ALPHA SERVICES AND HOLDINGS

EUROMONEY AWARDS FOR EXCELLENCE 2021 GREECE BEST BANK

Press Release

H1 2021 Results: Normalised[1] Profit After Tax of Euro 213 million; Material improvement of CoR in Q2, ahead of FY 2021 target

Alpha Bank's CEO, Vassilios Psaltis stated:

"In May, we embarked on a game-changing transaction for the Greek banking landscape, as we decided to proceed with the first growth-oriented Share Capital Increase since 2008, raising Euro 800 million. With overwhelming support from our shareholders, we have very successfully completed this capital raising endeavour, and have firmly positioned our Bank as a leading partner to our customers, supporting them to benefit from the strong growth impetus from the forthcoming deployment of the RRF funds.

Our focus is now fully on the implementation of Project Tomorrow. Following the completion in June of the second largest rated NPE securitization in Europe (Project Galaxy), we are already making excellent progress on our plan to further reduce NPEs, by progressing multiple transactions in excess of Euro 8 billion in Greece and Cyprus even ahead of schedule, with an aim of reaching a 7% Group NPE ratio in 2022.

Our strong quality balance sheet delivered, once again, a best-in-class performance among our Greek peers in the ECB's 2021 Stress Test, with the highest ending CET1 FL ratio under the adverse scenario of 8.3%, jumping to 10.2% pro forma for the capital increase.

On the business development front, our strategy to partner with internationally reputable players in selected fields to deliver a compelling value proposition to our customers is progressing swiftly. Following the establishment of a new partnership with Generali in bancassurance, we shifted our attention to the area of payments, where we agreed with Nexi, a leading European paytech company, to enter into a long-term strategic partnership. Furthermore, in real estate, we are launching a process to identify the right partner to maximise our value potential in this field.

In the first half of the year, our commercial activity in Greece also excelled. Net credit expansion stood at Euro 0.4 billion, while we are building a strong pipeline that will allow us to meet, and even exceed, this year's target. We have also made strong inroads in asset gathering: deposit additions reached Euro 1.3 billion, while we added Euro 0.8 billion of AUMs[2]. These intense efforts allowed for a first half core pre-provision income of Euro 463 million and a normalised profit after tax of Euro 213 million, vs. Euro 66 million last year. Our total capital ratio, post Galaxy and the capital increase, is at 17.4%, with CET1 at 14.8%, allowing us to credibly support the expansion of our loan book.

The strong recovery in tourism and the timely inflow of the first RRF funds give us confidence that Greece is back on a growth trajectory. Alpha Bank is on track to meet its ambitious targets and management is fully committed and excited to grasp all opportunities of this new phase of expansion."

[1] Normalised Profit After Tax in H1 2021, adjusted for losses related to Project Galaxy of Euro 2.1 billion and excluding gains on financial transactions of Euro 91 million, non-recurring expenses of Euro 173 million, transactions related impairment losses of Euro 351 million and tax of Euro 21 million.

[2] Non Money Market AUMs.

Main Highlights

Solid Commercial Activity in Q2 2021

- Following the successful completion of its capital raise in June 2021, Alpha Bank is best placed to support its customers on the upcoming deployment of RRF funds, capitalising on its reputation as the Bank of choice among corporates and SMEs.
- New disbursements in Greece of Euro 2.3 billion in H1 2021, providing significant support to the economy. Domestic performing book expansion momentum maintained, up by 3% y-o-y or Euro 0.7 billion to Euro 24.4 billion. Net credit expansion stood at Euro 0.4 billion in H1 2021 and is on track to meet the FY 2021 target. Credit demand to further accelerate with significant pipeline of projects gaining pace in the second half of the year.
- Increased activity and the positive impact of partnerships in Q2 2021 generated Fees of Euro 105.4 million vs. Euro 84.3 million in Q1 2021; Sustained growth in Asset Management AuMs, primarily in non-money market funds, up by 52% y-o-y; Partnership with Nexi SpA to place merchant acquiring business in leading position.
- New record high in domestic deposit base, up by Euro 1.4 billion q-o-q to Euro 39.3 billion, reflecting inflows from core deposits that now account for 79% of domestic deposits.

Trends in Q2 2021 confirm Alpha Bank is on course to meet near-term target to deliver a 5% RoTBV[1] in 2021

- Core PPI[2] stood at Euro 225.9 million, down by 4.5% q-o-q, with improved Fee Income performance offset by lower NII and increased costs.
- Net Interest Income was 7.2% lower q-o-q at Euro 371 million due to a lower retrospective TLTRO-III benefit and the derecognition of Galaxy.
- Recurring Operating expenses amounted to Euro 260.9 million, up by 1% q-o-q, mainly as a result of higher non Staff costs.
- Pre-Provision Income generation of Euro 243.2 million vs. Euro 137.5 million in the previous quarter, as Euro 160.1 million of Restructuring Costs[3] and other one-off charges materially impacted Q1.
- In Q2 2021, impairment losses on loans decreased significantly to Euro 124.6 million vs. Euro 390.6 million in the previous quarter (-68.1% q-o-q), driving the Cost of Risk to 1.3% with the underlying[4] CoR, below the 1% mark.
- In H1 2021, Normalised[5] Profit After Tax stood at Euro 213 million.
- Including the Galaxy losses[6], reported Profit/(Loss) After Tax at Euro -2.3 billion in H1 2021, in line with the Bank's estimates and capital plan.

Capital - Asset Quality and Liquidity Position

- Successfully completed a Euro 0.8 billion Share Capital Increase in July 2021, the first growth-oriented capital action in the Greek banking sector since 2008. Post completion of Galaxy and equity raise, our capital position remains solid with Total Capital Ratio at 17.4% and CET1 Ratio at 14.8%, while the respective Fully loaded Ratios stand at 15.4% and 12.7%. At the end of June 2021, the Group's Tangible Equity Book post SCI stands at Euro 6.2 billion.

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[1] RoTBV on Normalised net income.
[2] Net Interest Income and Core PPI in Q1 2021 includes Euro 24.7 million TLTRO-III benefit not accrued in H2 2020.
[3] In H1 2021, Restructuring charges are mainly attributed to Euro 97.2 million provision for VSS cost and Euro 19.2 million to replacement of infrastructure, while Other one-offs mainly to Euro 26.8 million goodwill and intangible assets impairment.
[4] Excluding impairment losses allocated to portfolio transactions and Covid related impairments.
[5] Normalised Profit After Tax in H1 2021, adjusted for losses related to Project Galaxy of Euro 2.1 billion and excluding gains on financial transactions of Euro 91 million, non-recurring expenses of Euro 173 million, transactions related impairment losses of Euro 351 million and tax of Euro 21 million.
[6] After Tax Galaxy impact, including Cepal deconsolidation ("Project Aries"), of Euro 2.1 billion.

- Best-in-class performance among Greek systemic banks in the ECB's 2021 Stress Test exercise, consistent with previous exercise, as Alpha Bank registered the highest ending CET1 FL ratio for year-end 2023 under both baseline and adverse scenarios of 17.3% and 8.3%, respectively. It is noted that, the exercise did not take into consideration the Bank's Euro 0.5 billion Tier II issuance, completed in March 2021, the recent Euro 0.8 billion share capital raise, that would further support capitalisation under stress test scenarios, or the balance sheet de-risking achieved through the Galaxy Transaction.
- NPE ratio in Greece has nearly halved within six months to 23.8% (-44% y-t-d), on track to reach a single-digit NPE ratio by mid-2022.
- NPE formation flat y-t-d.
- Group NPE cash coverage increased to 54% and in Greece to 49%. Group NPL coverage ratio stands at 84% while total coverage including collateral came to 126%.
- The Group's Loan to Deposit Ratio materially improved to 83% at the end of June 2021 versus 96% the year prior, enabling the Bank to address the credit demand expected under the utilization of RRF funds that will take effect in H2 2021, while the Group's Liquidity Coverage Ratio (LCR) surged to 164%, far exceeding the regulatory threshold.
- ECB funding stable q-o-q at Euro 12.9 billion or 18% over Total Assets, with a significant positive contribution on Net Interest Income from the benefit of -1% TLTRO cost.

KEY FINANCIAL DATA

(in Euro million)	Six months ending (YoY)			Quarter ending (QoQ)		
	30.06.2021	30.06.2020	YoY (%)	30.06.2021	31.03.2021	QoQ (%)
Net Interest Income	770.6	771.9	*(0.2%)*	371.0	399.6	*(7.2%)*
Net fee & commission income	189.7	166.7	*13.8%*	105.4	84.3	*25.1%*
Income from financial operations[1]	91.3	217.7	…	30.4	60.9	…
Other income	21.5	12.5	…	10.4	11.1	…
Operating Income	1,073.1	1,168.7	*(8.2%)*	517.2	555.9	*(7.0%)*
Core Operating Income	**981.8**	**951.0**	***3.2%***	**486.9**	**495.0**	***(1.6%)***
Staff Costs	(211.9)	(213.4)	*(0.7%)*	(105.6)	(106.3)	*(0.6%)*
General Administrative Expenses	(226.8)	(212.5)	*6.8%*	(117.9)	(109.0)	*8.2%*
Depreciation & Amortisation	(80.6)	(75.9)	*6.2%*	(37.4)	(43.1)	*(13.2%)*
Recurring Operating Expenses	**(519.3)**	**(501.8)**	***3.5%***	**(260.9)**	**(258.4)**	***1.0%***
Extraordinary costs[2]	(173.1)	(18.0)	…	(13.0)	(160.1)	…
Total Operating Expenses	**(692.4)**	**(519.8)**	***33.2%***	**(274.0)**	**(418.4)**	***(34.5%)***
Core Pre-Provision Income	**462.5**	**449.3**	***2.9%***	**225.9**	**236.6**	***(4.5%)***
Pre-Provision Income	**380.7**	**649.0**	***(41.3%)***	**243.2**	**137.5**	***76.9%***
Impairment Losses on loans	(515.1)	(568.1)	*(9.3%)*	(124.6)	(390.6)	*(68.1%)*
Other Impairment Losses	(15.2)	(12.7)	…	(9.6)	(5.6)	
Profit/ (Loss) Before Income Tax	**(149.6)**	**68.2**	**…**	**109.0**	**(258.7)**	**…**
Income Tax	(36.8)	21.1	…	(13.4)	(23.4)	…
Profit/ (Loss) After Income Tax	**(186.5)**	**89.2**	**…**	**95.6**	**(282.1)**	**…**
Profit After Tax attributable to Equity owners of the Bank	**(186.5)**	**89.2**	**…**	**95.7**	**(282.2)**	**…**
Galaxy impact (After Income Tax)	(2,140.1)			(2,140.1)		
Profit/ (Loss) After Tax attributable to Equity owners of the Bank post Galaxy	(2,326.6)	89.2		(2,044.4)	(282.2)	
Normalised[3] Profit After Tax	**212.7**	**65.6**		**104.4**	**108.2**	

	30.06.2021	30.06.2020		30.06.2021	31.03.2021	
Net Interest Margin (NIM)	2.2%	2.3%		2.1%	2.3%	
Cost to Income Ratio (Recurring)	52.9%	52.8%		53.6%	52.2%	
Common Equity Tier 1 (CET1) [4]	14.8%	17.2%		14.8%	16.0%	
Total Capital Ratio	17.4%	18.3%		17.4%	18.3%	
Loan to Deposit Ratio (LDR)	83%	96%		83%	90%	

	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	YoY (%)
Total Assets	70,468	71,168	70,057	68,564	68,620	*2.7%*
Net Loans	37,500	39,376	39,380	39,808	39,428	*(4.9%)*
Securities	10,376	10,012	10,081	10,473	9,907	*4.7%*
Deposits	45,032	43,612	43,831	41,657	40,868	*10.2%*
Equity	5,987	7,945	8,289	8,415	8,357	*(28.4%)*
Tangible Book Value[5]	6,196	7,394	7,687	7,834	7,835	*(20.9%)*

	Group		Greece	
Asset Quality	30.06.2021	31.03.2021	30.06.2021	31.03.2021
Non-Performing Loans (NPLs)	7,279	15,349	5,203	13,335
Non-Performing Exposures (NPEs)	11,364	21,322	8,815	18,745
NPL ratio (%)	16.7%	30.8%	14.1%	30.8%
NPE ratio (%)	26.1%	42.8%	23.8%	43.3%

1 In published financial statements, Galaxy impact and Cepal deconsolidation of Euro 2.1 billion (Pre-Taxation) booked in Trading Income line of Q2 2021. After Tax, impact stands at Euro 2.1 billion.
2 In H1 2021, Restructuring charges are mainly attributed to Euro 97.2 million provision for VSS cost and Euro 19.2 million to replacement of infrastructure, while Other one-offs mainly to Euro 26.8 million goodwill and intangible assets impairment.
3 Normalised Profit After Tax in H1 2021, adjusted for losses related to Project Galaxy of Euro 2.1 billion and excluding gains on financial transactions of Euro 91 million, non-recurring expenses of Euro 173 million, transactions related impairment losses of Euro 351 million and tax of Euro 21 million. In H1 2020, Normalised Profit After Tax adjusted for gains on financial transactions of Euro 218 million, adjustment for Covid-19 related impairments of Euro 234 million, non-recurring expenses of Euro 19 million and tax of Euro 59 million.
4 For Q2 2021, capital figures include the Share capital increase of Euro 0.8 billion completed in July 2021.
5 Tangible Equity in Q2 2021 is After Share Capital increase of Euro 0.8 billion completed in July 2021.

Key Developments and Performance Overview

Growth expectations revised upwards due to the weaker than expected recession in Q1 2021 and the upward trend of key economic indicators from Q2 onwards

Domestic economic activity is expected to bounce back, re-entering a strong recovery phase marked by the attraction of fresh investment and the closing of the investment gap accumulated during the previous decade. Real GDP is expected to return to positive growth rates from the second quarter of the current year onwards, which is already reflected in the evolution of several leading economic indicators. Mobility related to retail services and recreation activities, as well as in transit stations and workplaces, increased sharply during the second quarter. Business confidence in all sectors of the economy is in an expansionary phase as of July 2021, with business confidence in construction reaching its highest level (148.6 units) since April 2000.

Risks are skewed to the upside in the long run mainly due to the incoming RRF funding which is expected to be activated from the second half of 2021 onwards. The National Recovery Plan, combined with a structural reform agenda – that aims to improve fundamentals, strengthen infrastructure and address institutional weaknesses – is expected to provide a unique opportunity for revitalizing the Greek economy and transforming its productive model towards an investment-driven growth pattern with sustainable growth rates. In the short run, downside risks relate to the "Delta" variant and the rapid spread of the fourth wave of the pandemic in the autumn as well as the saturation of the vaccination programmes across the EU.

Business development initiatives strengthen franchise positioning

Following the conclusion of Project Galaxy - the second largest rated NPE securitization in Europe - in June 2021, Alpha Bank announced in Q3 2021 the implementation of two business development initiatives in the context of its updated business plan, "Project Tomorrow". These initiatives are: firstly, the selection of a strategic partner to pursue a JV through the listed subsidiary Alpha Astika Akinita so as to capture the positive momentum in the Greek real estate market and form a unique investment proposition ("Project Skyline"); and secondly, the formation of a long term partnership for the Bank's merchant acquiring business with Nexi SpA ("Project Prometheus"). Both transactions - which are targeted to be signed within 2021 - are expected to be capital accretive and will strengthen the Group's franchise positioning, generating management fees and profits for the Group.

Solid capital base with Total Capital Ratio at 17.4% and CET1 at 14.8% post Galaxy completion and SCI

At the end of June 2021, Alpha Bank's **Total Capital Ratio** stood at 15.5%, down by 285bps q-o-q, negatively impacted by the Galaxy impact, booked in Q2 2021, as well as an increase in credit risk and partly counterbalanced mainly by the quarterly result. In July 2021, the Group successfully completed the first growth-oriented Share Capital Increase in the Greek banking sector since 2008, raising Euro 0.8 billion and strengthening its Total Capital Ratio to 17.4%, providing a buffer of Euro 1.3 billion over our Overall Capital Requirement (OCR) of 14%[1].

Tangible Equity stood at Euro 5.5 billion at the end of June 2021, or Euro 6.2 billion pro-forma for the SCI. Tangible Book Value per Share came to Euro 3.6 and adjusted to Euro 2.6 post-SCI.

RWAs at the end of June 2021 amounted to Euro 38.1 billion, down by 14% q-o-q or Euro 6.2 billion, reflecting the derecognition of Galaxy which was fully booked in Q2 2021.

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

Best-in-class performance among Greek systemic banks at ECB's 2021 Stress Tests, consistent with previous exercise

On July 30, 2021, the ECB released the results of the 2021 EU-wide Stress Test exercise. The results showed that Greek banks are adequately capitalised, highlighting the resilience of the financial system and its capacity to resolve the legacy stock of NPEs. Alpha Bank registered an outstanding performance, posting the highest estimated ending CET1 FL ratio for year-end 2023 among Greek systemic Banks under "baseline" and "adverse" scenarios of 17.3% and 8.3%, respectively, while its 2023 FL Leverage ratio in the adverse scenario came to 6.1%, at the top range of EU banks and best-in-class among Greek peers.

Loan disbursements in Greece of Euro 2.3 billion in H1 2021; In Greece, PE book expansion momentum maintained, up by 3% y-o-y

Gross loans of the Group amounted to Euro 43.5 billion as of the end of June 2021, compared to Euro 49.8 billion at the end of March 2021, reflecting the deconsolidation of the Galaxy portfolio and taking into account the retained senior notes of Euro 3.8 billion. In Greece, Loan balances stood at Euro 37 billion, compared to Euro 43.3 billion at the end of March 2021. In H1 2021, Alpha Bank continued to steadfastly support its Customers, with **new disbursements** in Greece reaching Euro 2.3 billion and allocated to key sectors including transportation, manufacturing, trade, energy and tourism. In parallel, the Group's **performing book** (excluding the Galaxy senior notes) expanded by 3% y-o-y, or Euro 0.8 billion, to Euro 24.4 billion. Credit demand to further accelerate with significant pipeline of projects gaining pace in the second half of the year.

In H1 2021, **Net credit expansion** stood at Euro 0.4 billion, on track with 2021 target.

Another record high of domestic deposits base, up by 12% y-o-y at lower cost

Deposit balances in Greece reached another record high in Q1 2021, up by Euro 1.4 billion q-o-q, to Euro 39.3 billion, with core deposits from businesses accounting for the majority of inflows. On a year-on-year basis, our Greek **deposit base** expanded by Euro 4.4 billion (+12.4%). **Group deposit base** up by Euro 1.4 billion q-o-q to Euro 45 billion, comprising more than 70% of the Bank's total funding sources. **Deposits in SEE** stood at Euro 5.2 billion as of June 2021, compared to Euro 5.3 billion at the end of June 2020.

Comfortable liquidity metrics; in June 2021, liquidity drawn from ECB stable at Euro 12.9 billion

At the end of June 2021, **Eurosystem funding** remained at Euro 12.9 billion, reflecting the full utilization of our TLTRO III borrowing allowance. Benefiting from the low-cost liquidity drawn from the ECB, the Bank's blended funding cost remained in negative territory in Q2 2021 (-7 bps) and continued to support Net Interest Income.

At the end of June 2021, the **Group's Loan to Deposit Ratio** declined to 83%, from 96% the previous year, while the Group's Liquidity Coverage Ratio (LCR) reached 164%, far exceeding the regulatory threshold.

Net interest income affected q-o-q by lower one-off TLTRO impact

Net Interest Income in Q2 2021 stood at Euro 371 million, down by Euro 28.6 million or 7.2% q-o-q, due to lower retrospective TLTRO-III benefit and the derecognition of Galaxy, implying a flattish underlying performance.

More specifically, on the asset side, Loans NII decreased by Euro 9.8 million q-o-q, mainly due to the derecognition of the Galaxy portfolio following the conclusion of the transaction in June and lower average loan balances on the back of higher provisioning in Q1 2021. Additionally, the negative effect from Bonds and Other amounted to Euro 2.9 million, mostly reflecting GGBs recycling.

On the liability side, deposits NII was flattish q-o-q, as the positive impact from repricing and mix effect was offset by the increase in balances. Moreover, funding NII increased by Euro 1.8 million, as a result of increased ECB borrowing, which offset the fully phased cost of the Tier II issued in March.

Furthermore, the Bank recognized in Q2 2021 additional Euro 6.9 million retrospective benefit for H2 2020 as a result of the accrual of 1% for the full ECB borrowing of the respective period versus Euro 24.7 million in Q1 2021.

Net Interest Margin stood at 2.1% in Q2 2021.

Pick-up in activity and impact from partnerships drives fee growth

Net fee and commission income increased to Euro 105.4 million, up by 25.1% q-o-q (or Euro 21.2 million), off the back of an increased contribution from bancassurance which was mostly attributable to an extraordinary fee of Euro 10 million related to an income fee in the context of the Generali deal[1] and was supported by increased revenues from credit cards and payments due to higher transaction volumes, asset management, as well as commissions related to bond issuance.

In Q2 2021, **income from financial operations**[2] came to Euro 30.4 million, compared to Euro 60.9 million in Q1 2021. **Other income** stood at Euro 10.4 million in Q2 2021.

Recurring OPEX up by 3.8% y-o-y on higher General expenses; Benefits from staff and NPE reduction anticipated to offset near term cost pressure

Recurring operating expenses for the Group increased by 3.8% y-o-y or Euro 18.8 million to Euro 519.3 million, off the back of an increase in General Expenses as well as a higher depreciation charge primarily on intangible assets.

In H1 2021, **Personnel expenses** amounted to Euro 211.9 million, down by 0.7% y-o-y, largely reflecting the reduction in headcount. Group headcount was reduced from 10,509 in June 2020 to 9,621 employees at the end of June 2021, affected by the deconsolidation of Cepal. **General expenses** increased by 7.4% y-o-y to Euro 226.8 million, negatively affected by collections services related to NPL management and off the back of increased IT, marketing and third-party expenses.

In H1 2021, the **depreciation** charge stood at Euro 80.6 million, up by 6.2% year-on-year, mostly attributable to an increase in intangible assets linked to investments in IT. On a quarterly basis, Recurring Operating expenses increased by 1% q-o-q or Euro 2.6 million.

In H1 2021, **Total Operating Expenses** amounted to Euro 692.4 million, negatively affected by Euro 173.1 million[3] of Restructuring Costs and other one-off charges, of which Euro 160.1 million was booked in Q1 2021 which included Euro 97.2 million related to a provision for a Voluntary Separation Scheme (VSS) to be implemented in our operations in Greece.

The **Group Network**, as of the end of June 2021, declined to a total of 501 Branches from 549 a year ago due to the ongoing platform rationalisation. As of June 2021, the number of Branches in Greece stood at 318. 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 core deposits.

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[1] Income fee regarding the transfer of AXA Insurance SA to Generali from its parent company, AXA Mediterranean Holding S.A.

[2] In published financial statements, Galaxy impact and Cepal deconsolidation of Euro 2.2 billion (Pre-Taxation) booked in Trading Income line of Q2 2021.

[3] In H1 2021, Restructuring charges are mainly attributed to Euro 97.2 million provision for VSS cost and Euro 19.2 million to replacement of infrastructure, while Other one-offs mainly to Euro 26.8 million goodwill and intangible assets impairment.

Flat NPE formation in Q2 2021

NPE formation in Greece remained largely flat q-o-q, with organic inflows being offset by curings and repayments.

At the end of June 2021, the **NPE ratio in Greece** contracted to 23.8%[1], almost halving in six months (-44% y-t-d), following the conclusion of the Galaxy transaction. On a Group level, the **NPE ratio** at the end of June 2021 declined to 26.1%. As part of the Bank's NPE initiatives we have engaged in preparations for a series of transactions to further dispose of NPE portfolios with an aggregate GBV of up to Euro 8.1 billion[2] that will allow the Bank to achieve a single digit NPE ratio within the first semester of 2022.

NPL balances in Greece stood at Euro 5.2 billion. The **NPL ratio in Greece** was down to 14.1% over total loans and stood at 16.7% on a Group level. On a group level, NPL balances stood at Euro 7.3 billion.

Meaningful improvement in CoR in Q2 2021

In Q2 2021, **impairment losses on loans** stood at Euro 124.6 million vs. Euro 390.6 million in the previous quarter. This included approximately Euro 317 million related to forthcoming NPE portfolio sales, mostly associated with the upsizing of the Bank's anticipated NPE restructuring in Cyprus ("Project Sky"). As a result of the significant reduction in NPEs, in Q2 2021 our **CoR** registered a meaningful improvement at 1.3% over net loans (vs. 4.0% in the previous quarter), out of which 0.4% or Euro 34 million relate to exposures that are expected to be sold under securitisation and portfolio sales.

Excluding impairment losses allocated to portfolio transactions, the underlying CoR in Q2 2021 stood at circa 0.9% over net loans, paving the way for the normalisation of our impairment line post completion of the planned transactions. **Other impairment losses** in Q2 2021 came to Euro 9.6 million.

Group NPE Coverage increased to 54%, post Galaxy

As a result, at the end of June 2021 **Group NPE cash coverage** post Galaxy increased to 54% and to 49% for Greece. Likewise, the **Group NPL coverage ratio** post Galaxy increased to 84%, while total coverage including collateral stood at 126%.

At the end of June 2021, **accumulated provisions** for the Group post Galaxy deconsolidation amounted to Euro 6.1 billion, while for Greece specifically this figure stood at Euro 4.4 billion.

Operations in SEE

In **SEE**, our **Operating Income** for H1 2021 amounted to Euro 115.3 million, down by 9.1% y-o-y, negatively affected by pressure on Net Interest Income as a result of lower loan volumes in Cyprus on the back of increased provisioning and decreased base rates in Romania which were partly counterbalanced by lower deposit rates. Moreover, a significant decrease was registered in trading income, mostly attributable to impact from currency movements from the NPE portfolio in Cyprus and non-banking activities in our Romanian operations.

Operating expenses[3] came to Euro 96.7 million, down by 1.6% y-o-y, primarily due to the decrease in personnel expenses stemming from our Cypriot subsidiary as a result of the Voluntary Separation Scheme (VSS) completed at the end of 2020.

Pre-Provision Income stood at Euro 18.7 million, down by 34.8%, reflecting a lower NII line. In H1 2021, our SEE operations posted losses of Euro 302.4 million before tax, driven by an impairment charge in our Cypriot operations linked to the acceleration of our balance sheet restructuring, through a Euro 2.2 billion contemplated portfolio sale ("Project Sky").

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[1] Ratios take into account the senior note.

[2] With anticipated additional impact or Euro 1 billion.

[3] In H1 2020, Operating expenses exclude Euro 4.4 million related to NPE Management actions.

The **Loan to Deposit Ratio in SEE** operations stood at 84.8% at the end of June 2021, down from 90.9% the previous year.

In **Romania**, loan balances remained effectively flat y-o-y and stood at Euro 2.7 billion, while deposits decreased by 1.6% y-o-y and amounted to Euro 2.5 billion. Total Revenues amounted to Euro 67.4 million (-0.8% y-o-y) negatively affected by lower NII which was driven by decreased base rates and lower trading income, primarily due to FX losses from other non-banking activities. Operating Expenses stood at Euro 55.9 million, up by 5.8% y-o-y, off the back of increased G&A, largely due to higher IT, consulting fees and Deposit Guarantee Fund contributions. Profit before Tax for H1 2021 stood at Euro 10.6 million, up by 8.1 million y-o-y, due to the significantly lower impairment charge versus H1 2020.

In **Cyprus**, the loan portfolio in H1 2021 stood at Euro 3.2 billion (-7.9% y-o-y), with the decrease driven by NPE management actions, while deposit balances decreased by Euro 99 million y-o-y (-4.5% y-o-y) to Euro 2.1 billion.

Total Revenues decreased by 21.9% y-o-y to Euro 38.7 million, mainly as a result of lower loan volumes on the back of increased impairments. Operating Expenses[2] stood at Euro 31.1 million (-14.1% y-o-y), affected by lower staff costs following the implementation of the VSS at the end of 2020. In H1 2021, our Cypriot operations posted losses of Euro 311.2 million, negatively impacted by an impairment charge of Euro 318.8 million related to the upsizing of our Sky transaction perimeter in Cyprus.

In **Albania,** loans stood at Euro 292 million (+5% y-o-y) while deposits amounted to Euro 520 million (+4.2% y-o-y). Total Revenues amounted to Euro 9.2 million and Operating Expenses stood at Euro 9.6 million, while the Albanian operations registered a Loss before Tax of Euro -1.8 million off the back of the increased impairment charge to account for NPE formation and adjustments on expected credit losses (ECL) of our bond portfolio. As part of the Bank's strategy to exit from certain markets, the Bank has launched a process of sale of its operations in Albania.

Athens, August 26, 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" 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
Normalized Profit After Income Tax	The caption normalized net profits after income tax, excluding gains/losses that have been designated as non-recurring, gains/losses recognized either in the context of planned transactions or the transformation plan of the Group	Profitability metric		Normalised Profit After Tax
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

ALPHA
SERVICES AND HOLDINGS

About Alpha Services and Holdings

Alpha Services and Holdings S.A. (under the distinctive title Alpha Services and Holdings) is a financial holdings company, listed on the Athens Stock Exchange, and the parent company of the banking institution "ALPHA BANK S.A.".
Subsequent to the corporate transformation that took place in April 2021, the banking operations were hived-down to a new wholly owned banking subsidiary (Alpha Bank S.A.).
Alpha Bank S.A. is 100% subsidiary of Alpha Services and Holdings S.A. and one of the leading Groups of the financial sector in Greece which was founded in 1879 by J.F. Costopoulos. The Bank 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.
https://www.alphaholdings.gr/en/investor-relations

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