ALPHA SERVICES AND HOLDINGS

Press Release

9M 2021 Results: Normalised[1] Profit After Tax of Euro 297 million; Q3 Euro 171.3 million bottom line loss driven by transaction-related impairments

Solid Operating Trends demonstrate the strength of Alpha Bank's Franchise; Execution of "Project Tomorrow" is on track

Alpha Bank's CEO, Vassilios Psaltis stated:

"We are making significant progress towards reshaping Alpha Bank as a leaner, more efficient and better capitalised bank, capable of supporting sustainable economic growth for the benefit of all our stakeholders, having successfully completed Project Galaxy in June and now signed in October an agreement on Project Cosmos.

For the first nine months of 2021, we are reporting a normalised profit after tax of almost Euro 300 million, after adjusting for non-recurring items, a return of 5.8% on tangible book value. We continue to execute on the key pillars of our Strategic Plan (Project Tomorrow) – customer centric growth, revamping of our operating model, further strengthening of our organizational effectiveness - to restore profitability to double-digit levels.
A testament to that has been the public launch of a new brand for our transformation efforts ("the alpha blueprint"), which are warmly embraced by the internal audience and key stakeholders.

Alpha Bank provided significant support to the Greek economy with new loans of Euro 3.8 billion in the year to date and has seen an acceleration in the rate of credit expansion. Higher loan growth and the improving economy helped generate increased fees of Euro 109.8 million in Q3 2021, above the Euro 100 million mark for a second quarter in a row. In addition, we have already secured around 50% of the total cost reductions envisaged between 2021 and 2024, the benefits of which we will reap starting from 2022. Our "alpha blueprint" is running at full speed to deliver the remaining efficiencies. The Cosmos portfolio has been reclassified as held for sale following the agreement reached with Davidson Kempner, enabling a very meaningful reduction of our Non Performing Exposures, while the underlying Cost of Risk has come in below 1% for a third consecutive quarter. The imminent completion of the majority of the remaining envisaged transactions will ensure the full optimisation of our balance sheet, as we are on track to achieve our target for a single digit NPE ratio in early 2022.

We remain determined and are now implementing an ambitious ESG development plan to ensure the sustainability of our business, navigate the transition to a low-carbon economy and align our working practices with the expectations of regulators, investors and other stakeholders."

[1] Normalised Profit After Tax in 9M 2021, adjusted for losses related to Project Galaxy of Euro 2.1 billion and excluding trading income of Euro 98 million, non-recurring expenses of Euro 171 million, transactions related impairment losses of Euro 706 million and tax of Euro 112 million.

Main Highlights

Solid Commercial Activity in Q3 2021

- New disbursements in Greece of Euro 3.8 billion in 9M 2021, providing significant support to the economy. Alpha Bank's Franchise power drives solid demand of Wholesale Banking credit as the Bank is currently underwriting a number of significant projects in the energy, hospitality and infrastructure sectors; Credit demand is expected to further accelerate with the utilization of RRF funds that will kick-in from 2022.
- Net credit expansion stood at Euro 0.8 billion in 9M 2021 driven by a Euro 1 billion expansion of credit towards businesses. We remain on-track to meet our FY 2021 target.
- Higher loan growth and the pick-up in economic activity generated Fees of Euro 109.8 million in Q3 2021, above the Euro 100 million mark for a second consecutive quarter. Sustained growth in Asset Management AUMs, primarily in non-money market funds, up by 50% 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 40.7 billion, reflecting inflows to core deposits that now account for more than 80%.

Trends in Q3 2021 confirm Alpha Bank is on track to beat near-term target of 5% RoTBV[1] in 2021

- Core PPI stood at Euro 191.7 million, down by 16.4% q-o-q or Euro 37.8 million, materially affected by the derecognition of Galaxy and supported by an improved Recurring OPEX line due to the deconsolidation of Cepal. On a yearly basis, Core PPI performance was flattish at Euro 657.8 million (+0.3%).
- Net Interest Income was 14.2% lower q-o-q at Euro 318.5 million due to the derecognition of Galaxy and the TLTRO-III retrospective benefit booked in Q2.
- Recurring OPEX down by 5.8% q-o-q, mainly as a result of the deconsolidation of Cepal. In 9M 2021, Recurring OPEX down by 0.9% y-o-y on lower Staff Costs.
  The Bank has already locked-in circa 50% of the 2021-2024 anticipated cost savings.
- The Voluntary Separation Scheme (VSS) of our Greek operations completed in October 2021 is expected to lead to a gradual departure of more than 550 Employees, with an estimated annualised cost benefit upon full completion, of circa Euro 24 million. As a result of the successful VSS and on the back of the continued Employee attrition, headcount in our Greek operations is anticipated to reach 5,500 FTEs.
- Pre-Provision Income generation of Euro 200.9 million vs. Euro 246.5 million in the previous quarter, reflecting the rebase effect post Galaxy derecognition.
- In Q3 2021, impairment losses on loans reached Euro 437 million vs. Euro 127.9 million in the previous quarter, materially affected by additional transaction-related impairments of Euro 354.5 million, associated with Projects "Cosmos" and "Orbit", with the former already reclassified to Held For Sale. The underlying impairment charge declined further to Euro 59 million, driving the underlying[2] Cost of Risk to 60bps, for a third consecutive quarter below the 1% mark, whereas servicing fees, which were reclassified in Q3 to the impairment line, amounted to Euro 24 million. Underlying CoR is expected to reach 90bps in 2021, outperforming the initial Business Plan target.
- In 9M 2021, Normalised[3] Profit After Tax stood at Euro 297 million.
- Including the losses from Galaxy[4], booked in Q2, reported Profit/(Loss) After Tax stood at Euro -2.5 billion in 9M 2021, in line with the Bank's estimates and capital plan.

[1] RoTBV on Normalised net income.
[2] Excluding impairment losses allocated to portfolio transactions, Covid related impairments and of servicing fees to Cepal that were reclassified in Q3 2021 to Impairment Losses on Loans from General Administrative Expenses (G&As).
[3] Normalised Profit After Tax in 9M 2021, adjusted for losses related to Project Galaxy of Euro 2.1 billion and excluding trading income of Euro 98 million, non-recurring expenses of Euro 171 million, transactions related impairment losses of Euro 706 million and tax of Euro 112 million.
[4] After Tax Galaxy impact, including Cepal deconsolidation ("Project Aries"), of Euro 2.1 billion.

Capital - Asset Quality and Liquidity Position

- Our capital position remains solid with the Total Capital Ratio at 16.5% and CET1 at 13.9%, or 17.2% and 14.5% respectively, accounting for the RWA relief of the "Cosmos" securitisation which is anticipated to be realised in Q4. At the end of September 2021, the Group's Tangible Equity stood at Euro 6 billion. Overall, the implementation of our planned internal capital measures will more than offset the anticipated negative impact from the remaining inorganic NPE reduction and enhance the capital ratios by circa 60bps.
- NPE stock in Greece is now below the Euro 6 billon mark, down by Euro 2.9 billion q-o-q, mostly attributed to the reclassification to the Held for Sale category of a non-performing portfolio related to the Cosmos securitization in view of its expected completion. NPE formation in Greece of Euro 0.1 billion in Q3 2021, substantially lower than anticipated, allows the Bank to positively revise its 2021 NPE formation and CoR targets.
- NPE ratio in Greece contracted further to 16.6%[1]; Group NPE ratio well on track to reach 13% by year-end and a single-digit by mid-2022.
- Group NPE cash coverage increased to 56% and to 51% in Greece. Group NPL coverage ratio stands at 86% while total coverage including collateral came to 124%.
- The Group's robust liquidity position is evident by the strong Liquidity Coverage Ratio (LCR) which surged to 189% at the end of Q3 2021, from 169% in Q2, far exceeding the regulatory threshold, and the material improvement in Loan to Deposit ratio, to 77% versus 96% the year prior.
- In September 2021, the Bank issued its inaugural EUR 500 million Senior Preferred instrument at a reoffer yield of 2.625%, attracting EUR 1 billion of demand from a diversified range of investors.
- ECB funding reached Euro 13 billion, reflecting the further 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 Q3 2021 (-7 bps) and continued to support Net Interest Income.

Driving change towards a more efficient and sustainable operating model

- Alpha Bank's Transformation Program, currently in execution mode, is expected to be the key enabler of rapid and successful change, driving the Bank towards a more flexible and efficient business and operating model. The plan, which requires a total funding of Euro 430 million, will support the Bank's targets in both enhancing its revenues by Euro 350 million, whilst achieving an annual cost saving of more than Euro 60 million between 2021 - 2024.
- On the back of already strong ratings performance, Alpha Bank is implementing an ambitious ESG development plan to secure the sustainability of its business and align with the expectations of regulators, investors and stakeholders.

[1] Basis for September 2021 NPE ratio includes senior notes of Euro 1.7 billion pro forma for Cosmos securitization; relevant approvals for the Guarantee expected in Q4 2021.

KEY FINANCIAL DATA

(in Euro million)	Nine months ending (YoY)			Quarter ending (QoQ)		
	30.09.2021	30.09.2020	YoY (%)	30.09.2021	30.06.2021	QoQ (%)
Net Interest Income	1,089.1	1,153.6	*(5.6%)*	318.5	371.0	*(14.2%)*
Net fee & commission income[1]	299.5	251.5	*19.1%*	109.8	105.4	*4.1%*
Income from financial operations[2]	97.8	260.2	…	6.5	30.4	…
Other income	27.3	19.5	…	5.9	10.4	…
Operating Income	1,513.7	1,684.8	*(10.2%)*	440.6	517.2	*(14.8%)*
Core Operating Income	**1,415.9**	**1,424.6**	***(0.6%)***	**434.1**	**486.9**	***(10.8%)***
Staff Costs	(307.8)	(320.7)	*(4.0%)*	(96.2)	(105.3)	*(8.6%)*
General Administrative Expenses	(331.6)	(329.0)	*0.8%*	(108.0)	(114.6)	*(5.7%)*
Depreciation & Amortisation	(118.6)	(115.1)	*3.1%*	(38.1)	(37.4)	*1.7%*
Recurring Operating Expenses	**(758.1)**	**(764.8)**	***(0.9%)***	**(242.3)**	**(257.4)**	***(5.8%)***
Extraordinary costs[3]	(170.8)	(23.5)	…	2.6	(13.3)	…
Total Operating Expenses	**(928.9)**	**(788.4)**	***17.8%***	**(239.7)**	**(270.7)**	***(11.4%)***
Core Pre-Provision Income	**657.8**	**659.8**	***(0.3%)***	**191.7**	**229.5**	***(16.4%)***
Pre-Provision Income	**584.9**	**896.5**	***(34.8%)***	**200.9**	**246.5**	***(18.5%)***
Impairment Losses on loans[1]	(955.4)	(736.6)	*29.7%*	(437.0)	(127.9)	…
Other Impairment Losses	(17.6)	(14.7)	…	(2.4)	(9.6)	
Profit/ (Loss) Before Income Tax	**(388.1)**	**145.2**	**…**	**(238.5)**	**109.0**	**…**
Income Tax	30.4	(11.6)	…	67.2	(13.4)	…
Profit/ (Loss) After Income Tax	**(357.7)**	**133.6**	**…**	**(171.3)**	**95.6**	**…**
Profit After Tax attributable to Equity owners of the Bank	**(357.8)**	**133.4**	**…**	**(171.3)**	**95.7**	**…**
Galaxy impact (After Income Tax)	(2,140.1)				(2,140.1)	
Profit/ (Loss) After Tax attributable to Equity owners of the Bank post Galaxy	(2,497.9)	133.4		(171.3)	(2,044.4)	
Normalised[4] Profit After Tax	**297**	**120**	***253.9%***	**84**	**104**	***(19.0%)***

	30.09.2021	30.09.2020		30.09.2021	30.06.2021
Net Interest Margin (NIM)	2.0%	2.3%		1.8%	2.1%
Cost to Income Ratio (Recurring)	53.5%	53.7%		55.8%	52.9%
Common Equity Tier 1 (CET1)	13.9%	17.2%		13.9%	12.8%
Total Capital Ratio	16.5%	18.3%		16.5%	15.5%
Loan to Deposit Ratio (LDR)	77%	96%		77%	83%

	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	YoY (%)
Total Assets	73,075	70,468	71,168	70,057	68,564	*6.6%*
Net Loans	35,970	37,500	39,376	39,380	39,808	*(9.6%)*
Securities	10,933	10,376	10,012	10,081	10,473	*4.4%*
Deposits	46,522	45,032	43,612	43,831	41,657	*11.7%*
Equity	6,500	5,987	7,945	8,289	8,415	*(22.8%)*
Tangible Book Value	6,034	5,516	7,394	7,687	7,834	*(23.0%)*

	Group		Greece	
Asset Quality	30.09.2021	31.03.2021	30.06.2021	31.03.2021
Non-Performing Loans (NPLs)	5,459	7,279	3,266	5,203
Non-Performing Exposures (NPEs)	8,435	11,364	5,941	8,815
NPL ratio (%)[5]	12.9%	16.7%	9.1%	14.1%
NPE ratio (%)[5]	19.9%	26.1%	16.6%	23.8%

[1] Q2 2021 restated to adjust for a re-classification of Euro 3.3 million of servicing fees to Cepal from General Administrative Expenses G&As to Impairment Losses on Loans.
[2] In published financial statements, Galaxy impact and Cepal deconsolidation of Euro 2.1 billion (Pre-Taxation) booked in Losses from Derecognition of Financial Assets.
[3] In 9M 2021, Restructuring charges are mainly attributed to Euro 97.2 million provision for VSS cost and Euro 19.3 million to replacement of infrastructure, while Other one-offs mainly to Euro 26.6 million goodwill and intangible assets impairment.
[4] Normalised Profit After Tax in 9M 2021, adjusted for losses related to Project Galaxy of Euro 2.1 billion and excluding trading income of Euro 98million, non-recurring expenses of Euro 171 million, transactions related impairment losses of Euro 706 million and tax of Euro 112 million. In 9M 2020, Normalised Profit After Tax excluding trading gains of Euro 260 million, Covid-19 and transactions related impairments of Euro 286 million, non-recurring expenses of Euro 24 million and tax of Euro 64 million.
[5] Basis for September 2021 ratio includes senior notes of Euro 1.7 billion pro forma for Cosmos securitization; relevant approvals for the Guarantee expected in Q4 2021.

Key Developments and Performance Overview

An almost-V shaped recovery is emerging, as indicated by the strong recovery in private and public consumption as well as exports of services

Real GDP growth figures for Q2 2021 show that reality is running ahead of expectations, leading to an upward revision for 2021 growth projections. The strong economic rebound is expected to be supported by an overshoot of private consumption due to the sharp rise in savings accumulated during the pandemic and the significant increase in export of services, mainly attributed to the overperformance of tourism during the summer of 2021, with tourist arrivals in August 2021 reaching 60% of their August 2019 levels. Unemployment remained on a declining path, reaching 13% in September 2021, compared to 16.5% in September 2020, underpinned by significant employment gains from May onwards, on the back of the better-than-expected tourism performance and the rebound of enterprises' turnover in several sectors of the economy. Business confidence continued to improve, with the Economic Sentiment Indicator (ESI) averaging 111.3 in Q3 2021 from 90.6 in Q3 2020, paving the way for a continued economic expansion in the second half of 2021.

Downside risks are primarily related to inflationary pressures prevailing globally, however, their impact on economic activity is expected to be moderated by their temporary nature. Headline HICP inflation reached 2.8% in October, fueled by soaring energy prices, strong demand-side base effects and disruption in supply chains, rising production and transportation costs. Although fiscal stimulus is expected to remain in place in 2021, aiming to alleviate the pandemic cost and support households' purchasing power, fiscal risks remain subdued on the back of (i) the projected achievement of fiscal discipline, with primary deficits to significantly compress from 2022 onwards, (ii) the foreseen strong economic recovery, which is expected to stabilize the public debt to GDP ratio in the medium term and (iii) the favorable debt profile, marked by low interest payments, very long average maturities and the fact that its largest part (around 80%) is owed to official lenders.

Alpha Bank creates strong momentum for change through its successful Transformation Program, currently in execution mode

Alpha Bank's Transformation Program, which has been well underway for more than a year, is driving the Bank's successful change towards a more flexible and efficient business and operating model. The Program aims to achieve a higher level of services with modern products for Customers, minimize bureaucracy, reduce costs, and increase efficiency and organizational effectiveness. Focusing on the triptych of ***Customer-centric growth***, ***Operational model improvement*** and ***Strengthening Organizational Effectiveness***, the Bank has set the following measurable goals: reducing average processing time and operational risk and achieving a net reduction in annual operating costs by Euro 60 million through the utilization of technologies, the improvements in efficiency and the streamlining of the operational model. Moreover, through the Program, the Bank aims at realizing additional income of circa Euro 60 million from interest and Euro 65 million from Fees & Commissions in Retail Banking within 4 years, whereas for Corporate Banking the targets are Euro 200 million interest income and Euro 35 million income from commissions by 2024, respectively.

To achieve the above goals, the Transformation Program will be financed by the Bank with Euro 430 million, representing total investments and restructuring costs, while an additional Euro 120 million is planned to be invested in technology.
The Bank's Transformation Plan, which is expected to be completed in 2023, lays strong foundations that will allow it to maintain its leading role in the Greek banking system.

Alpha Bank has developed an ambitious plan to achieve a leading ESG position across all focus areas

Alpha Bank continues to develop its ESG position, implementing a portfolio of strategic initiatives to navigate the transition to a low-carbon economy and ensure long-term value creation. The Bank's Corporate Governance has been aligned with ESG objectives, while Sustainability criteria are being integrated into every aspect of the Bank's activities, including lending, risk management and funding operations. Substantial emphasis has been placed on the Social and Governance dimensions, with diversity being a top priority at both Board and HR Management level, while the Bank's culture is being enhanced by the introduction of new Corporate Values and Purpose, that are fully aligned with ESG principles. In addition, Alpha Bank's leadership has taken a prominent role in communicating ESG topics to the Greek market and the broader public to enhance awareness and promote their importance.

Capital evolution in line with plan; Total Capital Ratio at 17.2%[1] and CET1 at 14.5%

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 capital ratios. The Share Capital increase was conducted through a private placement to circa 130 international institutional investors and a public offering to more than 10,000 retail and qualified investors in Greece. As a result, at the end of September 2021, the Group's **Total Capital** base stood at Euro 6.3 billion, resulting in a **Total Capital Ratio** of 16.5%, up by 104bps q-o-q, providing a buffer of Euro 1 billion over our Overall Capital Requirement (OCR) of 14%[2]. This was positively affected by circa 200bps from the SCI and supported by the quarterly result, partly counterbalanced by the negative impact of the Cosmos transaction[3], booked in Q3 2021, the regulatory treatment of the 10% DTA threshold, as well as an increase in credit risk. Accounting for the RWA relief of the "Cosmos" securitisation of 72bps which is anticipated to be realised in Q4 2021, the Group's Total Capital Ratio stands at 17.2%.
The respective **Fully loaded Total capital ratio**, stood at 14.4% or 15.1% factoring-in the RWA relief from the "Cosmos" securitisation.

At the end of September 2021, the Group's **Tangible Equity** was the highest among Greek Banks, at Euro 6.0 billion. Tangible Book Value per Share stood at Euro 2.6.

RWAs at the end of September 2021 amounted to Euro 38.4 billion, up by 0.9% q-o-q or Euro 0.3 billion, on the back of higher credit risk contribution.

In the following quarters, the Bank expects to enhance its capital ratios by a further 60bps from the implementation of internal capital measures that will more than offset the anticipated negative impact from the remaining inorganic NPE transactions.

Loan disbursements in Greece of Euro 3.8 billion in 9M 2021

Gross loans amounted to Euro 40.6 billion at Group level as of the end of September 2021, compared to Euro 43.5 billion at the end of June 2021, reflecting the classification as Held for Sale of the Cosmos securitization perimeter of Euro 3.4 billion[4] Gross Book Value, and taking into account the retained senior notes of the Galaxy securitisation of Euro 3.8 billion. In Greece, Loan balances stood at Euro 34.1 billion, compared to Euro 37 billion at the end of June 2021. In 9M 2021, Alpha Bank continued to steadfastly support its Customers, with **new disbursements** in Greece reaching Euro 3.8 billion, allocated to key sectors including transportation, trade, tourism, energy and manufacturing.

In 9M 2021, **net credit expansion** stood at Euro 0.8 billion, on track to meet the 2021 target.
Credit demand is expected to further accelerate in the coming quarters on the back of a significant pipeline of projects. Alpha Bank is currently in the process of

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[1] Factoring 72bps RWA relief from the "Cosmos" securitization which will be realized in Q4 2021.
[2] 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 2.1 billion.
[3] The incremental P&L charge of Euro 0.3 billion will be counterbalanced by a commensurate capital relief from lower RWAs in Q4 2021.
[4] The amount of Euro 3.4 billion refers to the aggregate GBV as of the cut-off date (30.06.2020).

underwriting a number of significant projects beyond the RRF that are expected to materialize from 2022 onwards. The current short-term pipeline includes financing of projects, mostly in the energy, hospitality and infrastructure sectors, aim at creating the conditions for Greece's long-term sustainable growth.

The Group's **performing book** (excluding the Galaxy senior notes) expanded by 1.2% y-o-y, or Euro 0.3 billion, to Euro 28.4 billion.

Mix shift towards core deposits continues; Group deposit inflows of Euro 4.9 billion y-o-y

In Q3 2021, our **Group deposit base** increased by Euro 1.5 billion to Euro 46.5 billion (+3.3%). More specifically, in Greece, deposit balances recorded inflows of Euro 1.4 billion (+3.5%) with core deposits from businesses accounting for the majority of inflows. On a year-on-year basis, our **deposit base in Greece** recorded inflows of Euro 4.9 billion, or 13.8%, reflecting higher corporate and household savings. **Deposits in SEE** stood at Euro 5.3 billion at the end of September 2021.

Improved liquidity metrics; LCR increased further to 189%

At the end of September 2021, **Eurosystem funding** reached Euro 13 billion, reflecting the further 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 Q3 2021 (-7 bps) and continued to support Net Interest Income.

At the end of September 2021, the **Group's Loan to Deposit Ratio** declined to 77%, from 96% the previous year, while the Group's Liquidity Coverage Ratio (LCR) reached 189%, far exceeding the regulatory threshold.

Net interest income affected q-o-q by Galaxy derecognition

Net Interest Income in Q3 2021 stood at Euro 318.5 million, down by Euro 52.5 million or 14.2% q-o-q, mainly due to the derecognition of Galaxy and the retrospective benefit booked in Q2 2021 for TLTRO-III.

More specifically, on the asset side, the derecognition of Galaxy, following the conclusion of the transaction in June, reduced NII q-o-q by Euro 54.1 million. In addition, higher volumes were partially offset by continued spread pressure, Moreover, the positive effect from Bonds and Other amounted to Euro 4 million, while the Bank benefited in Q3 2021 from an income of Euro 6.8 million mostly related to the restructuring of a specific exposure in Cyprus.

On the liability side, deposits contribution was lower q-o-q by Euro 2.8 million, as the positive impact from repricing and mix effect was fully offset by the increase in balances. Moreover, funding NII decreased by Euro 9.8 million q-o-q, mainly due to the retrospective TLTRO-III benefit for H2 2020 of Euro 6.9 million booked in Q2 2021, as well as the cost of the Euro 0.5 billion senior bond issuance.

In 9M 2021, Net Interest Income declined by 5.6% y-o-y to Euro 1,089 million, mainly on lower contribution from the asset side due to lower NPE balances and higher deposit balances, partly counterbalanced by improved funding.

Net Interest Margin stood at 2% in 9M 2021.

Solid recovery of Net Fee and commissions, up by 19.1% y-o-y

Net fee and commission income increased to Euro 109.8 million, up by 4.1% q-o-q (or Euro 4.3 million). The headline q-o-q performance was negatively impacted by an extraordinary fee of Euro 10 million booked in Q2 2021 related to an early termination of previous agreement with AXA. On a recurring basis, Net Fee and commissions posted an increase of 15.1% q-o-q. This strong underlying performance was driven by increased revenues from credit cards and payments due to higher transaction volumes, higher fee generation from asset management and a surge of business credit related fees on increased origination.

In 9M 2021, Net fee and commission income witnessed a solid recovery, up by 19.1% y-o-y or Euro 47.9 million. Main contributors to this performance were cards business, asset management and bancassurance business, while new loan generation was also a key driver.

In Q3 2021, **income from financial operations** came to Euro 6.5 million, compared to Euro 30.4 million in Q2 2021[1]. **Other income** stood at Euro 5.9 million in Q3 2021.

Recurring OPEX down by 0.9% y-o-y on lower Staff Costs

In Q3 2021, **Recurring Operating expenses** decreased by 5.8% q-o-q or Euro 15 million, reflecting a decrease in both Staff Costs (-Euro 9 million) and General Expenses (-Euro 6 million) mainly due to the deconsolidation of Cepal.

The Bank has already locked-in circa 50% of its envisaged cost savings with the benefit materialising already in 2022. Lower NPE management costs on reduced balances, cost savings stemming from the Bank's Transformation Program, as well as from the sale of the Merchant acquiring business underpin this commitment.

Moreover, as part of its Transformation plan, the Bank has successfully completed in October 2021, a Voluntary Separation Scheme (VSS) in its Greek operations, which is expected to lead to the gradual departure of more than 550 Employees, with an annualised benefit upon full completion of circa Euro 24 million. As a result of the successful VSS and on the back of the continued Employee attrition, headcount in our domestic operations is anticipated to reach circa 5,500 FTEs by year-end, solidifying our best-in-class operational efficiency.

The **Group Network**, as of the end of September 2021, was reduced to a total of 497 Branches from 534 a year ago due to the ongoing platform rationalisation. As of September 2021, the number of Branches in Greece stood at 313. Annual productivity on a per Branch level has improved, with higher retail loan disbursements as well as an increased market share in core deposits.

On a yearly basis, **Recurring operating expenses** for the Group decreased by 0.9% y-o-y or Euro 6.7 million to Euro 758.1 million, off the back of a decrease in Staff Costs which more than offset an increase in General Expenses as well as a higher depreciation charge primarily on intangible assets.

In 9M 2021, **Personnel expenses** amounted to Euro 307.8 million, down by 4% y-o-y, largely reflecting the reduction in headcount. Group headcount was reduced from 10,481 in September 2020 to 9,523 employees at the end of September 2021, affected by the deconsolidation of Cepal[2]. **General expenses[2]** increased by 0.8% y-o-y to Euro 331.6 million, off the back of the first-time consolidation of CEPAL in August 2020 (+Euro 9 million) as well as increased IT expenses and supported by lower collections services related to NPL management.

In 9M 2021, the **depreciation** charge stood at Euro 118.6 million, up by 3.1% year-on-year, mostly attributable to an increase in intangible assets linked to investments in IT.

In 9M 2021, **Total Operating Expenses** amounted to Euro 928.9 million, negatively affected by Euro 170.8 million[3] of Restructuring Costs and other one-off charges, of which Euro 160.1 million was booked in Q1 2021 including Euro 97.2 million related to a provision for a Voluntary Separation Scheme (VSS).

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

[2] In Q3 2021, the Group reassessed its accounting treatment of servicing fees payable to Cepal, leading to the reclassification of Euro 23.9 million of General administrative expenses to Impairment losses on loans.

[3] In 9M 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.

Domestic NPE stock below the Euro 6 billion mark; On track to reach a single digit NPE ratio by mid-2022

Our **NPE stock in Greece** contracted by Euro 2.9 billion q-o-q, bringing the total stock down to Euro 5.9 billion at the end of Q3 2021. This mainly reflects the classification of a selected nonperforming portfolio related to the Cosmos securitization transaction to the Held for Sale category, in view of its expected completion. **NPE formation in Greece** stood at Euro 61 million q-o-q, as increased inflows from expired moratoria more than offset improved curings and repayments.

As part of the Bank's NPE initiatives, the Bank announced on October 22, 2021 that it had signed a binding agreement with funds managed by Davidson Kempner European Partners LP for the sale of and transfer of 51% of the Mezzanine and Junior securitization notes of its Euro 3.4 billion Gross Book Value "Cosmos" securitization. To this end, HAPS-compliant credit pre-ratings have been received and on 15.10.2021 an application was submitted under HAPS-II that relates to the provision of guarantees on Senior notes of an amount up to Euro 1.7 billion. Transaction closing, subject to customary regulatory approvals, is targeted by year-end 2021. In parallel, the Bank is fairly advanced in terms of preparation for a series of transactions to further dispose of NPE portfolios with an aggregate GBV of up to Euro 4.7 billion[1] that will allow it to achieve a 13% NPE ratio by year-end and a single digit NPE ratio within the first semester of 2022.

As a result, at the end of September 2021, the **NPE ratio in Greece** contracted to 16.6%[2]. On a Group level, the **NPE ratio** at the end of September 2021 declined to 19.9%[2].

NPL balances in Greece also continued their negative trajectory with the stock down by Euro 1.9 billion q-o-q, to Euro 3.3 billion. In Q3 2021, the **NPL ratio in Greece** reached single digit levels, at 9.1%[2] over total loans and at 12.9%[2] on a Group level. At a group level, NPL balances stood at Euro 5.5 billion.

Significantly improved asset quality position allows for a further de-escalation of underlying CoR

In Q3 2021, **impairment losses on loans** stood at Euro 437 million vs. Euro 127.9[3] million in the previous quarter, materially affected by additional transaction-related impairments of Euro 354.5 million, associated with Projects "Cosmos" and "Orbit", with the former already reclassified to Held For Sale. The **underlying impairment charge** further declined in Q3 2021 to Euro 59 million from Euro 90 million in the previous quarter on better asset quality trends, whereas **servicing fees** paid to Cepal, which were reclassified to the impairment line, amounted to Euro 24 million, reflecting the Cepal deconsolidation.

As a result, in Q3 2021, CoR stood at 4.8% over net loans vs.1.3% in the previous quarter, out of which 3.9% are related to the NPE transactions and 0.3% to the reclassification of servicing fees. The **underlying CoR** de-escalated further in Q3 2021 to circa 0.6% over net loans, vs. 0.9% in the previous quarter, paving the way for the normalisation of our impairment line post completion of the planned transactions. **Other impairment losses** in Q3 2021 amounted to Euro 2.4 million.

Group NPE Coverage increased further to 56%

As a result, at the end of September 2021 **Group NPE cash coverage** increased to 56% and to 51% for Greece. Likewise, the **Group NPL coverage ratio** increased to 86%, while total coverage including collateral stood at 124%.

At the end of September 2021, **accumulated provisions** for the Group amounted to Euro 4.7 billion, while for Greece specifically this figure stood at Euro 3 billion.

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[1] With anticipated additional impact of Euro 0.6 billion.

[2] Basis for September 2021 ratios include senior notes of Euro 1.7 billion pro forma for Cosmos securitization; relevant approvals for the Guarantee expected in Q4 2021.

[3] Q2 2021 comparative figures have been restated, due to reclassification of Euro 3.3 million from General administrative expenses to Impairment losses on loans.

Operations in SEE

In **SEE**, our **Operating Income** for 9M 2021 amounted to Euro 180.1 million, down by 5.6% 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 the impact from currency movements from the NPE portfolio in Cyprus and non-banking activities in our Romanian operations.

Operating expenses amounted to Euro 144.1 million, down by 1.8% y-o-y[1], 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 36 million, down by 18.1%, reflecting a lower NII line. In 9M 2021, our SEE operations posted losses of Euro 292.6 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").

The **Loan to Deposit Ratio in SEE** operations stood at 83.8% at the end of September 2021, down from 91.1% in the previous year.

In **Romania**, loan balances increased by Euro 41 million y-o-y and stood at Euro 2.7 billion, while deposits decreased by 1.1% y-o-y and amounted to Euro 2.6 billion.

Total Revenues amounted to Euro 103.1 million, marking a steady annual evolution, as improved performance in net F&Cs offset lower NII stemming primarily from operating in a low interest rate environment. Operating Expenses stood at Euro 81.8 million, up by Euro 4.4 million (5.7% y-o-y), off the back of increased G&A, reflecting higher marketing, insurance expenses and Deposit Guarantee Fund contributions. Profit before Tax for 9M 2021 stood at Euro 20.1 million, down by Euro 5.8 million y-o-y, due to the higher impairment charge (by Euro 1.7 million) versus 9M 2020.

In **Cyprus**, the loan portfolio in 9M 2021 stood at Euro 3.1 billion (-6.9% y-o-y), with the decrease driven by NPE management actions, while deposit balances decreased by Euro 13 million y-o-y (-0.6% y-o-y) to Euro 2.1 billion.

Total Revenues decreased by 14.6% y-o-y to Euro 63 million, mainly as a result of lower loan volumes on the back of increased impairments. Operating Expenses[2] stood at Euro 48.4 million (-13.6% y-o-y), affected by lower staff costs following the implementation of the VSS at the end of 2020. In 9M 2021, our Cypriot operations posted losses of Euro 311.8 million, negatively impacted by an impairment charge of Euro 326.4 million related to the upsizing of our Sky transaction perimeter in Cyprus. It is worth noting that, post completion of the Sky transaction, which is targeted within H1 2022, the remaining NPE balances in Cyprus will be negligible.

In **Albania,** loans stood at Euro 308 million (+10.4% y-o-y) while deposits amounted to Euro 552 million (+8.2% y-o-y). Total Revenues amounted to Euro 13.9 million and Operating Expenses stood at Euro 13.9 million, while the Albanian operations registered a Loss before Tax of Euro -0.9 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, November 30, 2021

[1] In 9M 2020, Operating expenses exclude Euro 4.4 million related to NPE Management actions.

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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