



## Press Release

### Lazaros Papagaryfallou: Alpha Bank set for sustainable profitability through new products and services

*Alpha Bank is in an advantageous position in the new environment of lower interest rates, the Group's CFO said.*

During a webinar organized by Capital Link on the Greek banking sector, **Lazaros Papagaryfallou, CFO of Alpha Bank Group, outlined the steps the bank will take in the coming period to boost profitability by introducing innovative products that cater to customer needs.**

Mr. Papagaryfallou emphasized that **Alpha Bank is well-positioned in the current low-interest-rate environment** due to various measures taken to strengthen its balance sheet. **He further added that the country's economic growth will further enhance the profitability of the banking sector.**

#### The factors Driving Increased Bank Profitability and Alpha Bank's Positioning

**"The favourable macroeconomic environment is the backbone of banks' future profitability"**, Mr. Papagaryfallou said, noting that economic growth will create credit demand, higher transactions volumes and growing financial assets for households. However, alongside the macroeconomic environment, a number of structural factors will contribute to the increase in banks' profitability, such as: the increase in financial literacy, the shift of consumers to private sector solutions, reforms in the insurance sector, the strengthening of digitalisation, which will allow banks to reach a larger part of the population, the development of new modern and personalised products and the need for insurance coverage against the risks caused by climate change.

After analyzing the factors contributing to future profitability, Mr. Papagaryfallou emphasized that **Alpha Bank is well positioned in this environment, particularly with its leading position in Wealth Management.** He further noted that the **Group's objective is to further develop this sector, emphasizing on the creation of new products and new synergies.** In this direction, **"we will introduce UniCredit onemarkets products to our Clients within 2024, while our partnership with the Italian group will help us to significantly expand our product offering, allowing us to bring expertise and innovation to the market,"** he said. He made special reference to the Bank's agreement with **Generali**, which **not only led to a 35% increase in new product production, but also boosted innovation**, as demonstrated by the new products launched by the Bank for cyber security and outpatient healthcare.

#### Depositors' Shift to Investment Products as a Profitability Driver

Mr. Papagaryfallou highlighted **the slow rate of conversion from ordinary deposits to time deposits, noting a significant shift towards investment products.** While this trend may negatively impact Net Interest Income, **it generates a sustainable Fee Income stream, which is crucial in a low-interest-rate environment,** he said. Mr. Papagaryfallou also stressed **Alpha Bank's success in capitalizing on this trend**, capturing a 30% share of the approximately €2.5 billion directed towards target maturity investment products.



Alpha Asset Management, described as "our own product factory," played a pivotal role in this success, Mr. Papagaryfallou stressed. **The Group's subsidiary is performing exceptionally well, enabling Alpha Bank to maintain its leading position in mutual funds outside Money Market Funds, he added. "We are building an ecosystem of services and products, which can be complemented by additional non-organic growth activities as opportunities arise,"** he added, outlining the strategic direction of the bank.

#### **Excess capital close to 40% of the Bank's current market capitalisation even after dividend distribution**

Mr. Papagaryfallou highlighted **the significance of supervisory approvals for dividend distributions by Greek banks.** Regarding Alpha Bank, he confirmed that **"over the business plan horizon out to 2026 we have committed to distributing the equivalent of 30% of our current market cap in dividends. But that still leaves us with ample amounts of excess capital, close to 40% of our current market cap"**.

Discussing the Bank's future strategy, the Group CFO noted that **upcoming actions will depend on emerging opportunities and the IRRs they can produce.** *"We could consider investing in reperforming loans as an alternative to credit expansion,"* he said, while also mentioning the possibility of targeted acquisitions in Greece or abroad. He stressed that **any action will need to further enhance shareholder value and align with our strategic objectives.** *"Our success or failure will be judged upon this one element,"* he concluded.