deposits in SEE reached Euro 5.1 billion, effectively flat quarter-on-quarter, as outflows in Cyprus were counterbalanced by inflows in other SEE countries despite repricing efforts underway.

The Loan to Deposit Ratio has improved for a sixth consecutive quarter and it stood at 117% in the end of 2013, vs. 139% in 2012 as a result of the Emporiki Bank acquisition, deposits inflows and loan deleveraging that took place in 2013.

Operations in SEE

In **SEE**, our operating income for 2013 totalled at Euro 429.2 million down 3.0% year-on-year, however a recovery increasing trend is evidenced for the fourth consecutive quarter in 2013 as slowdown in deleverage and deposits repricing efforts yield tangible results.

In **Cyprus**, the inclusion of the Emporiki Bank – Cyprus Ltd in 2013 contributed to the overall loan portfolio which at year end 2013 amounted to Euro 5.1 billion, up by 11.7% year-on-year. Deposit balances stood at Euro 2.2 billion as a result of the weak economic conditions. In the remaining international operations, self-funding target remains the key strategic objective. In **Romania**, loans decreased to Euro 2.9 billion (-3.1% year-on-year), while deposits increased for second consecutive year to Euro 1.4 billion (+14.8% year-on-year). In **Bulgaria**, loans decreased to Euro 634 million (-14.5% year-on-year), while deposit balances increased to Euro 430 million (+26% year-on-year). In **Serbia**, loan balances decreased to Euro 734 million (-5.9% year-on-year) while deposits decreased to Euro 469 million (-19.9% year-on-year). In **Albania**, loans amounted to Euro 374 million (down 0.3% year-on-year) and deposits to Euro 483 million (up 3.2% year-on-year). In **F.Y.R.O.M.**, loans stood at Euro 69 million (up 0.5% year-on-year) and deposits increased to Euro 83 million (up 19.2% year-on-year).

It should be noted that in September 2013, Alpha Bank completed the sale of its subsidiary JSC Astra Bank Ukraine through a capital neutral transaction.

**Emporiki Bank
integration fully
completed by Q1 2014**

The integration and restructuring programme is progressing according to plan. During 2013, 82 Branches have been merged and another 24 mergers have taken place in the first two months of 2014. Systems integration has almost complete with the last subsystem migration to take place in March 2014. In the Non-Personnel G&A area significant cost synergies have been materialised, driven by contracts revision, more than 100 branch leases renegotiations and overall expense rationalisation such as Marketing, where 25% reduction has been achieved. Finally, 14.000 sq. meters of Head Office Units office space has been released with the initial target to minimise rented space utilisation and fully leverage owned property being well underway. Synergies realisation momentum is being maintained with Euro 54 million cost synergies, exceeding the initial target.

The release of the audited Annual Financial Statements 2013 will take place in the following days.

Athens, March 10, 2013

The Bank

The Alpha Bank Group is one of the leading Groups of the financial sector in Greece, with a strong presence in the Greek and international banking market. The Group 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. The Parent Company and main Bank of the Group is Alpha Bank, which was founded in 1879 by J.F. Costopoulos. Alpha Bank, the Bank that inspires confidence and constitutes a consistent point of reference in the Greek banking system, is one of the largest banks of the private sector, with a wide Network of over 1,100 service points in Greece and one of the highest capital adequacy ratios in Europe.

Significant recent milestones in the long and successful course of the Group are:

- The acquisition of the entire share capital of Emporiki Bank on 1.2.2013.
- The Euro 4,571 million successful recapitalisation of the Bank, on 31.5.2013, with private-sector participation at Euro 550 million, which resulted in the preservation of Alpha Bank's private character. Euro 4,021 million was covered by the Hellenic Financial Stability Fund in common shares with restricted voting rights. Private shareholders were granted free warrants for every new share they acquired the exercise of which will enable them to buy back the HFSF-held shares until December 2017.
- The completion of the legal merger by absorption of Emporiki Bank on 28.6.2013 and the creation of the integrated Alpha Bank.

ENQUIRIES

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