ALPHA BANK

# Press Release

**Alpha Bank successfully completes ECB's Comprehensive Assessment**
**in the Static Adverse Scenario with CET1 8.07%**
**and Capital Surplus of Euro 1.3 billion**
**Based on the dynamic adverse assumptions, CET1 stands at 8.45% with**
**Capital Surplus of Euro 1.8 billion**

- Alpha Bank successfully concludes the 2014 ECB Comprehensive Assessment ("CA") exceeding the CET1 hurdle rates 5.5% and 8% for the adverse and baseline scenarios for both static and dynamic assumptions with a safe margin ranging between Euro 1.3 and Euro 3.1 billion. This includes the results of the Asset Quality Review ("AQR"), the Stress Test and the "join-up" methodology
- AQR adjustment after tax to the 31.12.2013 CET1 of only 1.8% or Euro 942 million, thanks to Alpha Bank's provisioning policy
- Additional management actions not incorporated in the adverse static scenario provide further cushions to our capital position
  a) 50 bps arising from the capital increase which concluded in March 2014 and the subsequent repayment of the Hellenic Republic's preference shares, further enhancing the quality of capital
  b) 204 bps positive effect from the implementation of Law 4302/2014 related to the conversion of DTAs to tax credits

**Comprehensive Assessment Summary [1]**

| | Reported[2] | Static | | Dynamic | |
|---|---|---|---|---|---|
| | 2013 | 2016 | 2016 | 2015[3] | 2016 |
| | | Baseline | Adverse | Baseline | Adverse |
| CET1 (€mn) | 8,211 | 7,216 | 4,189 | 7,694 | 5,013 |
| RWAs (€mn) | 51,754 | 52,261 | 51,918 | 57,764[4] | 59,316[4] |
| CET1 (%) | 15.9% | 13.81% | 8.07% | 13.32% | 8.45% |
| Hurdle rates | | 8.0% | 5.5% | 8.0% | 5.5% |
| Capital surplus (€mn) | | 3,035 | 1,334 | 3,073 | 1,750 |
| Capital surplus (bps) | | 581 | 257 | 532 | 295 |

(1) Post AQR / Stress Test / Join Up
(2) Starting point used in the CA are adjusted for Basel III (ECB methodological note)
(3) As final outcome is considered the lowest capital level over the 3-year period i.e 31.12.2015
(4) According to EBA Methodological note and relevant floors applied

**Alpha Bank A.E.** acknowledges the announcements made today by ECB and EBA on the outcome of the Comprehensive Assessment. The EU-wide CA, carried out across 130 banking groups (including the 4 systemic Greek Banks) covering over 85% of EU Banking System total assets, seeks to create a consistent basis for assessing the resilience of capital adequacy of European banks, to withstand plausible but extreme shocks, which, therefore, are not very likely to materialise. It is worth noting that, under the Credit File Review of the AQR, a thorough scrutiny of the Bank's Wholesale and Residential Real Estate loan portfolio was performed.

The assumptions and methodological approach were established to assess banks' capital adequacy against an 8% and a 5.5% CET1 capital benchmark under the Baseline and Adverse scenarios respectively. The Stress Test period covers a three-year time horizon (2014-2016). The Stress Test has been carried out using a Static balance sheet assumption as of 31.12.2013 and does not take into account any business actions already implemented after 31.12.2013, which would have impacted the capital position and/or the financial standing of the Bank.

The quality and level of the Bank's capital were further strengthened due to the capital issuance of Euro 1,200 million, which took place in the first quarter of 2014, and the repayment of Greek State Preference Shares of Euro 940 million. This net capital impact amounting to Euro 260 million, which is not included in the "join-up" results, due to the methodology applied, leads to a CET1 capital ratio of 8.6% and a surplus of 3.1% in the static adverse scenario.

The Bank notes the recent voting into force of Law 4302/2014, regarding the conversion of Deferred Tax Assets ("DTAs") to tax credits from the Greek State, leading to a further capital buffer of Euro 1,060 million (consisting of Euro 640 million from the gradual deduction of DTA in the Stress Test Methodology and Euro 420 million from new DTA recognition in H1 2014) or a 4.6% CET 1 buffer in the static adverse scenario. In this context, the Bank has convened an Extraordinary General Meeting of its Shareholders for November 7, 2014.

The results under the Dynamic Balance sheet assumption, which include certain aspects of the Bank's approved Restructuring Plan, also confirm its solid capital position notwithstanding

- minimal embedded capital measures in the approved Restructuring Plan, and
- stressing of its assumptions by the EBA, ie. strict operational performance assumptions which were applied to an already stressed Net Interest Income and Pre-Provision Income, due to the continuous adverse evolution of the Greek economy in the previous years.

The Bank's financial performance for H1 2014, which includes additional provisions of Euro 744 million, illustrates the better performance against the financial projections taken into consideration in the exercise.

Neither the Baseline, nor the Adverse scenario should in any way be construed as the Bank's forecast of medium term profitability, or be directly compared to the Bank's published financial information. More details on the assumptions and methodology of the CA can be found on ECB's and EBA's websites:

http://www.ecb.europa.eu/ssm/assessment/html/index.en.html

https://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing/2014

Athens, October 26, 2014