ALPHA BANK

Press Release

First Half 2018 Profit After Tax at Euro 12.3 million

Main Highlights

- Sector leading capital position with Common Equity Tier 1 ratio (CET 1) at 18.5%; Tangible Book Value at Euro 7.8 billion.
- Continued improvement in liquidity with Group deposits up by Euro 1.2 billion q-o-q, to Euro 37.1 billion at the end of June 2018. Deposits in Greece up by further Euro 0.9 billion q-t-d. Loan to Deposit ratio for the Group reduced further to 111% in June 2018 vs. 132% a year ago.
- Significant reduction in Eurosystem funding down by Euro 2 billion q-o-q. At the end of August 2018, liquidity drawn from ECB maintained at Euro 3.1 billion despite ECB's waiver suspension, while ELA further reduced to Euro 1.1 billion. ELA reduction y-t-d at Euro 5.9 billion.
- Continued progress on Asset Quality with NPEs down by Euro 2.4 billion and NPLs down by Euro 2.3 billion in Greece y-o-y. Group NPE cash coverage stable at 50%, while including collateral coverage stands at 105%.
- Pre-Provision Income at Euro 802.7 million, up by 25.8% y-o-y, on the back of strong trading gains.
- Trading income in Q2 2018 of Euro 77.5 million, mainly attributed to realisation of gains from our Greek Government Bonds portfolio. Total trading income for H1 2018 at Euro 263.6 million.
- Impairment losses on loans at Euro 649.5 million in H1 2018, implying a Cost of Risk (CoR) of 232bps over gross loans.
- Profit Before Tax at Euro 103.2 million for H1 2018.
- Income Tax for the Group stood at Euro 91 million in H1 2018, mainly affected by higher taxable compared to accounting profits.
- Profit After Tax stood at Euro 12.3 million in H1 2018.

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

"We have delivered a strong Operational Performance so far in 2018, enabling us to absorb increased provisions as we implement our NPE reduction plan. We kept intact our sector-leading capital position, while our liquidity profile significantly improved, as we witnessed strong deposit inflows in Greece and we have moved closer to the full elimination of ELA support. Our Euro 3.1 billion funding line in ECB was successfully maintained, despite the resulting suspension of waiver on Greek Government Bonds which were replaced with other eligible collateral.

Greece's exit from the 3rd Economic Adjustment Programme marks an important milestone for the economy. We have an opportunity to take advantage of the positive expectations for Greece, as the economy embarks on a growth path and capitalise on our membership in the Eurozone. It is essential that structural reforms continue to fully recover confidence in the Greek economy, lowering the borrowing costs for the Greek State and support the successful return to international capital markets."

KEY FINANCIAL DATA

(in Euro million)	Six Months ending (YoY)			Quarter ending (QoQ)		
	30.6.2018	**30.6.2017**	***YoY (%)***	**30.6.2018**	**31.3.2018**	***QoQ (%)***
Net Interest Income	902.8	976.1	*(7.5%)*	459.0	443.8	*3.4%*
Net fee & commission income	169.0	161.5	*4.6%*	84.6	84.4	*0.3%*
Income from financial operations	263.6	40.7	…	77.5	186.1	…
Other income	18.4	19.6	*(6.4%)*	10.3	8.1	…
Operating Income	1,353.8	1,198.0	*13.0%*	631.4	722.4	*(12.6%)*
Core Operating Income	**1,090.2**	**1,157.3**	***(5.8%)***	**553.9**	**536.3**	***3.3%***
Staff Costs	(234.1)	(235.8)	*(0.7%)*	(117.7)	(116.4)	*1.1%*
General Expenses	(255.4)	(254.7)	*0.3%*	(129.1)	(126.3)	*2.2%*
Depreciation & Amortisation expenses	(50.1)	(50.0)	*0.2%*	(25.1)	(25.1)	*0.0%*
Recurring Operating Expenses[1]	**(539.6)**	**(540.5)**	***(0.2%)***	**(271.8)**	**(267.8)**	***1.5%***
Integration costs	(0.2)	(1.2)	…	(0.1)	(0.1)	…
Extraordinary costs	(11.2)	(18.2)	…	(8.8)	(2.4)	…
Total Operating Expenses	**(551.0)**	**(559.8)**	***(1.6%)***	**(280.7)**	**(270.3)**	***3.9%***
Core Pre-Provision Income	**550.6**	**616.7**	***(10.7%)***	**282.1**	**268.5**	***5.0%***
Pre-Provision Income	**802.7**	**638.2**	***25.8%***	**350.7**	**452.1**	***(22.4%)***
Impairment Losses on loans	(649.5)	(463.4)	*40.2%*	(313.7)	(335.8)	*(6.6%)*
Other Impairment losses[2]	(50.0)			(43.0)	(6.9)	
Profit/ (Loss) Before Tax	**103.2**	**174.8**	**…**	**(6.1)**	**109.3**	**…**
Income Tax[3]	(91.0)	(56.8)	…	(46.8)	(44.1)	…
Profit/ (Loss) after income tax from continuing operations	**12.3**	**118.0**	**…**	**(52.9)**	**65.2**	**…**
Profit/ (Loss) after income tax from discontinued operations	0.0	(68.5)	…	0.0	0.0	…
Profit/ (Loss) After Tax	**12.3**	**49.5**	**…**	**(52.9)**	**65.2**	**…**
Profit/ (Loss) After Tax attributable to shareholders	**12.3**	**49.6**	**…**	**(52.9)**	**65.2**	**…**
	30.6.2018	**30.6.2017**		**30.6.2018**	**31.3.2018**	
Net Interest Margin (NIM)	3.0%	3.1%		3.1%	3.0%	
Recurring Cost to Income Ratio	49.5%	46.7%		49.1%	49.9%	
Common Equity Tier 1 (CET1)	18.5%	17.9%		18.5%	18.4%	
Loan to Deposit Ratio (LDR)	111%	132%		111%	116%	
	30.6.2018	**31.3.2018**	**31.12.2017**	**30.9.2017**	**30.6.2017**	***YoY (%)***
Total Assets	59,013	59,327	60,813	61,290	62,710	*(5.9%)*
Net Loans	41,207	41,524	43,318	43,567	43,785	*(5.9%)*
Securities	5,583	5,511	5,885	6,539	7,612	*(26.6%)*
Deposits	37,059	35,899	34,890	33,900	33,141	*11.8%*
Shareholders' Equity[4]	8,250	8,333	8,442	9,400	9,413	*(12.4%)*
Tangible Equity[3]	7,845	7,933	8,052	9,019	9,038	*(13.2%)*

[1] H1 2017 comparative figures have been restated due to reclassification of integration costs.
[2] Other impairment losses including Euro 35 million losses on modifications of contractual terms of loans and advances to customers for Q2 2018 and Euro 37 million for Q1 2018, which netted off with reversal of impairment losses on other financial instruments of Euro 30 million.
[3] Income tax affected by higher taxable, compared to accounting, profits and a one off tax expense of Euro 16 million derived from a recent amendment in Romanian legislation related to sales of loans.
[4] Figures as of December 2017 are pro forma for IFRS 9 adoption.

Key Developments and Performance Overview

As Greece exits the last of the three bail-out programmes, GDP growth is gathering momentum supported by tourism and export-oriented manufacturing sectors, while confidence is gradually recovering

Real GDP registered positive growth for fifth consecutive quarter and increased by 2.3% y-o-y in Q1 2018. The unemployment rate is declining, standing at 19.5% in May 2018, but a significant share of new jobs represents part-time and temporary employment. Exports of goods and services are flourishing, due to the increase of tourist arrivals as well as the improved competiveness in export-oriented manufacturing industries and favorable EU growth. The housing market is also recovering, with the house price index increasing for the first time since 2009, by 0.5% y-o-y in H1 2018. Real GDP is expected to hover around 2% in 2018 and accelerate modestly in 2019. Investment is expected to provide the largest contribution to growth in the following years, propelled by the ongoing privatisation programme and increasing confidence in the Greek economy. The latter is already evident by (i) the rise of Economic Sentiment Indicator in H1 2018, with remarkable increases in almost all sub-indices except business expectations in construction (ii) the gradual return of private sector deposits, registering an increase of Euro 5.5 billion (4.4%) in Jan-July 2018, (iii) Eurogroup's decision on debt relief measures that is expected to facilitate medium-term market access, allowing a significant reduction of the country's gross financing needs.

Given the above, the outlook remains broadly positive, although it may be affected by uncertainties originating from the external environment. The Turkish lira crisis and the concerns regarding the fiscal discipline of the new Italian government have caused volatility in the capital markets. The depreciation of the Turkish lira may impact Greece's external balance of goods and services. The aforementioned developments exert pressure on the Greek government to meet the policy commitments agreed with the partners and to proceed with the structural reforms and privatisation programme, in order to boost confidence in a volatile international environment.

Sector leading capital position with CET1 ratio at 18.5% at the end of Q2 2018

At the end of June 2018, Alpha Bank's **Common Equity Tier 1 (CET1)** stood at Euro 8.9 billion resulting in a CET1 ratio of 18.5%, up by 14 bps q-o-q, benefiting from the reduction of RWAs mainly from lower Credit risk, which more than offset the negative impact from the result for the period and the lower valuation of our AFS reserve. Our **fully loaded Basel III CET1** ratio taking into account the 5-year amortisation for the implementation of IFRS 9 stands at 15.5%. Deferred Tax Assets at the end of June 2018 stood at Euro 4.7 billion with the eligible amount to be converted to tax credit claims at Euro 3.3 billion. Tangible Book Value at the end of June 2018 was the highest among Greek banks, at Euro 7.8 billion. Tangible Book Value per Share stood at Euro 5.1.
Our **RWAs** at the end of June 2018 amounted to Euro 48.1 billion, down by 1.2% q-o-q or Euro 0.6 billion, mainly on the back of lower credit risk contribution.

Funding profile continues to improve despite ECB's waiver suspension

In Q2 2018, our **Central Bank reliance** decreased further by Euro 2 billion q-o-q, to Euro 5.9 billion, supported primarily by deposit inflows in Greece of Euro 1.2 billion and the increase of repos and other interbank transactions by Euro 0.9 billion. The Bank's reliance on ELA stood at Euro 2.5 billion at the end of June 2018, down by Euro 4.5 billion from year-end 2017 and Euro 8.9 billion y-o-y. In August 2018, ELA was reduced further to Euro 1.1 billion.

At the end of August 2018, our reliance on ECB remained intact at Euro 3.1 billion, despite ECB's suspension of waiver on August 21, following the exit from the programme, as the Bank successfully substituted Greek Government bonds and Treasury Bills with other ECB eligible assets.

Our open market repo transactions increased during Q2 2018 amounting to Euro 3.4 billion at the end of June 2018.

NII in Q2 2018 positively affected by funding improvement

Net Interest Income in Q2 2018 stood at Euro 459 million, up 3.4% q-o-q, or Euro 15.2 million, positively affected by funding improvement, mostly reflecting an interest income recognition for the Bank's participation in ECB's Targeted Long Term Refinancing Operations (TLTRO-II) programme as well as the continuous disengagement from ELA reliance.

Funding costs were down by Euro 25 million q-o-q, out of which Euro 16.7 million is a one-off effect of the retrospective application of the negative rate granted to Alpha Bank (-0.4% from 0%) due to the accomplishment of the objective related to TLTRO-II, and Euro 6 million stems from the lower ELA cost. On the asset side, lower average loan balances and spread reduction in Q2 2018 had a negative effect of Euro 7 million, whereas lower interest income from bonds contributed negatively Euro 9 million to our NII.

In H1 2018, gains from financial operations continued to support our Operating Income

Net fee and commission income stood at Euro 169 million in H1 2018, up by 4.6% y-o-y, on the back of increased revenues from cards, as well as a higher contribution of investment banking and brokerage. **Income from financial operations** amounted to Euro 263.6 million, compared to Euro 40.7 million in H1 2017, positively affected by trading gains primarily attributed to gains realisation from our Greek Government Bonds portfolio. **Other income** stood at Euro 18.4 million.

OPEX stable y-o-y

Recurring operating expenses remained effectively flat y-o-y and amounted to Euro 539.6 million, with the corresponding Cost to Income ratio at 49.5%. At the end of June 2018, **Personnel expenses** amounted to Euro 234.1 million, down by 0.7% y-o-y, due to headcount reduction. Group headcount was reduced from 11,923 in June 2017 to 11,836 Employees at the end of June 2018 (-0.7% y-o-y). In 2018, headcount reduction in Greece stood at 707 Employees, taking into account the Bank's Voluntary Separation Scheme (VSS), with an estimated annualised benefit of Euro 27 million. **General expenses** amounted to Euro 255.4 million, up by 0.3 % y-o-y. Group Network, at the end of June 2018, declined to a total of 656 Branches, from 680 in June 2017, on the back of the ongoing platform rationalisation in Greece.

NPEs down by Euro 2.4 billion and NPLs by Euro 2.3 billion in Greece, on a yearly basis; Coverage stable q-o-q at 50%

Our **NPE stock in Greece** contracted by Euro 2.4 billion y-o-y, bringing the total stock down to Euro 24.6 billion at the end of Q2 2018. The **NPE ratio** for the Group at the end of June 2018 stood at 51.9%, while NPE Coverage remained stable at 50%.

Our **NPL balances in Greece** also continued their negative trajectory with stock down by Euro 2.3 billion y-o-y, to Euro 16.5 billion.

At the end of June 2018, our **Group NPL ratio** stood at 35.6% vs 35.2% in the previous quarter. NPL coverage ratio stood at 73%, while the total coverage including collateral stood at 127%.

From a segmental perspective, at the end of June 2018, business, mortgages and consumer **NPL ratio** for the Group stood at 34.5%, 36.2% and 39%, while their cash coverage stood at 83%, 50% and 94%, respectively.

CoR at 232bps over gross loans in H1 2018

In Q2 2018, **impairment losses on loans** amounted to Euro 313.7 million, vs. Euro 335.8 million in Q1 2018, implying a CoR of 226bps over gross loans. **Other impairment losses** stood at Euro 43 million, mostly related to losses on modifications of loans, as the Bank continues the restructuring of non-performing loans.

At the end of June 2018, our **accumulated provisions** for the Group amounted to Euro 14.3 billion, while the ratio of loan loss reserves over gross loans stood at 25.8%.

Gross loans of the Group amounted to Euro 55.4 billion as of the end of June 2018, down by Euro 0.4 billion q-o-q, as a result of our continuous deleveraging efforts. Loan balances in Greece stood at Euro 47.5 billion down by Euro 0.3 billion q-o-q, while in SEE, loans amounted to Euro 7.7 billion, down by Euro 0.1 billion q-o-q.

Signs of corporate credit demand gradually picking up leads to new disbursements of Euro 1.3 billion in H1 2018

In H1 2018, Alpha Bank continued to support actively business ideas with positive prospects, which strengthen the country's infrastructure and export potential, as new disbursements of loans to corporates of the private sector, exceeded Euro 1.3 billion in the first half of 2018.

Deposit inflows in Q2 2018 of Euro 1.2 billion in Greece, with market share gain in households' deposits

In Q2 2018, our **Group deposit base** recorded inflows of Euro 1.2 billion. In Greece, deposit balances increased by Euro 1.2 billion or 4% q-o-q to Euro 31.5 billion, reflecting the further restoration of confidence and the easing of liquidity conditions in the economy, out of which, Euro 0.5 billion was attributed to inflows from households and Euro 0.7 billion from businesses. It should also be noted that domestic inflows from households outperformed the system-wide increase in Q2 2018, leading to a gain in the respective market share. Deposits in **SEE** reached Euro 4.8 billion at the end of June 2018, with outflows of Euro 32.1 million, mainly as a result of outflows from time deposits in our Cypriot operations.

The **Loan to Deposit Ratio** for the Group, at the end of June 2018, declined further to 111% from 116% at the end of Q1 2018 and respectively for Greece to 113%, down from 119% at the end of March 2018, significantly below our Loan to Deposit ratio target as per our restructuring plan.

Operations in SEE

In **SEE**, our Operating Income amounted to Euro 116.6 million in H1 2018, down by 17.7% y-o-y, adversely affected by the lower Net Interest Income as a result of lower loan volumes mainly in Cyprus as well as asset spread compression. Operating expenses came at Euro 84.4 million, up by 6.7% y-o-y. As a result, our Pre-Provision Income stood at Euro 32.2 million, down by 48.5% y-o-y.
In H1 2018, our SEE operations posted losses of Euro 119.6 million before tax, also negatively affected by the still elevated level of impairments of Euro 151.8 million, mainly related to our operations in Cyprus, implying a CoR of 390bps over gross loans. Total Branches in SEE stood at 186 at the end of June 2018.

In **Cyprus**, the loan portfolio in Q2 2018 amounted to Euro 4.8 billion (-9.1% y-o-y), while deposit balances increased by Euro 30 million y-o-y (+1.4% y-o-y) to Euro 2.2 billion. In **Romania**, loans balances decreased by Euro 213 million y-o-y to Euro 2.6 billion, while deposits increased by Euro 305 million y-o-y (+16.9% y-o-y) to Euro 2.1 billion. In **Albania,** loans stood at Euro 316 million, (-7.5% y-o-y) and deposits increased to Euro 482 million (+6.1% y-o-y). The **Loan to Deposit Ratio** in SEE operations has significantly improved to 109% at the end of June 2018 from 126% the previous year.

Athens, August 30, 2018

ALPHA BANK

Glossary

Reconciliation of key Management's definitions with 'Annual report (In accordance with Law 3556/2007)'

	Terms	Definition	Abbreviation
1	Accumulated Provisions or Loan Loss Reserve	Accumulated Impairment Allowance, as disclosed for credit risk monitoring purposes (note 41)	LLR
2	Core Operating Income	Operating Income (5) less Income from financial operations	
3	Gross Loans	Total gross amount of Loans and Advances to Customers, as disclosed for credit risk monitoring purposes (note 41)	
4	Impairment losses or Loan Loss Provisions	Impairment losses and provisions to cover credit risk	LLPs
5	Operating Income	Total income plus Share of profit/(loss) of associates and joint ventures	
6	Recurring Operating Expenses	Total Operating Expenses (7) less Integration, Extraordinary Costs and One-Offs	Recurring OPEX
7	Total Operating Expenses	Total expenses	Total OPEX

Alternative Performance Measures (APMs)

APMs	Definition	Abbreviation
Common Equity Tier 1 ratio (Fully-loaded)	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)	FL CET 1 ratio
Common Equity Tier 1 ratio (Phased-in)	Common Equity Tier 1 regulatory capital as defined by Regulation No 575/2013, as amended, based on the transitional rules, divided by total Risk Weighted Assets (RWAs)	CET1 ratio
Core Pre-Provision Income	Core Operating Income (2) for the period less Recurring Operating Expenses (6) for the period	Core PPI
Cost of Risk	Impairment losses (4) for the period divided by the average Gross Loans (3) of the relevant period	CoR
Forborne Exposures	Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties")	Forborne
Forborne Non Performing loans (under EBA)	Forborne non-performing exposures comprise the following: a) Exposures that are classified as non-performing due to the extension of forbearance measures b**)** Exposures that were non-performing prior to the extension of forbearance measures c) Forborne exposures which have been reclassified from the forborne performing category, either due to the extension of additional forbearance measures or due to becoming more than 30 days past-due	FNPEs
Loan Loss Reserves over Loans	Accumulated Provisions (1) divided by Gross Loans (4) at the end of the reported period	
Loan to Deposit ratio	Net Loans divided by Deposits at the end of the reported period	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	NIM
Net Loans	Gross Loans (3) at the end of the period less Accumulated Provisions (1) at the end of the period	
Non Performing Exposures	Non-performing exposures are those that satisfy either or both of the following criteria: a) 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	NPEs
Non Performing Exposure Coverage	Accumulated Provisions (1) divided by Non Performing Exposures (NPEs) at the end of the reference period	NPE (cash) coverage
Non Performing Exposure ratio	Non Performing Exposures (NPEs) divided by Gross Loans (3) at the end of the reference period	NPE ratio
Non Performing Exposure Total Coverage	Accumulated Provisions (1) including the value of the associated collaterals divided by Non Performing Exposures (NPEs) at the end of the reported period	NPE Total coverage
Non Performing Loans (under EBA)	The part of the Non Performing Exposures (under EBA) that are not classified as Forborne	EBA NPLs
Non Performing Loans (under IFRS)	Non Performing Loans (under IFRS) are considered those if one of the following conditions apply: a) Exposures which are more than 90 days past-due b) Exposures under Legal actions	NPLs
Non Performing Loan Coverage	Accumulated Provisions (1) divided by Non Performing Loans (under IFRS) at the end of the reference period	NPL (cash) Coverage
Non Performing Loan ratio	Non Performing Loans (under IFRS) divided by Gross Loans (3) at the end of the reference period	NPL ratio
Non Performing Loan Total Coverage	Accumulated Provisions (1) including the value of the associated collaterals divided by Non Performing Loans (under IFRS) at the end of the reference period	NPL Total Coverage
Pre-Provision Income	Operating Income (5) for the period less Total Operating Expenses (7) for the period	PPI
Recurring Cost to Income ratio	Recurring Operating Expenses (6) for the period divided by Core Operating Income (2) for the period	C/I ratio
Remedial Management Costs	Operational costs related to NPL management initiatives (eg. Collection costs, Legal costs, etc.)	
Risk Weighted Assets	Risk-weighted assets are the bank's assets and off-balance sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk	RWAs
Tangible Book Value per share	Tangible Book Value per share is the Total Equity attributable to shareholders excluding Goodwill and other intangible assets, minorities, hybrids and preference shares divided by the outstanding number of shares	TBV/share
Tangible Equity or Tangible Book Value	Tangible Equity is the Total Equity attributable to shareholders excluding goodwill, intangibles, minorities, hybrids, preference shares	TE or TBV
Unlikely to pay (under EBA)	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 (Article 178(3) of Regulation (EU) 575/2013)	UtP

The Bank

The Alpha Bank Group is one of the leading Groups of the financial sector in Greece. 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 constitutes a consistent point of reference in the Greek banking system with one of the highest capital adequacy ratios in Europe.

ENQUIRIES

Alpha Bank	**Finsbury**
Dimitrios Kostopoulos Manager Investor Relations Division	Edward Simpkins/Andrew Hughes Tel. +44 207 251 3801
Elena Katopodi Assistant Manager Investor Relations Division	
E-mail: ir@alpha.gr	
Tel: +30 210 326 2271 +30 210 326 2274 +30 210 326 2276	+30 210 326 2272 +30 210 326 2273 +30 210 326 2275