ALPHA BANK

Press Release

First Quarter 2015 Results after Tax at Euro -115.8 million

Main Highlights

- Strong underlying performance with Core Pre Provision Income increasing 17% q-o-q at Euro 294.6 million, driven by cost efficiencies and resilient operating income.
- Challenging economic environment has driven Loan Loss Provisions to Euro 426.3 million. Cash coverage of NPLs has risen to 63% from 62% q-o-q. Total coverage stands at 120%.
- Increased reliance on Eurosystem funding to Euro 23.6 billion at the end of March 2015, mainly driven by deposit outflows of Euro 6.6 billion in Greece.
- Solid capital position with fully loaded Basel III Common Equity Tier 1 ratio (CET1) at 12.6%. Tangible equity at Euro 7.0 billion, implying Book Value per Share of Euro 0.55.

Continued improvement in financial performance

- **Core Pre-provision income[1] at Euro 294.6 million, up by 17.9% y-o-y, as a result of the reduction in operating expenses supported by the good performance in core revenues.**
- **Net Interest Income at Euro 481.5 million up by 2.2% y-o-y mainly attributed to lower cost of time deposits. Net Interest Margin at 2.6% in Q1 2015 negatively affected by wholesale funding cost as a result of increased reliance on ELA refinancing operations.**
- **Fees and commissions at Euro 86.3 million, up by 4.7% y-o-y[2] benefiting from the expansion of our investment management services assisted from the acquisition of Citibank's Greek Retail Operation and recent shift from traditional savings to investment products.**
- **Core revenues at Euro 580.2 million, up by 2.4% y-o-y.**
- **Operating Expenses, excluding integration and extraordinary costs, at Euro 285.5 million, down by 10% y-o-y attributed to the realization of the full impact of the VSS program, the phase-in of merger synergies and additional cost containment initiatives. Cost to Income ratio down to 49.2% in March 2015 from 55.9% a year ago.**
- **Loan loss provisions at Euro 426.3 million in Q1 2015, corresponding to 272bps Cost of risk over Gross Loans.**
- **Profit / (Loss) After Tax at Euro -115.8 million for Q1 2015.**

Key Balance Sheet Trends

- **Net Loans down by 2.0% y-o-y to Euro 49.7 billion.**
- **Deposits down by 13.9% y-o-y to Euro 36.0 billion.**
- **Net Loans to Deposits ratio at 138% at the end of March 2015 compared to 121% a year ago.**

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[1] Core Revenues are defined as total income excluding income from financial operations and Core Pre-Provision Income (PPI) is defined as the Core Revenues minus Operating Expenses adjusted for integration and extraordinary costs.

[2] 2014 Figures include the reclassification of Legal Expenses, related to collection activities, from G&A expenses, to Commission Expenses, in order to offset costs attributed to the customer with the relevant commission income.

- **Eurosystem funding stood at Euro 23.6 billion at the end of March 2015.**
- **NPL formation stood at Euro 554 million in Q1 2015, excluding Euro 202 million relating to the foreign exchange appreciation. As a result, NPL ratio stood at 33.8% at the end of March 2015.**
- **Accumulated on-balance sheet provisions at Euro 13.4 billion, corresponding to 21% of gross loans. Coverage further strengthened by 70bps in Q1 to 62.8%.**
- **Funding position after March 2015, continues to be negatively affected by additional deposit outflows, however in a decelerating pace than previous months. ELA funding at Euro 20.6 billion in May 2015.**

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

"The first months in 2015 were marked with very high uncertainty that has provided a challenging environment in which we continue to drive cost efficiencies and operating performance. The macro situation has led to a higher Eurosystem funding reliance and a reversal of the improving asset quality trends we experienced last year. Our focus remains on maintaining adequate liquidity buffers, on further reducing costs and on improving our performance in loans' remedial management. An agreement between Greece and its European partners, is a prerequisite for the restoration of confidence across the sector and a return to normal operating conditions. Such a development will drastically improve the financial outlook for the year restoring our path to recovery as per our medium term targets".

KEY FINANCIAL DATA

(in Euro million)	Quarter ending					
	31.3.2015	**31.3.2014**	**YoY (%)**	**31.3.2015**	**31.12.2014**	**QoQ (%)**
Net Interest Income	481.5	471.3	2.2%	481.5	495.3	-2.8%
Net fee & commission income[1]	86.3	82.5	4.7%	86.3	87.9	-1.7%
Income from fin. operations	26.2	42.5	…	26.2	(45.1)	…
Other income	12.3	13.0	-5.4%	12.3	11.4	8.0%
Operating Income	606.4	609.2	-0.5%	606.4	549.5	10.4%
Core Revenues[2]	**580.2**	**566.8**	**2.4%**	**580.2**	**594.6**	**-2.4%**
Staff Costs	(136.7)	(167.1)	-18.2%	(136.7)	(162.6)	-15.9%
General Expenses[1]	(122.3)	(125.9)	-2.8%	(122.3)	(153.4)	-20.3%
Depreciation & Amortisation expenses	(26.5)	(23.8)	11.1%	(26.5)	(26.9)	-1.7%
Operating Expenses Before Integration & Extraordinary Costs	**(285.5)**	**(316.8)**	**-9.9%**	**(285.5)**	**(342.9)**	**-16.7%**
Integration costs	(1.3)	(5.3)	…	(1.3)	(3.1)	…
Extraordinary costs	0.0	0.4	…	0.0	(92.5)	…
Operating Expenses	**(286.8)**	**(321.8)**	**-10.9%**	**(286.8)**	**(438.6)**	**-34.6%**
Core PPI	**294.6**	**249.9**	**17.9%**	**294.6**	**251.6**	**17.1%**
Impairment Losses	(426.3)	(395.1)	7.9%	(426.3)	(772.6)	-44.8%
Profit Before Tax	**(106.6)**	**(107.6)**	**-0.9%**	**(106.6)**	**(661.7)**	**-83.9%**
Income Tax	(9.2)	13.5	…	(9.2)	202.7	…
Profit After Tax[3]	**(115.8)**	**(94.1)**	**…**	**(115.8)**	**(440.2)**	**…**
	31.3.2015	**31.3.2014**		**31.3.2015**	**31.12.2014**	
Net Interest Margin	2.6%	2.6%		2.6%	2.7%	
Cost to Income Ratio (excl. trading, integration and extraordinary costs)	49.2%	55.9%		49.2%	57.7%	
CET1[4]	13.1%	15.6%		13.1%	14.3%	
L/D ratio	138%	121%		138%	116%	
	31.3.2015	**31.12.2014**	**30.9.2014**	**30.6.2014**	**31.3.2014**	**YoY (%)**
Total Assets	73,013	72,935	72,420	71,687	72,825	0.3%
Loans (net)	49,717	49,557	50,120	50,133	50,710	-2.0%
Securities	10,196	10,298	9,653	9,659	10,698	-4.7%
Deposits	36,008	42,901	43,533	42,206	41,842	-13.9%
Shareholders' Equity	7,326	7,652	8,526	8,844	9,476	-22.7%

1 2014 Figures include the reclassification of Legal Expenses, related to collection activities, from G&A expenses, to Commission Expenses, in order to offset costs attributed to the customer with the relevant commission income.
2 Defined as total income excluding income from financial operations.
3 Profit after Tax for Q4 2014 includes the negative goodwill impact of Diners Club acquisition of Euro 18.8 million.
4 Ratios after January 1, 2015 take into account the application of the Law 4303/2014 related to conversion of DTAs to tax credits.

Key Developments and Performance Overview

Escalating uncertainty driven by long-lasting negotiations hinders growth prospects

Despite the favorable international economic environment, the economic recovery in Greece remains fragile. Both business sentiment and consumer confidence indicators deteriorated in April 2015, as the political upheaval associated with prolonged negotiations with the official creditors heightened uncertainty.
In the first quarter of 2015, GDP growth, albeit anemic, remained in positive territory (0.3% y-o-y). However, on q-o-q basis, the Greek economy is bucking the recovery trend, as it shrank by 0.2%. Recovery is projected to suffer new setback in 2015, as uncertainty weighs heavily on investment in 2015. On the other hand, private consumption should benefit from lower prices, slightly improving household disposable income in real terms. Export of services may pick up on the back of another good performance in tourism, while exports of goods would be fuelled by euro depreciation. Inflation is expected to remain negative in 2015, reflecting weak domestic demand and slide in global oil prices.
Turbulent economic environment now points to a GDP growth of less than 1% in 2015. Reaching a viable agreement with EU partners, relying on a credible list of structural reforms and fiscal measures, is imperative in order to restore business confidence and improve liquidity conditions for both the public and the banking sector.

Strong capital level with fully loaded CET1 ratio at 12.6%

At the end of March 2015, Alpha Bank's **Common Equity Tier 1 (CET1)** stood at Euro 7.2 billion resulting in a **CET1 ratio** of 13.1%. Our fully loaded Basel III CET1 ratio stands at 12.6%, taking into account the application of Tax Credit legislation. Our **RWA**s amounted to Euro 54.7 billion at the end of March 2015,
up by 3.7% q-o-q, mainly due to Euro 2.2 billion one-off impact in RWAs from the implementation of the above mentioned legislation effective from January 1, 2015.

Eurosystem financing counterbalanced deposit contraction in Q1 2015

In Q1 2015, our **Central Banks** reliance increased further by Euro 8.8 billion q-o-q to Euro 23.6 billion, mainly driven by Euro 6.6 billion of deposit outflows in Greece and the non-renewal of our interbank short term borrowings with international counterparties, both on the back of continuous economic uncertainty. Deposit outflows continued in April and May, although at a reduced pace and Central Banks funding further increased to Euro 25.4 billion, out of which Euro 4.8 billion come from ECB and Euro 20.6 billion via the ELA facility. Our eligible capacity for further Central Bank financing, exceeded the Euro 6 billion in May 2015.

Core revenues continue to improve

In Q1 2015, our **Net Interest Income** stood at Euro 481.5 million, increased by 2.2% y-o-y, positively affected by the decline in time deposit pricing in Greece during the period. On a quarterly basis, our net interest income decreased by 2.8% q-o-q, as a result of the increase in wholesale funding cost due to the introduction of ELA usage during the period, following the decision of the Governing Council of the European Central Bank (ECB) not to further accept as eligible collateral for ECB refinancing marketable debt instruments issued or fully guaranteed by the Hellenic Republic. Following the Governing council's decision, we moved, in mid-February 2015, Euro 11 billion from ECB to ELA at an additional interest cost of 1.5% for the remaining of the quarter. On the asset side, marginally lower contribution from loans is still encountered due to the subdued loan demand.

Net fee and commission income stood at Euro 86.3 million, up by 4.7% y-o-y mostly benefiting by the acquisition of Citibank's retail operations in Greece and increasing activity in asset and wealth management. During Q1 2015, fees declined by 1.7% q-o-q negatively affected by the weak economic environment due to lower contribution from new loans origination and loan restructurings.
Income from financial operations in Q1 2015 amounted to Euro 26.2 million assisted by the sale of Cardlink S.A., which provided for Euro 7.0 million gains.
Other income stood at Euro 12.3 million for the quarter.

Operating expenses decrease by 10% y-o-y driven by Staff Costs, well on track to achieve Target cost base of Euro 1.2 billion for 2015.

Operating expenses were down by 9.9% y-o-y (excluding extraordinary items and integration costs) to Euro 285.5 million, a performance on track to achieve our target of Euro 1.2 billion annual cost base for 2015. In Q1 2015, **personnel expenses** amounted to Euro 136.7 million, down by 18.2% y-o-y, mainly as a result of the reduced headcount and the benefits of the salary realignments phasing-in. Group headcount at the end of March 2015 stood at 15,149 employees, down by 1,739 y-o-y, following the departure of 2,208 people at the end of 2014 as a result of our successful Voluntary Separation Scheme (VSS). The acquisition, at the same period, of Citi retail operations in Greece has added 719 employees to our headcount. **General expenses** were down to Euro 122.3 million or by 2.8% y-o-y, attributed to ongoing phase-in of synergies from Emporiki acquisition and lower product related and marketing expenses on the back of the weak economic environment. Platform rightsizing continues with the total number of Branches reaching 1,004, down by 57 Branches y-o-y, without taking into account the additional 20 Branches acquired from Citi.

NPL coverage further raised to 63% or 700 bps y-o-y

In Q1 2015, our **NPL ratio** stood at 33.8% with new NPLs at Euro 554 million excluding Euro 202 million relating to currency appreciation of loans denominated in foreign exchange. At the end of March 2015, our total **NPLs** stock stood at Euro 21.3 billion. In Greece, NPLs stood at 34.6% at the end of March 2015, while in SEE our NPL ratio stood at 29.8%. From a segmental perspective, our business NPLs increased by Euro 199 million, mortgage NPLs increased by Euro 125 million and consumer NPLs increased by Euro 230 million. As a result, business, mortgages and consumer NPL ratio for the Group stood at 33.3%, 31.6% and 42.3%, while their provisions cash coverage stood at 73%, 39% and 78%, respectively.

In Q1 2015, our provisions increased by Euro 426.3 million of impairments further raising our NPL cash coverage ratio to 62.8% or by 70bps in Q1 2015. Our **accumulated balance sheet provisions** for the Group stood at Euro 13.4 billion at the end of Q1 2015. As result, our ratio of loan loss reserves over loans stood at 21% at the end of March 2015.

Gross loans of the Group amounted to Euro 63.1 billion, up by 1% q-o-q, mainly impacted by the CHF and USD appreciation versus EUR. Loans balances in Greece stood at Euro 52.6 billion, up by Euro 0.3 billion and SEE loans amounted to Euro 10.2 billion.

Group deposits contracted to Euro 36.0 billion, in Q1 2015, negatively affected by the volatility in the Greek operating environment. In Greece deposits stood at Euro 30.3 billion at the end of March 2015, down by Euro 6.6 billion q-o-q of which circa 80% refers to time deposits. Following Q1 2015, deposit outflows are in a slowdown trend having reached Euro 1.5 billion by May.

The Loan to Deposit Ratio at the end of March 2015 for the Group and in Greece increased to 138% and 137% respectively.

Operations in SEE

In **SEE**, our core operating income for Q1 2015 totalled Euro 101.0 million up by 0.4% y-o-y, while our operating costs for Q1 2015 stood at Euro 57.9 million down by 1.6% y-o-y. As a result, Core Pre-Provision Income increased by 3.3% to Euro 43 million. Total branches in SEE stood at 396 at the end of March 2015 vs. 429 a year ago. Deposits of our international operations decreased by Euro 0.2 billion y-o-y and as a result our Net Loans to Deposits ratio stood at 144% at the end of March 2015.

In **Cyprus**, our loan portfolio in Q1 2015 amounted to Euro 5.4 billion (up 5.0% y-o-y) as a result of the appreciation of CHF loans, while deposit balances contracted to Euro 2.0 billion (down 8.1% y-o-y). In **Romania**, loans amounted to Euro 3.0 billion (up 2.8% y-o-y), while deposits increased to Euro 1.5 billion (+5.6% y-o-y). In **Albania**, loans amounted to Euro 387 million (+4.7% y-o-y) and deposits decreased 4.3% y-o-y to Euro 463 million. In **Serbia**, loan balances stood at Euro 761 million (+0.2% y-o-y), while deposits increased to Euro 455 million (+0.9% y-o-y). In **Bulgaria**, loans increased to Euro 660 million (up 7.0% y-o-y), while deposit balances decreased to Euro 403 million (-5.3% y-o-y). In **F.Y.R.O.M.**, loans remained flat at Euro 69 million (up 1.6% y-o-y) and deposits decreased to Euro 71 million (-16.0% y-o-y).

Athens, May 28, 2015

The Bank

The Alpha Bank Group is one of the leading Groups of the financial sector in Greece, with a strong presence in the Greek and international banking market. The Group offers a wide range of high-quality financial products and services, including retail banking, SMEs and corporate banking, asset management and private banking, the distribution of insurance products, investment banking, brokerage and real estate management. The Parent Company and main Bank of the Group is Alpha Bank, which was founded in 1879 by J.F. Costopoulos. Alpha Bank, the Bank that inspires confidence and constitutes a consistent point of reference in the Greek banking system, is one of the largest banks of the private sector, with a wide Network of over 1,000 service points in Greece and one of the highest capital adequacy ratios in Europe.

Significant recent milestones in the long and successful course of the Group are:

- The acquisition of the entire share capital of Emporiki Bank on 1.2.2013.
- The recapitalisation of the Bank by Euro 4,571 million, on 31.5.2013, with oversubscription of the required private sector participation in the Rights Issue, which resulted in the preservation of Alpha Bank's private character.
- The completion of the legal merger by absorption of Emporiki Bank on 28.6.2013 and the creation of the integrated Alpha Bank
- The successful capital increase of Euro 1.2 billion through a private placement with international institutional investors in March 2014 and the subsequent full redemption of the Hellenic Republic's preference shares of Euro 940 million in April 2014.
- The acquisition of the Greek retail banking business of Citibank ("Citi"), including Diners Club of Greece, on 30.9.2014.

ENQUIRIES

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