



Press Release

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Vassilios Psaltis at the 10th Greek Investment Forum: “Alpha Bank's growth prospects are fully linked to the growth trajectory of our country”

The readiness of Alpha Bank to support the course of change of the Greek economy, with its new **Strategic Plan and the drastic reduction of NPEs**, were some of the key points highlighted, among others, by the CEO of the Bank Vassilis Psaltis, from the panel “**The Greek Capital Market and the Banking Sector: Outlook & Prospects**” of the **10th Greek Investment Forum**, organized today by the Athens Stock Exchange and the Hellenic-American Chamber of Commerce.

“Our ambition is clear. Having dealt with the legacy of the past, by the use of our own balance sheet, we now choose to focus on changing the agenda. We believe that **Alpha Bank's growth prospects are fully linked to the growth trajectory of our country and to the delivery of timely and first-class services to our customers**. This is also in line with the legacy of our bank as an innovator in banking system”, noted Mr. Psaltis referring also to the **forthcoming Share Capital Increase of the Bank**, in order to support, from the very first moment, the development plans of Greek businesses.

High expectations for a dynamic performance by our country

Mr. Psaltis highlighted the **positive prospects** that open up in the post-pandemic era for Greece, **with a growth rate above the European average**, due to the regain of trust from the capital markets and the improvement of the country's sovereign risk profile, thanks to the decisive fiscal policy interventions and progress made on the clean-up of banks' balance sheets. He also added that **the funding package from the EU Recovery and Resilience Facility (RRF)** is expected to **contribute to GDP and productivity growth and lead to the financial, technological and institutional transformation of the Greek economy**.

As the CEO of Alpha Bank noted: “**The RRF has two material differences from the European programs of the past**. *First*, the future growth will be based on a higher rate of investment supported by **an additional leverage from the banking system** and not on the increase of consumer expenditure. *Second*, the EU funds aim to drastically change the current structure of the economy. In other words, they seek to **reverse the status quo**. Additionally, the orientation is shifted towards green transition, exports penetration, research innovation and digitalization as well as on the prospect of mergers and acquisitions, in order to increase the average size of Greek businesses and create economies of scale”.

Alpha Bank's new strategic plan and Share Capital Increase — two decisive steps supporting the country's effort to turn over a new page

Mr. Psaltis also focused on Alpha Bank's willingness to support the growth dynamics of the Greek economy, which is very clearly presented in its new Strategic Plan. In this context, the Bank, among others, has addressed its Shareholders and the markets for **drawing Funds of Euro 0.8 billion**. Additionally, **securing at the outset the growth capital** that Alpha Bank expects to deploy over the next few years, will allow it to **reach its profitability targets sooner and it will also provide the Bank with significant flexibility to optimise its capital structure and deploy its dividend strategy**.



Moreover, the CEO of Alpha Bank pointed out that the forthcoming Share Capital Increase will provide the Bank with **the flexibility needed to commit to the financing of high value projects** allowing it to be selective regarding the risk/reward profile of such projects and at the same time ensure that the Bank **is going to be meeting all of its capital requirements** throughout its business plan horizon.

Major progress made by all banks in the reduction of NPEs

When Mr. Psaltis was asked by the panel coordinator whether Greek banks have managed to finally resolve the issue of bad loans, he referred to the substantial progress that has been achieved in this direction with the reduction of NPEs by almost 68% (or circa Euro 69 bn), reaching Euro 33 bn from Euro 102 bn at the beginning of 2017 as well as with **the establishment of the Greek servicing market**, which was a **vital condition for the clean-up of the banks' balance sheets**, as he said. He also added that **Alpha Bank was the first to establish a servicing company**, Cepal, which has successfully completed aggregate portfolio sales of Euro 8 bn.

Furthermore, the CEO of Alpha Bank stressed the great significance of the **"Hercules"** Asset Protection Scheme for the implementation of securitizations of Euro 31 bn so far, as well as for the **additional NPE deleveraging effort through additional securitizations** of circa Euro 20 bn in aggregate, **through the extension of the program, via "Hercules II" scheme**, which will enable Greek banks to achieve single-digit NPE ratios by 2022.

Regarding the **migration to NPEs of the loans under moratoria**, Mr. Psaltis noted that, looking at the performance of these loans so far, 5 months post their expiry, **re-performance levels of 85% or more** are recorded. He also stated his confidence that Greek banks' **impact from moratoria migrating to NPEs will be contained and manageable**, both **because of the actions provided by the Greek Government** in order to support the liquidity of individuals and businesses as well as **because of the operational readiness of Greek banks, who have been maintaining an active dialogue with their customers** and are now timely offering new products, with adequate repayment schedules, catering to customers' cash flows.

Drastic reduction of NPEs by Alpha Bank

Regarding the **reduction of NPEs by Alpha Bank**, Mr. Psaltis pointed out that the Bank has managed to reduce its NPE stock by almost **Euro 18 bn**, with the latest step being the **Project Galaxy**, the largest securitization transaction ever executed in Greece, which, **despite the outbreak of the pandemic, the Bank managed to successfully launch and complete, within just 10 months**.

He also added that following a series of additional NPE transactions of **Euro 8.1 bn**, our Group NPE ratio is further expected to be reduced to **7% by the end of 2022**, while by 2024 the Balance Sheet is expected to be restored to full health. *"The decisive reduction of the NPE stock, apart from restoring the health of the Balance Sheet, will also restore the health of our P&L, as the primary driver of our current cost of risk is the management of the NPE portfolio rather than any deterioration of our performing book. As such, Cost of Risk is expected to be reduced at circa 60 basis points over Net Loans, providing an uplift for our Return on Equity by circa 4%"*, Mr. Psaltis concluded.