ALPHA BANK

Press Release

Full Year 2014 Results after Tax at Euro -329.7 million

Main Highlights

- Continued recovery of operating profitability in 2014 to Euro 1,051 million, up by 49% y-o-y, supported by reduction in cost of funding, phasing-in of synergies and cost control initiatives.
- Cash coverage of NPLs increased to 62% at the end of 2014 from 54% a year ago, fully addressing the outcome of ECB's Comprehensive Assessment.
- Sound capital position with fully loaded Basel III Common Equity Tier 1 ratio (CET1) at 13.1%[1]. Tangible equity at Euro 7.3 billion, implying Book Value Per Share of Euro 0.57.
- Increased Eurosystem reliance to Euro 14.8 billion at the end of December 2014 and to Euro 22.4 billion at the end of February 2015, as a result of the recent deposit outflows and prevailing interbank market conditions.

Key Balance Sheet Trends

- **Net Loans down by 4.1% y-o-y to Euro 49.6 billion including the contribution of Citibank's retail portfolio.**
- **Deposits down by 1.5% q-o-q to Euro 42.9 billion. Private sector deposits in Greece contracted by 2% q-o-q vs. a circa 3% decrease for the market.**
- **Net Loans to Deposits ratio at 116% at the end of December 2014 compared to 122% a year ago.**
- **European Central Bank (ECB) funding stood at Euro 14.8 billion at the end of December 2014.**
- **NPL formation stood at Euro 260 million in Q4 2014, compared to Euro 116 million in the previous quarter. NPL ratio stood at 33.0% at the end of December 2014 post write-offs of Euro 0.8 billion in Q4 2014.**
- **Accumulated on-balance sheet provisions at Euro 12.8 billion post write-offs, corresponding to 21% of gross loans. Coverage strengthened by 200bps in Q4 to 62% post write-offs.**
- **Funding position post December 2014, has been negatively affected by additional deposit outflows increasing our Eurosystem reliance. ELA funding at Euro 17.6 billion at the end of February 2015.**

Continued improvement in financial performance

- **Core Pre-provision income[2] at Euro 1,050.7 million, up by 48.9% y-o-y, mainly driven by improvement in Net Interest Income and reduction in operating expenses.**
- **Net Interest Income at Euro 1,938.5 million up by 16.2% y-o-y mainly attributed to lower cost of time deposits and wholesale funding. Net Interest Margin at 2.7% in Q4 2014.**
- **Fees and commissions at Euro 397.1 million, up by 5.2% y-o-y benefiting from the acquisition of the Citi Greek Retail Operations and the expansion of our investment management and bancassurance product offering.**

[1] Taking into account the positive impact from the implementation of Law 4303/2014 related to the conversion of DTAs to tax credits.
[2] Core Revenues are defined as total income excluding income from financial operations and Core Pre-Provision Income (PPI) is defined as the Core Revenues minus Operating Expenses adjusted for integration and extraordinary costs.

- **Core revenues[1] at Euro 2,391.5 million, up by 13.6% y-o-y.**
- **Operating Expenses, excluding integration and extraordinary costs, at Euro 1,340.8 million, down by 5.8% y-o-y adjusted for the Citi retail operations impact of Euro 22 million in Q4 2014. Cost to Income ratio down to 56.1% in FY 2014 from 66.5% in FY 2013.**
- **Loan loss provisions at Euro 1,853.2 million in 2014, following Euro 772.6 million impairment charge in Q4 2014, in order to fully address the outcome of ECB's Comprehensive Assessment and accommodate upcoming headwinds in the operational environment.**
- **Profit / (Loss) After Tax at Euro -329.7 million for FY 2014.**

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

"The Bank's performance in 2014, underlines our commitment to improve operating efficiency and top line performance during a challenging period. 2014 was overall a positive year for the Group as we have managed to raise capital, repay state aid, successfully complete ECB's Comprehensive Assessment and acquire Citibank's Greek Retail operations. Operationally we have improved core income through the reduction of funding costs and further optimisation of our operating platform. Our efforts in 2015 will focus on the preservation of capital by further improving operating performance and managing actively our asset quality, on the maintenance of adequate liquidity buffers and on further supporting our clients to promote their plans and service their debts. The removal of uncertainty prevailing in the market is of paramount importance for the banking system and the economy and is largely depended on the expedient finalisation of the ongoing discussions between Greece and its European partners. Following resolution of outstanding issues, Greece will be better positioned to benefit from a full restoration of its recovery potential. We stand ready to play an active and constructive role in the revival of the economy, fully deploying our resources and efforts to that effect".

[1] Core Revenues are defined as total income excluding income from financial operations and Core Pre-Provision Income (PPI) is defined as the Core Revenues minus Operating Expenses adjusted for integration and extraordinary costs.

KEY FINANCIAL DATA

(in Euro million)	Twelve months ending				Quarter ending		
	31.12.2014	31.12.2013	31.12.2013 PF[1]	YoY PF (%)	31.12.2014	30.09.2014	QoQ (%)
Net Interest Income	1,938.5	1,657.8	1,668.0	16.2%	495.3	491.5	0.8%
Net fee & commission income	397.1	370.3	377.5	5.2%	101.3	100.9	0.4%
Income from fin. operations	41.3	256.6	258.5	…	(45.1)	17.1	…
Other income	55.8	59.5	60.0	-7.0%	11.4	15.1	-24.9%
Operating Income	2,432.8	2,344.2	2,364.0	2.9%	563.0	624.6	-9.9%
Core Revenues[2]	**2,391.5**	**2,087.6**	**2,105.5**	**13.6%**	**608.0**	**607.5**	**0.1%**
Staff Costs	(655.7)	(691.0)	(712.2)	-7.9%	(162.6)	(160.4)	1.4%
General Expenses	(587.1)	(582.9)	(594.1)	-1.2%	(166.9)	(141.5)	17.9%
Depreciation & Amortisation expenses	(98.0)	(91.4)	(93.3)	5.0%	(26.9)	(23.4)	15.1%
Operating Expenses Before Integration & Extraordinary Costs	**(1,340.8)**	**(1,365.3)**	**(1,399.6)**	**-4.2%**	**(356.4)**	**(325.3)**	**9.6%**
Integration costs	(13.4)	(27.4)	(27.4)	…	(3.1)	(2.9)	…
Extraordinary costs	(290.9)	(33.2)	(33.2)	…	(92.5)	(197.8)	…
Operating Expenses	**(1,645.1)**	**(1,425.9)**	**(1,460.2)**	**12.7%**	**(452.0)**	**(526.0)**	**-14.1%**
Core PPI	**1,050.7**	**722.3**	**705.9**	**48.9%**	**251.6**	**282.2**	**-10.8%**
Impairment Losses	(1,853.2)	(1,923.2)	(1,923.2)	-3.6%	(772.6)	(337.0)	129.3%
Profit Before Tax	**(1,065.5)**	**(1,004.9)**	**(1,019.4)**	**4.5%**	**(661.7)**	**(238.4)**	**177.6%**
Income Tax[3]	695.6	701.2	701.2	…	202.7	60.0	…
Profit After Tax[4]	**(329.7)**	**2,922.2**	**2,907.7**	**…**	**(440.2)**	**(156.9)**	**…**
	31.12.2014	**31.12.2013**	**31.12.2013 PF**		**31.12.2014**	**30.09.2014**	
Net Interest Margin	2.6%	2.3%	2.4%		2.7%	2.7%	
Cost to Income Ratio (excl. trading, integration and extraordinary costs)	56.1%	65.4%	66.5%		58.6%	53.6%	
CET1[5]	14.4%	16.1%	16.1%		14.4%	15.8%	
L/D ratio	116%	122%	122%		116%	115%	
	31.12.2014	**30.09.2014**	**30.06.2014**	**31.03.2014**	**31.12.2013**		**YoY (%)**
Total Assets	72,935	72,420	71,687	72,825	73,697		-1.0%
Loans (net)	49,557	50,120	50,133	50,710	51,678		-4.1%
Securities	10,298	9,653	9,659	10,698	10,645		-3.3%
Deposits	42,901	43,533	42,206	41,842	42,485		1.0%
Shareholders' Equity	7,652	8,526	8,844	9,476	8,312		-7.9%

[1] Accounting for a full Q1 contribution for the former Emporiki Bank.
[2] Defined as total income excluding income from financial operations.
[3] The Group in 2014 has recognised additional deferred tax assets amounting to Euro 422 million on the back of the approved Restructuring Plan.
[4] Profit after Tax for FY 2014 includes the negative goodwill impact of Diners Club acquisition of Euro 40.3 million and for FY 2013 the negative goodwill impact of Emporiki acquisition of Euro 3,283.1 million.
[5] Ratios for 31.12.2013 are based on Basel II CT1.

ALPHA BANK

Key Developments and Performance Overview

Successful agreement with EU partners a catalyst for restoring business confidence and strengthening recovery prospects in 2015

Greece returned to positive GDP growth rate of 0.8% in 2014, for the first time since the beginning of economic crisis. The driving forces of recovery were the rebound of private consumption (+1.3%) and the increase in exports of goods and services (+9.0%) on the back of a record year in tourism. Moreover, an upturn of investment excluding residential investment has taken place. The continuing downward trend of the residential investment remains an impediment of economic recovery. Also, unemployment is stabilising, twin surpluses in both fiscal and external sector (primary budget and current account) have been achieved for a second consecutive year, while the economy recouped in full the competitiveness losses of the previous decade. GDP growth rate is estimated to remain in positive territory in 2015 and accelerate in 2016. External sector and private consumption would be the main drivers for growth in 2015, while a restored confidence would stimulate business investment. Private consumption benefits from lower oil prices which further improve household disposable income. The latter is clearly depicted in the upward trend of the consumer confidence indicator. This favorable development will be further supported by the successful completion of negotiations and the achievement of a lasting deal with EU partners. This in turn would help restore business sentiment, facilitate the return of deposits and accelerate the restart of investment projects, thus further strengthening economic prospects.

Strong capital level with fully loaded CET1 ratio at 13.1%

At the end of December 2014, Alpha Bank's **Common Equity Tier 1 (CET1)** stood at Euro 7.6 billion resulting in a **CET1 ratio** of 14.4%. Our fully loaded Basel III CET1 ratio stands at 13.1%, taking into account the effect of recent Tax Credit legislation and respective approval of the Bank's accession to this special framework by the Extraordinary General Meeting of Shareholders held on November 7, 2014. Assuming no positive impact from the abovementioned legislation, the fully loaded CET1 ratio stands at 8.9% as of 2024, when amortisation ends. Our **RWA**s amounted to Euro 52.6 billion at the end of December 2014, down by 1.3% q-o-q or Euro 0.7 billion.

Core revenues continue to improve

Net Interest Income in 2014 stood at Euro 1,938.5 million, up by 16.2% y-o-y, benefiting mostly from the reduction of new time deposit rates throughout 2014 as well as from the reduced wholesale funding costs on the back of a declining volume dependence, lower ECB refinancing rate and disengagement from the expensive ELA funding from May 2014 onwards. Negative contribution from loans continued during the year, however, at a decelerating trend. In Q4 2014, our net interest income increased by 0.8% q-o-q reaching Euro 495.3 million, due to our uninterrupted repricing efforts in new time deposits despite the outflow pressures experienced in the last quarter which was partially counterbalanced by the weak loan demand on the back of the fragile economic environment.

Net fee and commission income stood at Euro 397.1 million, up by 5.2% y-o-y mainly due to increase in transactions, foreign exchange trades and expansion of brokerage, asset management and bancassurance products. In Q4 2014, fees marginally increased by 0.4% q-o-q to Euro 101.3 million affected by the weak economic activity. It should be noted that in Q4 2014, net fee and commission income has benefited by Citibank's Greek Retail operations acquisition which strengthened the fee generation from credit cards, advisory and securities transactions services and is expected to contribute positively going forward. **Income from financial operations** in 2014 amounted to Euro 41.3 million and **other income** stood at Euro 55.8 million.

Operating expenses decrease by 5.8% y-o-y driven by Staff Costs

Operating expenses were down by 5.8% in 2014 on a comparable basis (excluding extraordinary items and integration costs) to Euro 1,340.8 million, adjusting for the impact of Citibank's Greek Retail operations acquisition of Euro 22 million in Q4 2014. In 2014, **personnel expenses** amounted to Euro 655.7 million, down by 9.2% y-o-y on a comparable basis[1], attributed to the phasing-in of salary realignments as well as the continued Employee attrition. Group headcount reduction accelerated in 2014, down by 2,460 FTEs - without taking into account the 719 employees from Citi - following the successful completion of the Voluntary Separation Scheme (VSS) with annual benefit of Euro 120 million. **General expenses** were down to Euro 587.1 million or by 3.5% y-o-y on a comparable basis[1], attributed to realisation of synergies from Emporiki acquisition and further cost containment initiatives. Platform optimisation continued in 2014 with the total number of Branches reaching 1,012, down by 73 Branches y-o-y, excluding the additional 20 Branches acquired from Citi.

NPL formation decline by 60% y-o-y; Coverage further raised to 62% or 800bps y-o-y

At the end of December 2014, our **NPL ratio** stood at 33.0% with new NPLs at Euro 762 million vs. Euro 1,928 million in 2013, a reduction of 60% y-o-y confirming the low formation trend of the last quarters. In Q4 2014, our total **NPLs** stock decreased to Euro 20.6 billion, as a result of write-offs of Euro 0.8 billion that more than counterbalanced the quarterly new NPL formation of Euro 260 million. In Greece, NPLs stood at 34.0% at the end of December 2014, while in SEE our NPL ratio stood at 27.8%. From a segmental perspective, our business NPLs increased by Euro 44 million vs. Euro 162 million in Q3. Mortgage NPLs, after four consecutive quarters of negative formation, reversed to Euro 247 million while consumer NPLs for second quarter in a row decreased by Euro 31 million. As a result, business, mortgages and consumer NPL ratio post write-offs for the Group stood at 33.1%, 30.6% and 39.4% while their provisions cash coverage stood at 71%, 39% and 80%, respectively.

In Q4 2014, we maintained our strategy to increase coverage in order to fully address for the AQR results and withstand future headwinds. As a result our provisions increased by Euro 773 million of impairments, raising our **accumulated balance sheet provisions** for the Group to Euro 12.8 billion at the end of Q4 2014. Consequently, our NPL cash coverage ratio increased to 62% or by 200bps in Q4. The ratio of loan loss reserves over loans stood at 21% at the end of year 2014.

Eurosystem financing counterbalanced deposit contraction in Q4 2014 and the first two months of 2015

In 2014, our **Central Banks funding** usage decreased by Euro 2.4 billion y-o-y to Euro 14.8 billion, driven primarily by the decrease in the commercial funding gap, which was amplified by the acquisition of Citi, as well as the increase in our wholesale funding due to a senior unsecured bond issuance in June and a shipping securitisation in December. More specifically, in Q4 2014, the Eurosystem financing increased by Euro 2.9 billion mainly as a result of deposit outflows of Euro 0.8 billion and no renewals of interbank borrowing which amounted to Euro 1.1 billion, on the back of the rising political uncertainty. As of end of February 2015, the Eurosystem reliance increased further to Euro 22.4 billion, as a result of further deposit outflows of Euro 5.6 billion and lower interbank market activity.

Gross Loans of the Group amounted to Euro 62.3 billion as of December 31,2014, marginally increased since December 31, 2013, excluding the impact of the write-offs booked in Q4, mainly due to the acquisition of Citibank's retail portfolio and marginal increase in balances from disbursements in the Greek wholesale portfolio during the last quarter of 2014. Loan balances in Greece stood at Euro 52.2 billion while SEE loans amounted to Euro 9.8 billion.

[1] Adjusted for the Citi impact in Q4 2014.

Group deposits at the end of December 2014 stood at Euro 42.9 billion, increased by 1% y-o-y or Euro 0.4 billion. Deposits in Greece stood at Euro 36.9 billion negatively impacted by last quarter's customer outflows while deposits in SEE stood at Euro 5.4 billion up by Euro 0.3 billion y-o-y.

The Loan to Deposit Ratio at the end of December 2014 for the Group and in Greece stood at 116% and 113% respectively.

Operations in SEE

In **SEE**, our restructuring efforts continue to produce tangible results. Operating profitability totalled Euro 189.2 million up by 12.7% y-o-y mainly due to increasing Net Interest Income from continued deposits repricing and further streamlining of our cost base. Total branches in SEE stood at 403 at the end of year 2014 vs. 429 a year ago. Deposits of our international operations increased by Euro 0.3 billion y-o-y benefiting our Net Loans to Deposits ratio which stood at 142% at the end of December 2014.

In **Cyprus**, our loan portfolio in Q4 2014 amounted to Euro 5.1 billion (down 1.0% y-o-y) while deposit balances remained effectively flat q-o-q at Euro 2.3 billion at the end of December (up 0.9% y-o-y). In **Romania**, loans amounted to Euro 2.9 billion (-0.2% y-o-y), while deposits increased significantly to Euro 1.7 billion (+19.3% y-o-y). In **Albania**, loans amounted to Euro 372 million (-0.6% y-o-y) and deposits decreased 2.8% y-o-y to Euro 469 million. In **Serbia**, loan balances decreased to Euro 721 million (-1.8% y-o-y), while deposits decreased to Euro 429 million (-8.6% y-o-y). In **Bulgaria**, loans increased to Euro 652 million (up 2.8% y-o-y), while deposit balances increased to Euro 480 million (+11.7% y-o-y). In **F.Y.R.O.M.**, loans remained flat at Euro 70 million (up 2.2% y-o-y) and deposits decreased to Euro 78 million (-6.1% y-o-y).

The release of the audited Annual Financial Statements 2014 will take place in the following days.

Athens, March 19, 2015

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 1,000 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 recapitalisation of the Bank by Euro 4,571 million, on 31.5.2013, with oversubscription of the required private sector participation in the Rights Issue, which resulted in the preservation of Alpha Bank's private character.
- The completion of the legal merger by absorption of Emporiki Bank on 28.6.2013 and the creation of the integrated Alpha Bank
- The successful capital increase of Euro 1.2 billion through a private placement with international institutional investors in March 2014 and the subsequent full redemption of the Hellenic Republic's preference shares of Euro 940 million in April 2014.
- The acquisition of the Greek retail banking business of Citibank ("Citi"), including Diners Club of Greece, on 30.9.2014.

ENQUIRIES

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