ALPHA BANK

BEST BANK IN GREECE EUROMONEY AWARDS FOR EXCELLENCE 2020

Press Release

Full Year 2020 Results: Solid Core pre-provision income performance driven by continued focus on cost discipline

Profit After Tax of Euro 103.7 million; Total Capital Ratio at 18.4%

Alpha Bank's CEO, Vassilios Psaltis stated:

"In a year of unprecedented disruption, Alpha Bank delivered a solid performance with Net Profit of Euro 103.7 million, after taking additional Euro 283 million of Covid related impairments, and achieved a Core Pre Provision Income of Euro 859 million, increased by 3.4% year-on-year.

We remained committed to our Strategic Plan and executed strongly on a multitude of targets. On the NPE deleveraging front, we signed an agreement with Davidson Kempner for our Project Galaxy, which comprises the sale of a Euro 10.8 billion securitization as well as an 80% stake in our servicer Cepal, along with an exclusive agreement for the management of our remaining NPE portfolio. On the capital front, we raised Euro 1 billion of Tier II in two transactions, bringing our Total Capital Ratio to a solid 16.9%, pro-forma for Galaxy. On the commercial front, we contributed Euro 5.6 billion to the Greek economy through new lending, a performance that we have not witnessed since 2008, whereby we participated in full to all government sponsored support programs for our customers. On the business development front, we entered into a long-term bancassurance partnership with Generali that will allow us to upgrade our ambition in the sale of insurance products to our Customers, especially through digital channels, while retaining the option to expand further into the pension and savings space.

As we are one full year into the pandemic, a special thanks goes to all our Employees for their continued resilience and hard work to service our Customers and to position our Bank in the best possible way as we envisage the exit from the crisis.

The conviction that Greece and the wider region will experience a strong recovery, supported by the reopening of the economy and the flows of the European recovery funds, as well as the superior delivery on our plan, give to our revamped senior management team increased confidence to work on an acceleration in meeting our ambition for a single digit NPE ratio in Greece and on upsizing our performance targets going forward, as we are kicking off the implementation phase of our wide-ranging transformation plan".

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Main Highlights

Alpha Bank's Project Galaxy, the 2nd largest rated NPE securitization in Europe, nears completion

- Alpha Bank entered into definitive agreements with Davidson Kempner over its Euro 10.8 billion Galaxy portfolio and the sale of an 80% stake in Cepal Holdings.
- Landmark transaction significantly de-risks Alpha Bank's balance sheet while the Bank maintains market-leading capital position.
- Post Galaxy, Alpha Bank's NPL ratio in Greece is reduced to 13%[1], and its NPE ratio to 24%[1]. Group NPL and NPE ratio post Galaxy, stand respectively at 16% and 26.5%.
- The transaction is expected to complete in Q2 2021, while the Hive-Down is also anticipated to conclude by April 2021, subject to receiving required customary approvals.
- The effect of Project Galaxy on Alpha Bank's Capital Adequacy Ratio falls within the Bank's budgeted capital envelope of c.280 bps.

Increased Commercial Activity in 2020

- The Bank remained committed to supporting the Greek economy with new disbursements in Greece of Euro 5.6 billion in 2020, up by 60% y-o-y. New credit year-to-date at Euro 0.6 billion.
- In 2020, the Group's performing book expanded by 5% to Euro 28.2 billion.
- Private sector deposits in Greece up by Euro 3.6 billion y-o-y, reflecting higher corporate and household saving.
- Our Fee Franchise remained resilient, generating Euro 335 million of Fees vs. Euro 340 million in 2019, despite the challenging environment due to the pandemic. In December 2020, the Bank entered into a long-term bancassurance partnership with Generali, which will be a key enabler for the acceleration of its bancassurance ambitions going forward.

Solid organic results and strong trading line in Q4

- Improved Core PPI performance at Euro 859 million, up by 3.4% y-o-y, driven by resilient core revenues and improved operational efficiencies.
- Strong Pre-Provision Income generation of Euro 1,434 million in 2020, up by 25% y-o-y or 3.6% over Net Loans.
- In Q4 2020, Alpha Bank recorded a strong trading line of Euro 430 million, driven by realized gains from its GGBs portfolio and benefitting from a GGB swap arrangement with the Greek State completed in December 2020, which resulted in a gain of Euro 171 million. In 2020, Total Trading income reached Euro 690 million vs. Euro 410 million in 2019.
- Impairment Losses on Loans of Euro 1,306 million vs. Euro 995 million last year, or 3.3% over net loans, materially affected by Euro 283 million of impairments to account for the anticipated Covid-19 impact and further NPE management actions.
- Despite Covid-19 headwinds, Profit After Tax stood at Euro 104 million in 2020 vs. Euro 105 million in 2019.

Capital - Liquidity Position and Coverage

- Strong capital base with Total Capital Ratio at 18.4%, up by 10bps q-o-q, and a CET1 of 17.3% as at end December 2020.
- In March 2021, Alpha Bank optimized its capital structure further with a successful Euro 500 million Tier II bond issuance, strengthening its Total Capital Ratio by circa 1.25%. Pro forma for Galaxy and recent Tier II issuance Total Capital Ratio at 16.9%, providing flexibility to continue NPE de-risking actions.
- Loan to Deposit Ratio at the end of December 2020 declined to 90% from 96% the previous quarter, while the Group's Liquidity Coverage Ratio (LCR) reached 151.3%, far exceeding the regulatory threshold.
- TLTRO III participation at Euro 11.9 billion, expected to provide a substantial improvement to funding cost.
- Group NPE cash coverage stands at 50% and in Greece at 48%. Group NPL coverage ratio stands at 85%, while total coverage including collateral is at 127%[2].

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[1] Pro-forma ratios are as of 31.12.2020 taking into account the senior notes.
[2] Pro-forma for Galaxy.

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KEY FINANCIAL DATA

(in Euro million)	Twelve months ending (YoY)			Quarter ending (QoQ)		
	31.12.2020	31.12.2019	YoY (%)	31.12.2020	30.09.2020	QoQ (%)
Net Interest Income	1,541.6	1,547.3	*(0.4%)*	388.0	381.8	*1.6%*
Net fee & commission income	335.3	340.1	*(1.4%)*	83.8	84.8	*(1.2%)*
Income from financial operations[1,2]	690.0	409.6	…	429.7	42.5	…
Other income	24.4	24.3	…	5.0	7.0	…
Operating Income	2,591.4	2,321.3	*11.6%*	906.5	516.1	*75.6%*
Core Operating Income	**1,901.4**	**1,911.7**	***(0.5%)***	**476.8**	**473.6**	***0.7%***
Staff Costs	(434.4)	(458.8)	*(5.3%)*	(113.7)	(107.3)	*6.0%*
General Administrative Expenses	(453.0)	(477.2)	*(5.1%)*	(120.5)	(117.1)	*2.9%*
Depreciation & Amortisation	(154.5)	(144.5)	*6.9%*	(39.4)	(39.2)	*0.3%*
Recurring Operating Expenses	**(1,042.0)**	**(1,080.5)**	***(3.6%)***	**(273.6)**	**(263.6)**	***3.8%***
Extraordinary costs	(115.84)	(94.20)	…	(95.9)	(5.0)	…
Total Operating Expenses[3]	**(1,157.8)**	**(1,174.7)**	***(1.4%)***	**(369.4)**	**(268.6)**	***37.5%***
Core Pre-Provision Income	**859.4**	**831.2**	***3.4%***	**203.2**	**210.0**	***(3.2%)***
Pre-Provision Income	**1,433.6**	**1,146.6**	***25.0%***	**537.1**	**247.5**	***117.0%***
Impairment Losses on loans	(1,306.1)	(994.8)	*31.3%*	(569.5)	(168.6)	*237.8%*
Other Impairment Losses	(13.4)	4.4	…	1.3	(2.0)	
Profit/ (Loss) Before Income Tax	**114.1**	**156.2**	***(27.0%)***	**(31.1)**	**77.0**	***(140.4%)***
Income Tax	(10.1)	(50.8)	…	1.5	(32.7)	…
Profit/ (Loss) After Income Tax	**103.9**	**105.4**	***(1.4%)***	**(29.6)**	**44.3**	***(166.8%)***
Profit/ (Loss) After Tax attributable to Equity owners of the Bank	**103.7**	**105.3**	***(1.5%)***	**(29.7)**	**44.3**	***(167.1%)***
	31.12.2020	31.12.2019		31.12.2020	30.09.2020	
Net Interest Margin (NIM)	2.3%	2.5%		2.2%	2.2%	
Cost to Income Ratio (Recurring)	54.8%	56.5%		57.4%	55.7%	
Common Equity Tier 1 (CET1)	17.3%	17.9%		17.3%	17.2%	
Total Capital Ratio	18.4%	17.9%		18.4%	18.3%	
Loan to Deposit Ratio (LDR)	90%	97%		90%	96%	
	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	YoY (%)
Total Assets	70,057	68,564	68,620	66,630	63,458	*10.4%*
Net Loans	39,380	39,808	39,428	39,767	39,266	*0.3%*
Securities	10,081	10,473	9,907	9,058	8,703	*15.8%*
Deposits	43,831	41,657	40,868	41,894	40,364	*8.6%*
Equity	8,289	8,415	8,357	8,236	8,432	*(1.7%)*
Tangible Book Value	7,687	7,834	7,835	7,714	7,939	*(3.2%)*
Asset Quality	Group 31.12.2020	Pf Galaxy Group 31.12.2020		Greece 31.12.2020	Pf Galaxy Greece 31.12.2020	
NPL	14,626	6,785		12,545	4,704	
NPE	20,901	11,425		18,262	8,785	
NPL ratio (%)	30%	16%		29%	13%	
NPE ratio (%)	43%	26%		43%	24%	

[1] Trading income in Q3 2020 includes Euro 14.3 million gain resulted from the valuation at fair value of Cepal before the full acquisition of the company's control. Respectively, in Q4 2020, it includes trading gain of Euro 171 million that resulted from GGB swap and Euro 42 million from the sale of investment in Mastercard.
[2] Trading income restated figures relate to the effect from the reclassification of Visa shares from FVOCI to FVTPL.
[3] CEPAL's consolidation impacted Recurring Expenses by Euro 12 million and Euro 17.4 million for Total Expenses in 2020.

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Key Developments and Performance Overview

Smaller-than-expected economic contraction in 2020; sizeable fiscal stimulus prevented employment losses, supported businesses' liquidity and preserved households' disposable income

Real GDP shrank by 8.2% in 2020, better than last available forecasts. Economic activity continued to recover in Q4 2020 (2.7% q-o-q) and combined with the upward revisions of Q2 and Q3 figures resulted in a milder recession in 2020. On an annual basis, real GDP fell by 7.9% in Q4, fuelled by a drop in net exports and private consumption, while public consumption made a positive contribution.

The strong fiscal impetus, orientated towards job retention and liquidity provision to businesses, effectively moderated output losses, preventing a hike in the unemployment rate and offering breathing space to firms. Furthermore, the sizeable fiscal policy stimulus led, inter alia, to a pick-up in private sector deposits in the domestic banking system of Euro 20 billion in 2020, supporting private debt servicing capacity.

Real GDP is expected to partially rebound in 2021. The magnitude of the recovery is expected to be determined by the pathway of the pandemic, the timely funding from the Next Generation EU, the gradual lifting of fiscal handouts in the aftermath of the pandemic and the speed of the vaccination programs, not only in Greece but also in the countries of origin for inbound tourist flows which could liberate the next tourist season from social distancing guidance and travel restrictions.

Seamless delivery of a highly complex, landmark transaction

Project Galaxy, **the second largest rated NPE securitization in Europe**, including the sale of our wholly-owned servicer CEPAL, has entered into the final stages of the transaction process: Following a competitive sale process, the Bank announced on February 22, 2021 that it had signed binding agreements with funds managed by Davidson Kempner European Partners LP for the sale of 80% of CEPAL alongside a 51% of the mezzanine and the junior notes issued under Project Galaxy. Moreover, Alpha Bank has entered into an exclusive long-term SLA with New CEPAL, with a term of 13 years with a right to extend, for the Management of its existing Retail and Wholesale NPEs in Greece of Euro 8.9 billion, as well as of any future flows of similar assets and early collections. New CEPAL will also manage the Euro10.8 billion of exposures under the Galaxy Securitizations and Euro 4.6 billion[1] exposures of third-party investors, thus creating the largest NPL servicer in the Greek market. Transaction closing, subject to customary regulatory approvals, is targeted within Q2 2021. In parallel, completion of the Hive-Down is also anticipated to take place by April 2021, subject to also receiving the required corporate and regulatory approvals. Finally, distribution of the Galaxy notes to shareholders is anticipated to take place in H2 2021.

Significantly improved asset quality position post-Galaxy allows for a de-escalation of CoR

This landmark transaction will materially transform Alpha Bank's balance sheet, bringing the NPE and NPL ratios in Greece down to 24% and 13% respectively, a decrease from 43% and 29% as of December 2020. It also paves the way for a significant de-escalation of the Cost of Risk going forward, allowing the Bank to continue its transformation plan towards its stated profitability targets.
The impact of Project Galaxy on Alpha Bank's Capital Adequacy Ratio falls within the Bank's budgeted capital envelope of c.280 bps.

[1] Gross Book Value.

Alpha Bank successfully completed a Tier II bond issuance with a 5.5% coupon for an amount of Euro 500 million, further optimizing its capital structure

On March 4, 2021, Alpha Bank successfully completed a Euro 500 million **Tier II bond** issuance with 10.25-year maturity, callable anytime between year 5 and year 5.25 with a coupon of 5.5%, listed on the Luxembourg Stock Exchange – EuroMTF Market. Despite volatile markets, the issue received strong institutional support and was subscribed by a diverse range of institutional investors. This transaction marks the second consecutive issuance for Alpha Bank, supporting the tightest priced Tier II capital layer among Greek Financial Institutions. The issuance optimizes the Bank's capital structure and diversifies its capital sources while further strengthening the Total Capital ratio by circa 1.25% (pro-forma for Galaxy).

Strong capital base with Total Capital Ratio at 18.4%, or 16.9% pro forma for Galaxy and recent Tier II issuance, provides appropriate headroom to pursue further NPE reduction efforts

At the end of December 2020, Alpha Bank's **Transitional Common Equity Tier 1 (CET1)** stood at Euro 7.8 billion, resulting in a **CET1 ratio** of 17.3%, up by 10bps q-o-q as the negative impact from quarterly profitability and a decrease of FVOCI reserves - mainly due to the crystallization of gains from our investment securities portfolio - were more than offset by a reduction in RWAs and the implementation of the ECB's proposed CRR "quick-fix" amendments. The Group's **Fully Loaded Basel III CET 1** was up q-o-q by 20bps to 14.8%.

Total Capital Ratio came to 18.4% at the end of 2020, providing a buffer of Euro 2 billion over our Overall Capital Requirement (OCR) of 14%[1]. Following the Bank's successful Tier II issuance, completed in March 2021 and also taking into account the Galaxy impact of 280bps, Total Capital ratio remains strong at 16.9%, still maintaining comfortable buffers versus the regulatory requirements, as the balance sheet of the Bank normalizes.

Tangible Equity stood at Euro 7.7 billion at the end of December 2020, or Euro 5.7 billion pro-forma for Galaxy. Tangible Book Value per Share came to Euro 5.0 and to Euro 3.7 post-Galaxy.

RWAs at the end of December 2020 amounted to Euro 45.4 billion, down by 1.5% q-o-q or Euro 0.7 billion, mainly due to a lower credit risk contribution.

New disbursements in Greece of Euro 5.6 billion, providing significant support to the economy

Throughout a year of unprecedented disruption, Alpha Bank provided significant support to the Greek economy and helped its Customers to withstand the uncertainty. In 2020, **new disbursements** in Greece, including the utilization of State sponsored schemes, increased by circa 60% y-o-y to Euro 5.6 billion vs. Euro 3.5 billion in 2019, distributed to sectors including manufacturing, trade, transportation, energy and tourism. More specifically, the Bank has proactively supported its Business Customers to help them access funding programs sponsored by the Greek Government, the Hellenic Development Bank and the European Union. To this end, the total disbursements to Businesses under the "Entrepreneurship Fund II" program stood at Euro 0.4 billion, while total new financing under the "State Guaranteed" Sponsored Program for Businesses came to Euro 1 billion.

Gross loans of the Group amounted to Euro 49.1 billion as of the end of December 2020, stable q-o-q. In Greece, Loan balances increased by Euro 0.8 billion y-o-y to Euro 42.5 billion. As a result, in 2020, the Group's performing book expanded by 5% or Euro 1.3 billion y-o-y to Euro 28.2 billion.

[1] According to our Overall Capital Requirement (OCR) pre Relief Measures. Excluding Counter Cyclical Buffer of 2.5% and OS-II Buffer of 0.5% the buffer, the Buffer over OCR (11%) stands at Euro 3.4 billion.

Group deposit inflows of Euro 3.6 billion in 2020

In Q4 2020, our **Group deposit base** expanded by Euro 2.2 billion to Euro 43.8 billion (+5.2%). More specifically, in Greece, deposit balances recorded inflows of Euro 2.2 billion (+6.2%) stemming mainly from businesses. On a year-on-year basis, our **deposit base in Greece** recorded inflows of Euro 3.6 billion (+8.6%) reflecting higher corporate and household saving. **Deposits in SEE** stood at Euro 5.8 billion at the end of December 2020.

Improving liquidity metrics; further reduction on funding costs expected

At the end of December 2020, **Eurosystem funding** remained stable at Euro 11.9 billion, reflecting the full utilization of our TLTRO III borrowing allowance. Benefiting from the low cost liquidity from the ECB, the Bank's blended funding cost remained in negative territory in Q4 2020 (-4 bps) and is expected to trend lower as the Bank anticipates to benefit from the -1% interest rate, assuming fulfilment of the target set under TLTRO-III guidelines. The Bank's repo portfolio amounted to Euro 0.5 billion at the end of December 2020 vs. Euro 6.3 billion at the end of 2019.

At the end of December 2020, the **Group's Loan to Deposit Ratio** declined to 90%, from 97% the previous year, while the Group's Liquidity Coverage Ratio (LCR) reached the 151.3% level, far exceeding the regulatory threshold.

Resilient Net Interest Income Performance (-0.4% y-o-y) despite adverse conditions due to Covid-19

Despite Covid-19 headwinds, **Net Interest Income** was resilient (-0.4%) y-o-y, at Euro 1,541.6 million vs. Euro 1,547.3 million in 2019, as a result of improved funding cost mainly stemming from the substitution of interbank repos with Eurosystem funding at lower rates, fully counterbalancing lower Loan NII due to spread pressure.

In Q4 2020, **Net Interest Income** stood at Euro 388 million, up by 1.6% q-o-q on higher contribution from the asset-side.

More specifically, on the asset side, higher average loan balances off the back of increased business loans disbursements positively impacted NII by Euro 5.1 million, alongside improved lending spreads affected by the market rate movement. Moreover, the positive effect from Bonds and Other amounted to Euro 4.1 million.

On the liability side, increased deposit balances and more negative market rates partially offset by lower deposit rates led to a negative impact on NII of Euro 3 million.

Net Interest Margin remained stable q-o-q at 2.2%.

In 2020, Fee and Commission income performance reflects the disruption in transactions due to Covid-19

Net fee and commission income stood at Euro 335.3 million in 2020, a yearly decrease of 1.4% (or Euro 4.8 million), primarily reflecting decreased fee generation from commercial banking activities due to the reduced volume of transactions due to the pandemic and partially offset by an enhanced contribution of asset management and bancassurance.

In Q4 2020, **Net fee and commission income** stood at Euro 83.8 million, down by 1.2% compared to Q3 2020, primarily as a result of weaker performance of the card business (down by Euro 6 million q-o-q), on the back of reduced transactions due to the lockdown. This was partially offset by higher loan commissions following increased disbursements and increased fee generation from asset management.

In 2020, our strong trading line supported our Operating Income

In Q4 2020, **income from financial operations** amounted to Euro 429.7 million, mostly due to gains realization from the Greek Government Bonds portfolio. From the recorded gains, an amount of Euro 171 million is related to gains from a GGB swap[1] with the Greek State completed in December 2020 and Euro 42 million is related to gains recorded from the sale of the Group's investment in Mastercard. In 2020, Total Trading income reached Euro 690 million vs. Euro 409.6 million in 2019. **Other income** stood at Euro 24.4 million in 2020.

Cost reduction delivery sustained momentum, with Recurring OPEX down by 3.6% y-o-y, leading to improved operational efficiency

Recurring operating expenses for the Group declined by 3.6% y-o-y or Euro 38.5 million to Euro 1,042 million, primarily because of lower Staff Costs due to headcount reduction and reduced General Expenses. As a result, the corresponding Cost to Income ratio declined to 54.8% vs. 56.5% last year, improving operational efficiency. In Greece, Recurring Operating Expenses declined by 3.7% y-o-y to Euro 834 million.

In 2020, **Personnel expenses** amounted to Euro 434.4 million, down by 5.3% y-o-y, mainly reflecting the impact from the Bank's headcount reduction due to the Voluntary Separation Scheme (VSS) implemented in our operations in Greece in 2019. In December 2020, Group headcount stood at 9,712[2].

General expenses declined by 5.1% y-o-y to Euro 453 million, due to lower NPL remedial management costs as well as off the back of cost cutting measures to reduce third party spend, marketing and other core expenses. In 2020, the **depreciation** charge stood at Euro 154.5 million, up by 6.9% year-on-year, mostly attributable to intangible assets increase due to investments in IT.

The **Group Network**, as at the end of December 2020, declined to a total of 519 Branches from 580 a year ago, as a result of the ongoing platform rationalization. As of December 2020, the number of Branches in Greece stood at 336. Despite the decrease in Branches, annual productivity on a per Branch level has improved with higher retail loan disbursements as well as an increased market share in deposits.

A shift towards a more digital and leaner operating model

The accelerated migration of Alpha Bank's Customers to digital channels continued unabated throughout 2020, due to the prolonged lockdown, resulting in increased digital sales penetration, with 92% of the Bank's monetary transactions performed via digital channels, as opposed to 87% the previous year. Additionally, new e-banking subscribers reached 336,000 in 2020, while the share of new e-banking subscribers through mobile onboarding (without visiting a Branch) almost doubled to 45% vs. 26% in 2019. Usage of mobile banking exhibited steady growth in 2020 as active users increased by 45% to 792K, while monetary transactions performed through mobile banking registered an annual increase of around 68% in 2020, reaching over 13 million. Moreover, active users of all digital wallets offered by the Bank, including Apple Pay, myAlpha Wallet, and Garmin Pay service for payments through smartwatches, reached almost 150,000 since launch, with respective transactions at approximately 3.5 million.

Group NPEs down by Euro 0.9 billion y-o-y

Our **NPE stock in Greece** declined by Euro 0.6 billion, on the back of curings and repayments, which continued throughout 2020 despite the pandemic, however at a lower pace.

At the end of December 2020, the **NPE ratio in Greece** pro-forma for Galaxy stands at 24%[3]. On a Group level, the **NPE ratio** pro-forma for Galaxy at the end of December 2020 stood at 26.5%.

NPL balances in Greece declined by Euro 0.4 billion y-o-y. Pro forma for Galaxy, Alpha Bank's **NPL ratio in Greece** down to 13%[3] over total loans, and to 16% on a Group level.

[1] In December 2020, Greek Government Bonds of Euro 1,941 million book value were exchanged with GGBs of fair value Euro 1,644 million with maturity on 20.3.2050, and cash received of Euro 468 million, resulting in trading gains of Euro 171 million.
[2] Excluding 816 Employees transferred to CEPAL.
[3] Pro-forma ratios are as of 31.12.2020 taking into account the senior notes.

Impairments rise q-o-q to account for future NPE reduction initiatives

In Q4 2020, **impairment losses on loans** stood at Euro 569.5 million vs. Euro 168.6 million in the previous quarter, materially affected by additional impairments to account for the Bank's anticipated NPE transactions. As a result, in Q4 2020, **CoR** stood at 5.8% over net loans vs. 1.7% in the previous quarter.

In 2020, **impairment losses on loans and advances** reached Euro 1,306.1 million, or 3.3% over net loans, with Covid-19 related provisions of Euro 283 million. Excluding the impact of Covid-19, CoR in 2020 stood at 2.6% over net loans. **Other impairment losses** registered in 2020 at Euro 13.4 million.

Group NPE Coverage raised to 50%, post Galaxy

As a result, at the end of December 2020, the **Group NPE cash coverage** post Galaxy increased to 50% and for Greece to 48%. Likewise, **Group NPL coverage ratio** post Galaxy increased to 85%, while total coverage including collateral came to 127%.

At the end of December 2020, **accumulated provisions** for the Group amounted to Euro 9.8 billion, while for Greece specifically this stood at Euro 8.3 billion.

Operations in SEE

In **SEE**, our **Operating Income** for 2020 amounted to Euro 255 million, down by 4.8% y-o-y, negatively affected by pressure on Net Interest Income as a result of lower loan volumes, as well as a decrease in other income due to lower asset disposals versus the same period in 2019, partly counterbalanced by an increase in commission income by Euro 2.4 million, up by 7.5% y-o-y.

Operating expenses[1] came to Euro 195.4 million, effectively flat q-o-q (-0.2%). **Pre-Provision Income** stood at Euro 59.6 million, down by 17.1% y-o-y. In 2020, our SEE operations posted losses of Euro 110.2 million before Tax, driven from Cyprus mainly due to higher impairment charges linked with updated macro parameters related to Covid-19 and credit risk model adjustments.

The **Loan to Deposit Ratio in SEE** operations stood at 89.8% at the end of December 2020, down from 93.7% the previous year.

In **Cyprus**, the loan portfolio at the end of 2020 stood at Euro 3.3 billion (-8.7% y-o-y), with the decrease driven by NPE management actions, while deposit balances decreased by Euro 79 million y-o-y (-3.7% y-o-y) to Euro 2.1 billion. Total Revenues decreased by 7.6% y-o-y to Euro 97.6 million, mainly driven by reduced loan volumes and partially counterbalanced by the positive impact of deposit repricing. Operating Expenses[1] were Euro 72.1 million (+9% y-o-y), affected the reinstatement of the Deposit Guarantee Fund contribution and increased expenses for NPE management. Profit before Tax for the period stood at Euro -132.1 million negatively affected by an impairment charge of Euro 157.6 million.

In **Romania**, loan balances remained flat y-o-y to Euro 2.6 billion, while deposits amounted to Euro 2.6 billion, pointing to an annual increase of Euro 50 million (+1.9% y-o-y) as a result of inflows from households.
Total Revenues stood at Euro 137.8 million (-2.8% y-o-y) negatively affected by non-banking activities. Operating Expenses stood at Euro 105 million, down by 7% y-o-y, on the back of reduced G&As, driven mostly by lower marketing expenses and a lower Deposit Guarantee Fund contribution. Profit before Tax for 2020 stood at Euro 21.3 million and was positively affected by a large decrease in impairment charge, due to c. Euro 15 million impairment reversals from the NPE wholesale portfolio.

[1] Excluding Euro 26.2 million VSS cost, Euro 11.3 million one-off impairment on fixed assets and Euro 5 million related to NPE Management actions.

In **Albania,** loans stood at Euro 282 million (-4.7% y-o-y) while deposits amounted to Euro 512 million (-2.7% y-o-y). Total Revenues amounted to Euro 19.6 million and Operating Expenses stood at Euro 18.3 million, while the Albanian operations registered Profit before Tax of Euro 0.5 million in 2020.

Athens, March 23, 2021

Glossary

Terms	Definitions	Relevance of the metric	Reference number	Abbreviation
Accumulated Provisions and FV adjustments	The item corresponds to (i) "the total amount of provision for credit risk that the Group has recognised and derive from contracts with customers", as disclosed in the Consolidated Financial Statements of the reported period and (ii) the Fair Value Adjustments.	Standard banking terminology	1	LLR
Impairment losses on loans	The figure equals "Impairment losses and provisions to cover credit risk on loans and advances to customers" as derived from the Consolidated Financial Statements of the reported period	Standard banking terminology	10	LLP
"Income from financial operations" or "Trading Income"	The figure is calculated as "Gains less losses on derecognition of financial assets measured at amortised cost" plus "Gains less losses on financial transactions and impairments on Group companies" as derived from the Consolidated Income Statement of the reported period.	Standard banking terminology	3	
Core Operating Income	Operating Income less Income from financial operations less management adjustments on operating income for the corresponding period. Management adjustments are: Euro -9.7 million related to Goodwill impairment of an associated company in Q1 19 and Euro 13.0 million related to Insurance company compensation in Q4 18.	Profitability metric	5=4-3	
Core Pre-Provision Income	Core Operating Income for the period less Recurring Operating Expenses for the period.	Profitability metric	5-7	Core PPI
Cost of Risk	Impairment losses on loans for the period divided by the average Net Loans of the relevant period. Average balances is defined as the arithmetic average of balance at the end of the period and at the end of the previous period.	Asset quality metric	10/9 (avg)	CoR
Deposits	The figure equals "Due to Customers" as derived from the Consolidated Balance Sheet of the reported period.	Standard banking terminology	8	
Extraordinary costs	The figure equals the management adjustments on operating expenses.	Standard banking terminology		
Fair Value adjustments	The item corresponds to the accumulated Fair Value adjustments for non-performing exposures measured at Fair Value Through P&L (FVTPL).	Standard banking terminology		FV adj.
Fully-Loaded Common Equity Tier 1 ratio	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)	Regulatory metric of capital strength		FL CET 1 ratio
Gross Loans	The item corresponds to "Loans and advances to customers", as reported in the Consolidated Balance Sheet of the reported period, gross of the "Accumulated Provisions and FV adjustments", excluding the accumulated provision for impairment losses on off balance sheet items, as disclosed in the Consolidated Financial Statements of the reported period.	Standard banking terminology	2	
Loan to Deposit ratio	Net Loans divided by Deposits at the end of the reported period.	Liquidity metric	9/8	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. Average balances is defined as the arithmetic average of balance at the end of the period and at the end of the previous period.	Profitability metric		NIM
Net Loans	The figure equals "Loans and advances to customers" as derived from the Consolidated Balance Sheet of the reported period.	Standard banking terminology	9	
Non Performing Exposures Collateral Coverage	Value of the NPE collateral divided by NPEs at the end of the reference period.	Asset quality metric	13	NPE collateral Coverage
Non Performing Exposure Coverage	Accumulated Provisions and FV adjustments divided by NPEs at the end of the reference period.	Asset quality metric	14=1/12	NPE (cash) coverage
Non Performing Exposure ratio	NPEs divided by Gross Loans at the end of the reference period.	Asset quality metric	12/2	NPE ratio
Non Performing Exposure Total Coverage	Accumulated Provisions and FV adjustment plus the value of the NPE collateral divided by NPEs at the end of the reported period. NPE Total coverage equals the sum of NPE coverage and NPE collateral coverage.	Asset quality metric	13+14	NPE Total coverage
Non Performing Exposures	Non-performing exposures are defined according to "EBA ITS on forbearance and Non Performing Exposures" as exposures that satisfy either or both of the following criteria: a) material 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.	Asset quality metric	12	NPEs
Non Performing Loan Collateral Coverage	Value of collateral received for Non Performing Loans divided by NPLs at the end of the reference period.	Asset quality metric	16	NPL collateral Coverage
Non Performing Loan Coverage	Accumulated Provisions and FV adjustments divided by NPLs at the end of the reference period.	Asset quality metric	17=1/15	NPL (cash) Coverage
Non Performing Loan ratio	NPLs divided by Gross Loans at the end of the reference period.	Asset quality metric	15/2	NPL ratio
Non Performing Loan Total Coverage	Accumulated Provisions and FV adjustments plus the value of the NPL collateral divided by NPLs at the end of the reference period. NPL Total coverage equals the sum of NPL coverage and NPL collateral coverage.	Asset quality metric	16+17	NPL Total Coverage
Non Performing Loans	Non Performing Loans are Gross loans that are more than 90 days past-due.	Asset quality metric	15	NPLs
Operating Income	The figure is calculated as "Total Income" plus "Share of profit/(loss) of associates and joint ventures" as derived from the Consolidated Income Statement of the reported period, taking into account the impact from any potential restatement as described in Note 32 of the Consolidated Financial Statements.	Standard banking terminology	4	
Other impairment losses	The figure equals "Impairment losses on other financial instruments" as derived for the Consolidated Financial Statements of the reported period.	Standard banking terminology		
Other Income	This item corresponds to the sum of "Dividend income", "Other income" and "Share of profit/(loss) of associates and joint ventures", as defined in the Consolidated Balance Sheet of the reported period.	Standard banking terminology		
Pre-Provision Income	Operating Income for the period less Total Operating Expenses for the period	Profitability metric	4-6	PPI
Recurring Cost to Income ratio	Recurring Operating Expenses for the period divided by Core Operating Income for the period.	Efficiency metric	7/5	C/I ratio
Recurring Operating Expenses	Total Operating Expenses less management adjustments on operating expenses. Management adjustments on operating expenses include events that do not occur with a certain frequency, and events that are directly affected by the current market conditions and/or present significant variation between the reporting periods, and are quoted in the appendix of the Financial Report.	Efficiency metric	7	Recurring OPEX
Securities	This item corresponds to the sum of "Investment securities" and "Trading securities", as defined in the Consolidated Balance Sheet of the reported period.	Standard banking terminology		
Shareholders' Equity	This item corresponds to "Equity attributable to equity owners of the Bank", as defined in the Consolidated Balance Sheet of the reported period.	Standard banking terminology		
Tangible Book Value (or Tangible Equity)	TBV (or TE) is the sum of "Total Equity" less "Goodwill and other intangible assets", less "Non-controlling interests" and less "hybrid securities", as defined in the Consolidated Balance sheet at the reported period.	Standard banking terminology		TBV or TE
Tangible Book Value (or Tangible Equity) per share	Tangible Book Value (or Tangible Equity) divided by the outstanding number of shares.	Valuation metric		TBV/share
Total Assets	The figure equals "Total Assets" as derived from the Consolidated Balance Sheet of the reported period taking into account the impact from any potential restatement, as described in Note 32 of the Consolidated Financial Statements.	Standard banking terminology	11	TA
Total Operating Expenses	The figure equals "Total expenses before impairment losses and provisions to cover credit risk" as derived from the Consolidated Income Statement of the reported period taking into account the impact from any potential restatement, as described in Note 32 of the Consolidated Financial Statements.	Standard banking terminology	6	Total OPEX

The Bank

The Alpha Bank Group is one of the leading Groups of the financial sector in Greece, 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 and 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.

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