ALPHA BANK

Press Release

First Quarter 2014 Results after Tax at Euro -94 million

Results' Highlights

- Successful Euro 1.2 billion capital increase strengthened the capital base of the Bank and allowed for the repayment of the Hellenic Republic's preference shares. Tangible Equity at end of March 2014 at Euro 8.3 billion.
- A strong capital position with Basel III CET1 of 15.6% (pro forma for the repayment of the preference shares) provides significant cushion against the forthcoming results of ECB's Asset Quality Review (AQR) and stress tests.
- Operating profitability has improved on the back of reduced funding costs and higher operating efficiency.
- Positive trends on non - performing loans confirmed for one more quarter as formation slows down.

Improving Balance Sheet Fundamentals

- **Basel III Common Equity Tier I ratio (CET1) at 15.6%, pro forma for the repayment of the Hellenic Republic's preference shares.**
- **ELA facility utilisation reduced to zero in May. Eurosystem funding down by Euro 1.5 billion in Q1 2014 to Euro 15.7 billion. Eurosystem reliance to Total Assets at 18%[1].**
- **Deposits down by Euro 0.6 billion quarter-on-quarter mainly in Greece at Euro 41.8 billion in line with the market. Loan to Deposit Ratio in Greece at 116%.**
- **NPLs at 33.3%, with quarter-on-quarter formation of Euro 228 million. Coverage strengthened by 200bps in Q1 to 56%, 19% of gross loans.**

Operating performance builds up momentum

- **Pre-provision income (adjusted for trading income, integration and extraordinary costs) at Euro 249.9 million vs. Euro 72.3 million in Q1 2013. Core revenues[2] at Euro 579.5 million in Q1 2014 (+37.4% year-on-year).**
- **Net Interest Income at Euro 471.3 million in Q1 2014 up by 43.8% year-on-year on lower cost of time deposits and wholesale funding costs.**
- **Operating Expenses, adjusted for integration and extraordinary costs, at Euro 329.6 million in Q1 2014 down by 5.7% year-on-year.**
- **Cost to Income ratio (adjusted for trading income, integration and extraordinary costs) down to 57% from 83% in Q1 2013.**
- **Loan loss provisions at Euro 395 million vs. Euro 449 million in the previous quarter. Cost of risk at 253bps, down by 32bps quarter-on-quarter.**
- **Profit/(Loss) Before Tax of Euro -107.6 million for Q1 2014.**

[1] Excluding EFSF bonds.

[2] Defined as total income excluding income from financial operations.

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

"In this second round of recapitalisation of the Greek banks we were again the first to conclude successfully our transaction, paving the way for the rest of the sector, while we broadened our shareholder base with prominent international investors. The repayment of the Hellenic Republic's preference shares, has been a critical milestone in our strategy to return Alpha Bank to a fully private status."

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

"Our performance during the first quarter of 2014 reaffirms our recovery trajectory. The significant progress in the integration of Emporiki Bank, evidenced by the completion of all systems integration and advanced streamlining of the platform, allowed for a substantial year-on-year cost reduction. For the rest of 2014, we are looking forward to working towards achieving a good result in the ECB's stress tests, enhancing our remedial NPL management initiatives and re-leveraging our balance sheet."

KEY FINANCIAL DATA

(in Euro million)	Quarter ended					
	31.3.2014	31.3.2013	31.3.2013 PF[1]	YoY PF (%)	31.12.2013	QoQ (%)
Net Interest Income	471.3	317.7	327.9	43.8%	476.1	-1.0%
Net fee & commission income	95.2	75.9	83.2	14.5%	106.7	-10.8%
Income from fin. operations	42.5	191.9	193.9	…	1.6	…
Other income	13.0	10.2	10.7	21.7%	14.6	-11.1%
Operating Income	622.0	595.8	615.6	1.0%	599.0	3.8%
Core Revenues[2]	**579.5**	**403.8**	**421.7**	**37.4%**	**597.4**	**-3.0%**
Staff Costs	(167.1)	(161.8)	(183.0)	-8.7%	(174.1)	-4.0%
General Expenses	(138.6)	(130.7)	(141.9)	-2.3%	(166.1)	-16.5%
Depreciation & Amortisation expenses	(23.8)	(22.6)	(24.5)	-2.8%	(23.4)	1.9%
Operating Expenses Before Integration & Extraordinary Costs	**(329.6)**	**(315.1)**	**(349.4)**	**-5.7%**	**(363.6)**	**-9.4%**
Integration costs	**(5.3)**	**(0.6)**	**(0.6)**	**…**	**(10.3)**	**…**
Extraordinary costs	**0.4**	**(2.7)**	**(2.7)**	**…**	**(67.9)**	**…**
Operating Expenses	**(334.5)**	(318.3)	(352.7)	-5.1%	(441.8)	-24.3%
Pre-Provision Income Before Integration & Extraordinary Costs	**249.9**	**88.8**	**72.3**	**245.7%**	**233.8**	**6.9%**
Impairment Losses	(395.1)	(504.9)	(504.9)	-21.8%	(449.2)	-12.0%
Profit / (Loss) Before Tax	**(107.6)**	**(227.5)**	**(242.0)**	**-55.5%**	**(292.0)**	**-63.1%**
Income Tax	13.5	472.4	472.4	…	81.6	…
Profit / (Loss) After Tax	**(94.1)**	**244.9**	**230.4**	**…**	**(210.4)**	**…**

	31.3.2014	31.3.2013	31.3.2013 PF		31.12.2013	
Net Interest Margin	2.6%	1.8%	1.8%		2.6%	
Cost to Income Ratio (excl. trading, integration and extraordinary costs)	56.9%	78.0%	82.9%		60.9%	
CET1[3]	15.6%[4]	10.4%	10.4%		16.1%	
L/D ratio	121%	130%	130%		122%	

	31.3.2014	31.12.2013	30.9.2013	30.6.2013	31.3.2013	(%) y-o-y
Total Assets	72,825	73,697	74,033	74,880	72,515	0.4%
Loans (net)	50,710	51,678	52,596	53,530	54,776	-7.4%
Securities	10,698	10,645	10,022	9,889	5,756	85.9%
Deposits	41,842	42,485	41,967	42,002	42,042	-0.5%
Shareholders' Equity	9,476	8,312	8,460	8,591	4,139	128.9%

[1] Accounting for a full Q1 contribution from Emporiki Bank.
[2] Defined as total income excluding income from financial operations.
[3] Prior to 31.3.2014 the numbers are based on Basel II CT1
[4] Pro - forma for the repayment of the Hellenic Republic's preference shares.

Key Developments and Performance Overview

Market re-entry by Greek sovereign and banks, primary budget surplus position and signs of growth recovery improve confidence

GDP decline slowed considerably in Q1 2014 to -1.1% on a yearly basis, from -2.3% in Q4 2013 and -6% in Q1 2013, pointing the way to positive growth from Q2 2014 and culminating in positive 1% growth for the year as a whole. Better than expected performance will be supported by stronger investment and exports, including a record year in tourism and broad-based recovery in manufacturing and retail sales. With employment increasing, private consumption is also poised for a recovery towards the end of the year. Fiscal discipline is being maintained and extended into the medium-term, with robust growth conditions underwriting the improvement and leading to an overall balanced current account position.

The overall improvement in economic conditions is expected to facilitate the releveraging of the economy. The demand for credit is expected to rise in line with the increase in incomes and jobs, and the adequately recapitalised banking system is set to support the recovery. Banks accelerate the work-out of the large stock of non-performing loans, which is expected to peak towards the end of the year. Liquidity conditions in the economy are expected to further improve as confidence is being restored.

CET1 ratio at 15.6% following the repayment of preference shares

At the end of March 2014, Alpha Bank's **Common Equity Tier I (CET1)** following the recent capital increase of Euro 1.2 billion and the transition to Basel III stood at Euro 8.5 billion, pro-forma for the repayment of the Hellenic Republic's preference shares which took place in April. As a result, our phased-in **CET1 ratio** stood at 15.6%. Our **RWA**'s amounted to Euro 54.2 billion at the end of March, up by 6.4% quarter-on-quarter or Euro 3.3 billion.The increase is due to the application of CRD IV and arises mainly from the 250% risk weight factor applied to the DTA included in our capital with a 10% contribution filter.

Alpha Bank has a significant capital cushion ahead of the ECB's stress tests' results

With regards to **ECB's comprehensive assessment and stress tests**, Phase II of the study which is the Asset Quality Review is currently ongoing since early February. In addition, Phase III, which is the stress test covering the 3-year period until 2016, has also been running since mid April in collaboration with the European Banking Authority. According to the timeframe, the diagnostic is scheduled to be completed in October 2014.

Alpha Bank with a CET1 capital of Euro 8.5 billion at the end of March 2014, and NPL coverage of 56% has a solid capital buffer in excess of Euro 4 billion, on the baseline scenario and almost Euro 5.5 billion according to the adverse scenario ahead of the results of ECB's AQR and stress tests.

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Operating income performance affected by lower cost of funding and deleveraging

In Q1 2014, our **Net Interest Income** stood at Euro 471.3 million, up by 44% vs. Q1 2013 (on a comparable basis) attributable to the ongoing deposit repricing and lower wholesale funding cost, due to the lower dependence of Eurosystem funding, as well as the ECB interest rate cut by 25bps twice last year. Looking ahead, Net Interest Income is expected to benefit from the gradual convergence of new time deposit interest rates with periphery Eurozone rates along with the renewal of maturing time deposits to the new time interest rates levels. Negative effect from declining loan volumes is anticipated to cease with the releveraging of the Balance Sheet which is expected to start towards the end of the year.

Net fee and commission income stood at Euro 95.2 million, up by 14.5% year-on-year mainly due to some increase in transactions, pickup of brokerage, asset management and bancassurance products. **Income from financial operations** amounted to Euro 42.5 million and **other income** stood at Euro 13 million.

Operating expenses decrease by 5.7% year-on-year

Operating expenses were down by 5.7% year-on-year (excluding extraordinary items and integration costs) to Euro 329.6 million. In Q1 2014, **personnel expenses** amounted to Euro 167.1 million down by 8.7% year-on-year mainly attributed to salary cost optimisation and further Employee attrition in Greece and SEE. **General expenses** were down by 2.3% year-on-year to Euro 138.6 million as synergies from the Emporiki acquisition gradually phase in. The rightsising of the platform continues, with the total number of Branches reaching 1,061, down by 13.5% or 165 Branches year-on-year. **Integration costs** in Q1 reached Euro 9.1 million of which Euro 5.3 million have been expensed and the rest were capitalised.

NPL coverage further strengthened to 56% while NPL formation is decelerating

In Q1 2014, our **NPL ratio** stood at 33.3% compared with 32.7% in the previous quarter. Net NPL flows stood at Euro 228 million in Q1 2014, in line with the decelerating pattern observed in the previous quarters. In Greece, NPLs stood at 34.7% at the end of March 2014, up by 40bps quarter-on-quarter mainly due to deleveraging, while in SEE our NPLs stood at 26.1% impacted by the still challenging economic environment in Cyprus. From a segmental perspective, our mortgage NPLs for the Group declined by Euro 31 million, while businesses and consumer NPLs increased by Euro 171 million and by Euro 88 million respectively. As a result, business, mortgages and consumer NPL ratio for the Group stood at 33.3%, 29.9% and 43.5% respectively.

In Q1 2014, despite the declining trend in NPL formation, we remained focused on further strengthening our provisions. As a result, we added another Euro 395 million of impairments in Q1 2014. **Accumulated balance sheet provisions** for the Group totalled Euro 11.6 billion at the end of Q1 2014, further raising our cash coverage ratio to 56% or by 200bps vs. Q4. The ratio of loan loss reserves over loans stood at 19%, at the end of Q1 2014.

Continued improvement of Eurosystem funding; ELA funding currently at zero

In Q1 2014, our **Central Banks funding** usage continued its decreasing trajectory, as the recent capital increase and further deleveraging in the loan portfolio more than counter - balanced the reduction in deposits. At the end of March 2014, Central Banks funding stood at Euro 15.7 billion accounting for 18% of Total Assets, excluding the EFSF notes. Our ELA borrowings stood at Euro 0.9 billion in March 2014 as a result of the aforementioned effects and it has currently gone down to zero.

Gross Loans of the Group amounted to Euro 62.3 billion at the end of March 2014, down by Euro 459 million quarter-on-quarter. Loans balances in Greece stood at Euro 52 billion down by Euro 0.4 billion in Q1 2014, while SEE loans amounted to Euro 9.8 billion.

The Group's total deposit base amounted to Euro 41.8 billion at the end of March 2014. Deposits in Greece stood at Euro 36.2 billion down by Euro 0.6 billion in line with the market decline. **Deposits in SEE** stood at Euro 5.1 billion, effectively flat quarter-on-quarter.

The Loan to Deposit Ratio in Greece continued to decline for a seventh consecutive quarter and it stood at 116% in the end of March 2014, vs. 117% in end 2013 from ongoing deleveraging.

Operations in SEE

In **SEE**, our operating income for Q1 2014 totalled Euro 109.2 million up by 10.4% year-on-year mainly due to increasing Net Interest Income from our continued deposits repricing efforts.

In **Cyprus**, our loan portfolio in Q1 2014 amounted to Euro 5.1 billion flat year-on-year, while deposit balances stood at Euro 2.2 billion (-16% year-on-year).In **Romania**, loans amounted to Euro 2.9 billion (-5.1% year-on-year), while deposits increased to Euro 1.4 billion (+6.6% year-on-year). In **Bulgaria**, loans decreased to Euro 617 million while deposit balances increased to Euro 426 million (+22.1% year-on-year). In **Serbia**, loan balances remain almost stable at Euro 760 million (-1.3% year-on-year) while deposits decreased to Euro 450 million (-23.3% year-on-year). In **Albania**, loans amounted to Euro 370 million (down 1.0% year-on-year) and deposits to Euro 484 million (up 6.3% year-on-year). In **F.Y.R.O.M.**, loans stood at Euro 68 million (down 2.4% year-on-year) and deposits increased to Euro 84 million (up 11.3% year-on-year).

Athens, May 29, 2014

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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.

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