OFFERING CIRCULAR

Alpha Group Jersey Limited

(incorporated with limited liability in Jersey)

€200,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities

having the benefit of a subordinated guarantee of

Alpha Bank AE

(incorporated with limited liability in the Hellenic Republic)

Issue price: €1,000 per Preferred Security

Unless expressly indicated otherwise, capitalised terms and expressions used herein have the same meaning as given to them in ''Description of the Preferred Securities''.

The €200,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities (the ''Preferred Securities'') each with a liquidation preference of €1,000 (the ''Liquidation Preference'') are proposed to be issued by Alpha Group Jersey Limited (the ''Issuer'') on 5th December, 2002 (the ''Closing Date''). All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a subordinated basis by Alpha Bank AE (the ''Bank'') pursuant to a subordinated guarantee dated 5th December, 2002 (the ''Guarantee''), all as more fully described herein under ''Subordinated Guarantee''.

The Preferred Securities will entitle holders to receive (subject as described herein under ''Description of the Preferred Securities'') non-cumulative preferential cash dividends payable quarterly in arrear on 5th March, 5th June, 5th September and 5th December in each year, commencing on 5th March, 2003. In relation to any Preferred Dividend Period, the rate of Preferred Dividend shall be the sum of Three Month EURIBOR and the relevant Margin.

The Preferred Securities are perpetual securities and have no fixed redemption date. However, the Preferred Securities may be redeemed, in whole but not in part, on the First Call Date or on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 days' notice, each to be redeemed at the Redemption Price plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period. Such redemption is subject to the consent of the Bank and the Bank of Greece.

In the event of a liquidation, dissolution or winding-up of the Issuer, holders of the Preferred Securities will be entitled to receive, for each Preferred Security, a liquidation preference of €1,000 plus accrued and unpaid Preferred Dividends for the then current applicable Preferred Dividend Period to the date of payment, as more fully described in ''Description of the Preferred Securities''.

Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange.

In making an investment decision, potential investors should have particular regard to the ''Investment Considerations'' on page 10 of this Offering Circular.

The Preferred Securities are expected to be rated ''Baa2'' by Moody's Investors Service Limited, ''BBB-'' by Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. and ''BBB'' by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Preferred Securities will be represented on issue by a single global certificate in registered form (the ''Global Certificate''). The Global Certificate will be registered in the name of Citivic Nominees Limited as nominee for, and will be deposited with, a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear system (''Euroclear'') and Clearstream Banking, société anonyme (''Clearstream, Luxembourg'') on or around the Closing Date.

Joint Lead Managers

Credit Suisse First Boston | **Morgan Stanley**

Managers

Agricultural Bank of Greece S.A. | **Bank of Cyprus Limited**
BCP Investimento, S.A. | **Deutsche Bank**
General Bank of Greece S.A. | **Investment Bank of Greece S.A.**
NBG International | **Omega Bank**

Piraeus Bank S.A.

The date of this Offering Circular is 4th December, 2002.

The Issuer and the Bank accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Bank (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer and the Bank, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information which is material in the context of the Preferred Securities, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer and the Bank accept responsibility accordingly

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the offering of the Preferred Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Bank or the Managers (as defined under ''Subscription and Sale'' below). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Bank or the Bank and its subsidiaries as a whole (the ''Group'') since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Bank or the Managers to subscribe for, or purchase, any of the Preferred Securities. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Bank in connection with the Preferred Securities or their distribution.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Bank or the Managers that any recipient of this Offering Circular should purchase any of the Preferred Securities. Each investor contemplating purchasing Preferred Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Bank.

The Preferred Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the ''Securities Act'') and are subject to U.S. tax law requirements. Subject to certain exceptions, the Preferred Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Preferred Securities and on distribution of this Offering Circular, see ''Subscription and Sale'' below.

A copy of this Offering Circular has been delivered to the Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 as amended and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4B of the Control of Borrowing (Jersey) Order 1958 as amended to the issue of the Preferred Securities by the Issuer. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions, expressed with regard to it.

An investment in the Preferred Securities is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

If you are in any doubt about the contents of this Offering Circular, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

Nothing in this Offering Circular or anything communicated to Holders of, or investors in, the Preferred Securities (or any such potential Holders or investors) by the Issuer is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for the Preferred Securities or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998, as amended.

IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, CREDIT SUISSE FIRST BOSTON OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER THERE IS NO OBLIGATION ON CREDIT SUISSE FIRST BOSTON OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

All references in this Offering Circular to "Euro", "euro" and "€" refer to the currency introduced at he start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25th March, 1957), as amended, all references to "Sterling" and "£" refer to the currency of the United Kingdom and all references to "U.S.$", "USD" and "U.S. dollars" refer to the currency of the United States.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Bank for the years ended 31st December, 2000 and 2001 prepared in accordance with international accounting standards ("IAS"), the audited consolidated and non-consolidated financial statements of the Bank for the years ended 31st December, 2000 and 2001 prepared in accordance with generally accepted accounting principles in Greece ("Greek GAAP") and the most recent unaudited published consolidated and non-consolidated financial statements of the Bank are incorporated by reference in this Offering Circular. Copies of these documents are available free of charge from the specified office of the Paying and Transfer Agent for the time being in Luxembourg as described in "General Information" below.

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under "Description of the Preferred Securities".

Issuer: Alpha Group Jersey Limited, a wholly-owned subsidiary of the Bank incorporated in Jersey.

Guarantor: Alpha Bank AE (the "Bank").

Issue Size: €200,000,000.

Issue Details: €200,000,000 Series A Non-cumulative Guaranteed Non-voting Preferred Securities each with a par value and a liquidation preference of €1,000.

Preferred Dividends: Preferred Dividends on the Preferred Securities will be declared by the Directors of the Issuer and paid by the Issuer out of funds legally available therefor, subject to certain limitations (see "Limitations on Payments" below).

For each Preferred Dividend Period, Preferred Dividends on the Preferred Securities will be payable quarterly in arrear on 5th March, 5th June, 5th September and 5th December in each year (subject to adjustment) at a rate of Three Month EURIBOR plus the relevant Margin.

The "Margin" is (i) for each Preferred Dividend Period during the period from and including the Closing Date to but excluding the First Call Date, 2.650 per cent. and (ii) for each Preferred Dividend Period commencing on or after the First Call Date, 3.975 per cent.

Guarantee: The Bank will guarantee payments on the Preferred Securities in respect of any declared but unpaid Preferred Dividends, payments on liquidation of the Issuer, payments on redemption of the Preferred Securities and any Additional Amounts (as defined below).

The Bank's obligations under the Guarantee will be subordinated so that they rank junior to all senior and subordinated indebtedness of the Bank, *pari passu* with the most senior preference shares and Parity Obligations, if any, of the Bank, and senior to the ordinary shares of the Bank.

Limitations on Payments: Subject to the Law and to the provisions relating to compulsory payments below, Preferred Dividends may be declared by the Directors, in their sole discretion, and paid by the Issuer out of funds legally available therefor.

However, subject to the provisions relating to compulsory payments below, the Issuer will not be permitted to pay any Preferred Dividend on the Preferred Securities if such Preferred Dividend, together with the amount of:

(i) any Preferred Dividends previously paid in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and

(ii) any Preferred Dividends proposed to be paid in respect of the Preferred Securities and distributions proposed to be paid in respect of any Preferred Dividend Parity Obligations in the then current calendar quarter;

is greater than Distributable Funds.

For the avoidance of doubt, the Directors will not be required to declare, and the Issuer will not be required to pay, a Preferred Dividend if, in the then current financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any Subsidiary has made certain other payments in respect of Junior Obligations or Preferred Dividend Parity Obligations, as set out in ''Compulsory Payments'' below.

References to Preferred Dividends include Additional Amounts.

Preferred Dividends non-cumulative:

If the Directors of the Issuer do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date by virtue of the limitations set out above (see ''Limitation on Payments''), then subject to the below (see ''Compulsory Payments'' and ''Redemption'') and without affecting the rights of the Holders of Preferred Securities under the Guarantee, the entitlement of the holders of Preferred Securities to such Preferred Dividend shall lapse. Accordingly no payment will need to be made at any time by the Issuer or the Bank in respect of any such missed payment.

Compulsory Payments:

Payment on Junior Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Junior Obligations (other than in the form of shares or further or other Junior Obligations), then, subject to the Law, the Issuer will be required to pay Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

(i) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of an annual period;

(ii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of a semi-annual period; and

(iii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligation is made in respect of a quarterly period.

Redemption of Junior Obligations

Subject to the Law, the Issuer will be required to make payment of the full amount of Preferred Dividend payable on each of the next four Preferred Dividend Payment Dates contemporaneous with or following any date on which the Bank or any Subsidiary of the Bank has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) unless such acquisition is effected in accordance with the provisions of article 16 paragraphs 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920 and does not result in a decrease of the Bank's own funds for the purposes of Greek capital adequacy requirements.

Payment on Dividend Parity Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of shares or Junior Obligations), then the Issuer will be required to make *pro rata* payments of Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

(i) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of an annual period;

(ii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a semi-annual period; and

(iii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

Aggregation of Preferred Dividends in Preferred Dividend Period

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of Article 4(a), 4(b) or 4(c) shall be aggregated on any Preferred Dividend Payment Date with any payments made or to be made by virtue of Article 3 in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividends.

All the compulsory Preferred Dividends described above will be guaranteed by the Bank under the Guarantee.

Withholding Tax and Additional Amounts: The Preferred Securities will contain a gross up provision in respect of imposition of Jersey or Greek withholding taxes. The Guarantee will contain a gross up provision in respect of imposition of Greek withholding taxes. Each gross up provision will be subject to customary exceptions.

Under the gross up provisions, subject to customary exceptions, the Issuer, or the Bank pursuant to the Guarantee, will pay to each holder of the Preferred Securities such additional amounts (''Additional Amounts'') as may be necessary in order that every net payment in respect of the Preferred Securities, after withholding for any taxes imposed by Jersey or Greece, as the case may be, upon or as a result of such payment, will not be less than the amount otherwise required to be paid.

The obligations of the Issuer and the Bank to pay any such Additional Amounts will be subject to limitations described in ''Limitation on Payments'' above.

Optional Redemption: Subject to the Law, the Preferred Securities are redeemable at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, at €1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date, and any Additional Amounts.

Such optional redemption will be subject to the prior consent of the Bank and the Bank of Greece.

Capital Disqualification Redemption: If, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities may be redeemed, in whole but not in part, at the option of the Issuer on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities.

In this circumstance the Preferred Securities may be redeemed at €1,000 per Preferred Security plus any Additional Amounts remaining unpaid plus the Premium (as defined in ''Description of the Preferred Securities'').

Any such redemption will be subject to the prior consent of the Bank and the Bank of Greece.

Redemption for Tax Reasons: If, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws or regulations of Jersey or Greece the Issuer or the Bank is or would be required to pay Additional Amounts in respect of payments due on the Preferred Securities or under the Guarantee then, subject to the Law, the Preferred Securities will be redeemable at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities.

In this circumstance the Preferred Securities may be redeemed at €1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and any Additional Amounts remaining unpaid.

If, at any time falling prior to but excluding the First Call Date, the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and any associated transactions (including, but not limited to, any loan from the Issuer to the Bank or any other Subsidiary of the Bank), is or would be required to pay more than a *de minimis* amount of (i) Jersey Tax (other than in respect of Jersey source income) or (ii) Greek Tax, then the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities.

In this circumstance the Preferred Securities may be redeemed at €1,000 per Preferred Security plus any Additional Amounts remaining unpaid plus the Premium.

Any redemption for tax reasons will be subject to the prior consent of the Bank and the Bank of Greece.

Rights upon Liquidation:

In the event of any summary winding-up, voluntary liquidation or dissolution of the Issuer, Holders of Preferred Securities will be entitled to receive the Liquidation Distribution per Preferred Security held out of assets available for distribution to shareholders.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution, if at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to Holders of Preferred Securities and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank had the Preferred Securities and Liquidation Parity Obligations been issued by the Bank and ranked (x) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to the Guarantee), (y) *pari passu* with the most senior preferred or preference shares, if any, of the Bank, and (z) senior to all Junior Obligations.

In the event of liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of placing the Issuer in summary winding-up and the amount to which Holders of Preferred Securities shall be entitled as a Liquidation Distribution will be as described above.

The Bank has undertaken in the Guarantee that, so long as any of the Preferred Securities is outstanding, it will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer unless the Bank of Greece has given its prior approval, or the Bank itself is in liquidation.

Voting Rights:

Generally Holders of the Preferred Securities will not be entitled to vote at any general meeting of shareholders of the Issuer.

Holders of the Preferred Securities (together with the holders of any other preferred or preference shares of the Issuer having the right to vote for the election of Directors in such event) are entitled to elect two

	additional Directors of the Issuer's board of Directors if, in respect of four consecutive Preferred Dividend Periods, Preferred Dividends on the Preferred Securities have not been paid in full, or if the Bank breaches its payment obligations under the Guarantee. Such Directors will vacate their office if Preferred Dividends are resumed by the Issuer, or payments by the Bank in respect thereof are made in full.
Form of the Preferred Securities:	The Preferred Securities will be represented on issue by a single global certificate in registered form, which will be registered in the name of Citivic Nominees Limited as nominee for, and will be deposited with, a common depositary for Euroclear and Clearstream, Luxembourg.
Governing Law:	The Preferred Securities will be governed by, and construed in accordance with, Jersey law. The Guarantee of the Bank will be governed by, and construed in accordance with, English law, save that the provisions concerning the ranking of the Guarantee as described above will be governed by, and construed in accordance with, Greek law.
Use of proceeds:	The net proceeds from the issue of the Preferred Securities will be used by the Bank and/or its consolidated Subsidiaries for general banking purposes.
Listing:	Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange.
Rating:	The Preferred Securities are expected to be rated "Baa2" by Moody's Investors Service Limited, "BBB-" by Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. and "BBB" by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

INVESTMENT CONSIDERATIONS

Prospective investors should consider carefully the following information in conjunction with the other information contained in this Offering Circular before investing in the Preferred Securities.

Risks Associated with the Bank's Financial Condition

An investment in the Preferred Securities will have substantially the same economic risks as an investment in non-cumulative perpetual preference shares issued directly by the Bank having the same liquidation preference and rate of distribution as the Preferred Securities. The Preferred Securities are guaranteed on a limited and subordinated basis by the Bank pursuant to the terms of the Guarantee. Accordingly, if the Bank's financial condition were to deteriorate, the Issuer and the Holders may suffer direct and materially adverse consequences, including non-payment of Preferred Dividends on the Preferred Securities or of payments under the Guarantee.

Preferred Dividends not Cumulative

Preferred Dividends on the Preferred Securities are not cumulative. Subject to the provisions relating to compulsory payments as set out in "Description of the Preferred Securities", Preferred Dividends on the Preferred Securities will not be paid on each Preferred Dividend Payment Date if the Bank has insufficient Distributable Funds. If Preferred Dividends on the Preferred Securities for any Preferred Dividend Period are not paid, Holders will not be entitled to receive such Preferred Dividends (or any payment under the Guarantee in respect of such Preferred Dividends) whether or not sufficient funds are, or subsequently become, available.

Perpetual Nature of the Preferred Securities

The Preferred Securities have no fixed final redemption date and Holders have no rights to require the redemption of the Preferred Securities. Although the Issuer may elect to redeem the Preferred Securities in certain circumstances (including at its option on the First Call Date or any Preferred Dividend Payment Date thereafter or following the occurrence of certain tax events or a Capital Disqualification Event (as set out in "Description of the Preferred Securities")), such election is discretionary and subject to certain limitations.

Any early redemption by the Issuer is subject to the prior consent of the Bank and the Bank of Greece. It is currently expected that such consent of the Bank of Greece will be given only in cases where, after such redemption of the Preferred Securities by the Issuer, (i) the solvency ratio of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent. and (ii) the ratio of "conventional" items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk adjusted assets of the Bank, remains above 4 per cent.

No Limitation on Future Debt

The Bank is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Guarantee.

DESCRIPTION OF THE PREFERRED SECURITIES

The following summary sets forth the material terms and provisions of the Preferred Securities. It is qualified in its entirety by reference to the terms and conditions of the Company's Articles of Association. Copies of the Company's Articles of Association and other documents relating to the Preferred Securities are available as described under "General Information — Documents relating to the Preferred Securities"

1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context requires otherwise:

"Additional Amounts" means the additional amounts which may be payable in respect of the Preferred Securities as described in Article 11;

"Agency Agreement" means the agency agreement dated 5th December, 2002 relating to the Preferred Securities between the Bank, the Company, the Principal Paying and Transfer Agent, the Registrar and the other agents named therein;

"Bank" means Alpha Bank AE and its successors and assigns;

"Business Day" means any day on which commercial and foreign exchange markets settle payments in London, Athens and Jersey and on which the TARGET System, or any successor thereto, is operating;

"Capital Disqualification Event" means a change in any applicable law or regulation (including the provisions of Circular 17/2002 of the Bank of Greece on tier 1 instruments), or in the official interpretation or application thereof, as a result of which for the purposes of capital adequacy requirements applicable to banks in Greece, at that time an amount equal to, and in respect of, the aggregate liquidation preference of the Preferred Securities outstanding (being €1,000 per Preferred Security) will not be included in the tier one capital of the Bank on a consolidated basis;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme or its successor;

"Closing Date" means 5th December, 2002;

"Common Depositary" means Citibank, N.A. as common depositary for Euroclear and Clearstream, Luxembourg;

"Company" means Alpha Group Jersey Limited, the company incorporated under the Law in respect of which the articles have been registered;

"Distributable Funds" means the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit for such financial year and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece; but before deduction of the amount of any dividend or other distribution declared on the Bank's ordinary share capital in respect of such financial year;

"Dividends" means the Preferred Dividends and the Ordinary Dividends or either of them;

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

"First Call Date" means 5th December, 2012;

"Greek Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Greece or any political sub-division thereof or by any authority therein or thereof having power to tax;

"Group" means the Bank together with its Subsidiaries;

"Guarantee" means the subordinated guarantee in favour of the Holders of the Preferred Securities to be executed by the Bank on 5th December, 2002 as a deed poll;

"Holder" means, in relation to any Preferred Security, the member of the Company whose name is entered in the Register as the holder of such Preferred Security and in relation to any Ordinary Security the member of the Company whose name is entered in the ordinary register as the holder of such Ordinary Security;

"Jersey Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Jersey or any political sub-division thereof or by any authority therein or thereof having power to tax;

"Junior Obligations" means (i) ordinary shares of the Bank, (ii) each class of preferred or preference shares or similar securities of the Bank that ranks junior to the most senior ranking preferred or preference shares or similar securities of the Bank and (iii) any preference share or preferred security of a Subsidiary or the Company (other than the Preferred Securities) entitled to the benefit of a guarantee or support agreement or similar undertaking of the Bank that ranks junior to the Guarantee, or any such guarantees, support agreements or similar undertakings of the Bank;

"Law" means the Companies (Jersey) Law,1991;

"Liquidation Distribution" means the Liquidation Preference plus (i) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (ii) any Additional Amounts, in each case payable in cash only;

"Liquidation Parity Obligations" means the most senior preferred or preference shares or similar securities of the Bank and any guarantee, support agreement or other contractual undertaking (ranking *pari passu* with the Guarantee as regards participation in the assets of the Bank) of any preferred or preference shares of Subsidiaries;

"Liquidation Preference" means the liquidation preference of €1,000 per Preferred Security;

"Margin" has the meaning set out in Article 2(b);

"Ordinary Dividends" means the dividends in respect of the Ordinary Securities;

"Ordinary Securities" means the ordinary shares of the Company;

"Parity Obligations" means Liquidation Parity Obligations and Preferred Dividend Parity Obligations;

"Paying and Transfer Agents" means each of the Principal Paying and Transfer Agent and Kredietbank S.A. Luxembourgeoise and/or any other entity appointed as paying and transfer agent by the Company and notified to the Holders of the Preferred Securities;

"Preferred Dividends" means the non-cumulative dividends in respect of the Preferred Securities as described under Article 2;

"Preferred Dividend Parity Obligations" means the most senior preferred or preference shares or similar securities qualifying as tier 1 capital of the Bank and all preferred or preference shares of Subsidiaries or of the Company (other than the Preferred Securities) qualifying as tier 1 capital of the Bank on a consolidated basis and entitled to the benefit of any guarantee, support agreement or similar undertaking of the Bank ranking *pari passu* with the Guarantee as regards entitlement to distributions thereunder, or all such guarantees, support agreements or contractual undertakings;

"Preferred Dividend Payment Date" means each date on which a Preferred Dividend is payable in accordance with the provisions of Article 2(a);

"Preferred Dividend Period" means the period from and including the Closing Date to but excluding the first Preferred Dividend Payment Date and each successive period from and including a Preferred Dividend Payment Date to but excluding the next succeeding Preferred Dividend Payment Date;

"Preferred Dividend Floating Rate" has the meaning set out in Article 2(b);

"Preferred Securities" means the € Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Company outstanding, each with a Liquidation Preference of €1,000, and including any further Preferred Securities of the Company of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities then in issue;

"Premium" has the meaning set out in Article 5(e);

"Principal Paying and Transfer Agent" means Citibank, N.A. or such other entity appointed by the Company and notified to the Holders of the Preferred Securities;

"Redemption Date" means the date on which the Preferred Securities are redeemed by the Company;

"Redemption Price" means €1,000 per Preferred Security;

"Reference Banks" means any four major banks in the euro-zone interbank market selected by agreement between the Principal Paying and Transfer Agent and the Bank;

"Registrar" means Citibank AG or such other entity appointed by the Company and notified to the holders of the Preferred Securities;

"Register" means the register of holders of Preferred Securities;

"Relevant Screen Page" means Moneyline Telerate Screen Page 248 or such replacement page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to Three Month EURIBOR;

"Subsidiary" means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank, or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank;

"TARGET Settlement Day" means any day on which the TARGET System, or any successor thereto, is operating;

"TARGET System" means the Trans-European Automated Real-time Gross settlement Express Transfer system; and

"Three Month EURIBOR" has the meaning set out in Article 2(b).

2. Preferred Dividends on Preferred Securities

(a) *Preferred Dividend Payment Dates*

Preferred Dividends on the Preferred Securities are non-cumulative and will be deemed to accrue on a day by day basis whether or not declared. Subject to the Law, the Preferred Dividends will be payable quarterly in arrear on 5th March, 5th June, 5th September and 5th December in each year, commencing on 5th March, 2003, provided that if any such date would otherwise fall on a day which is not a Business Day, payment shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day.

(b) *Preferred Dividend Floating Rate*

In relation to any Preferred Dividend Period, the rate of Preferred Dividend shall be the sum (as determined by the Principal Paying and Transfer Agent) of Three Month EURIBOR and the relevant Margin (the "Preferred Dividend Floating Rate").

For the purpose of calculating the Preferred Dividend Floating Rate:

"Margin" means (i) for each Preferred Dividend Period during the period from and including the Closing Date to but excluding the First Call Date, 2.650 per cent. and (ii) for each Preferred Dividend Period commencing on or after the First Call Date, 3.975 per cent.; and

"Three Month EURIBOR" means the rate for deposits in euro for a period of three months which appears on the Relevant Screen Page as of 11.00 a.m., Brussels time, (or such other time as may be customary for the daily reset of such rate) on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period.

If such rate does not appear on the Relevant Screen Page on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period, then Three Month EURIBOR for the relevant Preferred Dividend Period will be determined on the basis of the rates at which deposits in euro are offered by the Reference Banks at approximately 11.00 a.m., Brussels time, on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period to prime banks in the euro-zone interbank market for a period of three months commencing on the first day of the relevant Preferred Dividend Period and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Principal Paying and Transfer Agent shall request the principal euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate shall be the arithmetic mean of such quotations.

If fewer than two quotations are provided as requested, Three Month EURIBOR in respect of such Preferred Dividend Period shall be the arithmetic mean of the rates quoted by major banks in the euro-zone selected by the Principal Paying and Transfer Agent, at approximately 11.00 a.m., Brussels time, on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period for loans in euro to leading banks in the euro-zone for a period of three months commencing on the first day of such Preferred Dividend Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, except that, if the banks so selected by the Principal Paying and Transfer Agent are not quoting as mentioned above, the Preferred Dividend Floating Rate for such Preferred Dividend Period shall be the Preferred Dividend Floating Rate in effect for the last preceding Preferred Dividend Period to which one of the preceding paragraphs of this definition of Three Month EURIBOR shall have applied.

The amount of any Preferred Dividend shall be calculated by multiplying the applicable Preferred Dividend Floating Rate by the Liquidation Preference and the actual number of days in the relevant Preferred Dividend Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

The Principal Paying and Transfer Agent shall, upon the determination of each Preferred Dividend Floating Rate, calculate the Preferred Dividend payable on the relevant Preferred Dividend Payment Date on each Preferred Security for the relevant Preferred Dividend Period. The Principal Paying and Transfer Agent shall cause the relevant Preferred Dividend Floating Rate and each Preferred Dividend payable in respect of the relevant Preferred Dividend Period to be notified to the Company, the Bank, the Luxembourg Stock Exchange and the Holders (in accordance with the provisions of Article 14) as soon as possible after their determination but in any event not later than the second Business Day thereafter.

3. Limitations on Payments of Preferred Dividends on Preferred Securities

(a) Subject to the Law and to the provisions of Article 4 below, Preferred Dividends on the Preferred Securities may be declared by the Directors, in their sole discretion, and paid by the Company out of funds legally available therefor.

However, subject to the provisions of Article 4 below, the Directors will not be required to declare, and the Company will not be permitted to pay, any Preferred Dividend if such Preferred Dividend, together with the amount of:

(i) any Preferred Dividends previously paid by the Company in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and

(ii) any Preferred Dividends proposed to be paid in respect of the Preferred Securities and distributions proposed to be paid in respect of Preferred Dividend Parity Obligations in the then current calendar quarter;

would exceed Distributable Funds.

For the avoidance of doubt, the Directors will not be required to declare, and the Company will not be required to pay, a Preferred Dividend if, in the then current financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any Subsidiary has made certain other payments in respect of Junior Obligations or Preferred Dividend Parity Obligations as set out in Article 4.

(b) References to Preferred Dividends in this Article include Additional Amounts.

(c) *Preferred Dividends non-cumulative*

If the Directors of the Company do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date in respect of the Preferred Securities then, subject to Articles 4 and 5 and without affecting the rights of the Holders of the Preferred Securities under the Guarantee, the right of Holders of the Preferred Securities to receive such Preferred Dividend will be lost. The Company will have no obligation to pay the Preferred Dividend accrued for such Preferred Dividend Period or to pay any interest thereon, whether or not Preferred Dividends on the Preferred Securities are declared in respect of any future Preferred Dividend Period.

4. Compulsory payment of Preferred Dividends on Preferred Securities

(a) *Compulsory payment as a result of payment on Junior Obligations*

If the Bank, the Company or any other Subsidiary of the Bank makes any distribution on or in respect of any class of Junior Obligations (other than in the form of shares or further or other Junior Obligations), then, subject to the Law, the Company will be required to pay Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

(i) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of an annual period;

(ii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of a semi-annual period; and

(iii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligation is made in respect of a quarterly period.

(b) *Compulsory payment as a result of redemption of Junior Obligations*

Subject to the Law, the Company will be required to make payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates contemporaneous with or following any date on which the Bank or any Subsidiary of the Bank has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) unless such acquisition is effected in accordance with the provisions of article 16 paragraphs 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920 and does not result in a decrease of the Bank's own funds for the purposes of Greek capital adequacy requirements.

(c) *Compulsory payment as a result of payment on Preferred Dividend Parity Obligations*

If the Bank, the Company or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of shares or Junior Obligations), then, subject to the Law, the Company will be required to make *pro rata* payments of Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

(i) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of an annual period;

(ii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a semi-annual period; and

(iii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

(d) *Aggregation of Preferred Dividends in Preferred Dividend Period*

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of Article 4(a), 4(b) or 4(c) shall be aggregated on any Preferred Dividend Payment Date with any payments made or to be made by virtue of Article 3 in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividends.

Save as described in this Article and in Article 5, after payment of the Preferred Dividend, the Holders of the Preferred Securities will have no right to participate in the profits of the Company.

5. Redemption of Preferred Securities

(a) *Optional redemption*

Subject to the Law, the Preferred Securities are redeemable, at the option of the Company, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 days' notice to the Holders of the Preferred Securities (which notice shall be irrevocable). Upon the expiry of such notice, the Company shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus (i) accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and (ii) any Additional Amounts remaining unpaid.

(b) *Redemption for tax reasons*

If, at any time falling prior to but excluding the First Call Date, as a result of any amendment to or change in the laws or regulations of Jersey or Greece or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective on or after 4th December, 2002, the Company is required to pay Additional Amounts, or the Bank would be unable for reasons outside its control to procure payment by the Company and in making payment itself would be required to pay additional amounts under the Guarantee, then, subject to the Law, the Preferred Securities will be redeemable, at the option of the Company, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities (which notice shall be irrevocable). Upon the expiry of such notice, the Company shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and any Additional Amounts remaining unpaid.

If, at any time falling prior to but excluding the First Call Date, the Company or the Bank, in relation to the Preferred Securities, the Guarantee and any associated transactions (including, but not limited to, any loan from the Company to the Bank or any other Subsidiary of the Bank), is or would be required to pay more than a *de minimis* amount of (i) Jersey Tax, other than in respect of Jersey source income, or (ii) Greek Tax, then the Preferred Securities will be redeemable, at the option of the Company, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities (which notice shall be irrevocable). Upon the expiry of such notice, the Company shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus any Additional Amounts remaining unpaid plus the Premium.

(c) *Redemption for Capital Disqualification Event*

If, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities may be redeemed, in whole but not in part, at the option of the Company on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders of the Preferred Securities (which notice shall be irrevocable). Upon the expiry of such notice, the Company shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus any Additional Amounts remaining unpaid plus the Premium.

(d) *Precondition to redemption*

Any redemption under Article 5 (a), (b) or (c) will be subject to the prior consent of the Bank and the Bank of Greece.

The notice to the Holders of the Preferred Securities under Article 5 (a), (b) or (c) will specify the Redemption Date and the Redemption Price.

(e) *Calculation of Premium*

For the purposes of paragraphs (b) and (c) above:

"Premium" means, in respect of each Preferred Security, the amount, as determined by the Calculation Agent, equal to the present value of the Liquidation Preference multiplied by 2.65 per cent. per annum from the date on which the Preferred Security is to be redeemed to the First Call Date. The present value calculated above shall be calculated by discounting the relevant amounts to the date when the Preferred Security is to be redeemed on an annual basis at the Adjusted Yield;

For the purpose of determining the Premium:

"Adjusted Yield" means the Interpolated Swap Rate, plus 0.50 per cent.;

"Calculation Agent" means an investment bank of international standing selected by the Company;

"Calculation Date" means the third Business Day prior to the date when the Preferred Securities are to be redeemed;

"Interpolated Swap Rate" means a rate determined by the Calculation Agent through the use of straight-line interpolation by reference to two Swap Rates, one of which shall be determined as if the Designated Maturity were the whole number of unexpired Preferred Dividend Periods to the First Call Date (but excluding the Preferred Dividend Period in which the calculation is to be made) and the other of which shall be determined as if the Designated Maturity were the whole number of unexpired Preferred Dividend Periods to the First Call Date (including the Preferred Dividend Period in which the calculation is made); and

"Swap Rate" means a rate equal to the Floating Rate (as defined in the 2000 ISDA Definitions as amended, published by the International Swaps and Derivatives Association, Inc) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, and under which:

1. the Floating Rate Options (as defined in the 2000 ISDA Definitions) is "EUR-ISDA-EURIBOR Swap Rate — 11:00";
2. the Designated Maturity (as defined in the 2000 ISDA Definitions) in respect of a Swap Rate is as set out in the definitions of "Adjusted Yield" or "Interpolated Swap Rate" as applicable; and
3. the Reset Date (as defined in the 2000 ISDA Definitions) is the Calculation Date.

6. Payments

Preferred Dividends declared on the Preferred Securities will be payable on the relevant Preferred Dividend Payment Date (or where any Preferred Dividend Payment Date is not a Business Day on the next Business Day without interest in respect of such delay) by the Company to the Holders of record as they appear on the Register on the relevant record date, which will be five days prior to the relevant Preferred Dividend Payment Date.

Whilst the Preferred Securities are represented by a global certificate, payments in respect of the Preferred Securities will be made to or as directed by the Common Depositary as the registered Holder of the global certificate representing the Preferred Securities. Payments made to the Common Depositary shall be made by wire transfer, and Euroclear or Clearstream, Luxembourg, as applicable, will credit the relevant accounts of their participants on the applicable Preferred Dividend Payment Dates or Redemption Dates.

If definitive Preferred Securities are issued, payments of Preferred Dividends on Preferred Securities held in definitive form will be made at the office of the agent of the Company maintained for such purpose, which initially will be the office of Citibank, N.A. as Principal Paying and Transfer Agent in London, Kredietbank S.A. Luxembourgeoise as Paying and Transfer Agent in Luxembourg or, at the option of the Holder and subject to any fiscal or other laws and regulations applicable thereto, at the office of any other Paying and Transfer Agent (if any) appointed by the Company. Subject to any applicable fiscal or other laws and regulations, each payment in respect of Preferred Dividends on definitive Preferred Securities may, at the Company's option, be made by euro cheque drawn on a bank in a principal financial centre in the euro-zone and mailed to the Holder of record at such Holder's address as it appears on the Register on the relevant record date or by wire transfer if the Company (or its agent) so agrees with such Holder and if appropriate wire transfer instructions have been received by the Principal Paying and Transfer Agent not less than 30 days prior to the date of any such payments.

If the Company does not pay a Preferred Dividend, a Holder's right to receive payment of such Preferred Dividend will be satisfied if and to the extent that the Bank pays such Preferred Dividend pursuant to the Guarantee.

If the Company gives a notice of redemption in respect of the Preferred Securities, then, by 10.00 a.m., Brussels time, on the Redemption Date, the Company will irrevocably deposit with the Principal Paying and Transfer Agent funds sufficient to pay the Redemption Price and will give the Principal Paying and Transfer Agent irrevocable instructions and authority to pay the Redemption Price to the Holders of the Preferred Securities. If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit, all rights of Holders of the Preferred Securities will be extinguished, except the right of the Holders of Preferred Securities to receive the Redemption Price in respect of each Preferred Security, but without interest, and the Preferred Securities will cease to be outstanding.

In the event that payment of the Redemption Price in respect of any Preferred Security is improperly withheld or refused and not paid either by the Company or by the Bank pursuant to the Guarantee, Preferred Dividends on such Preferred Security, subject as described above, will continue to accrue, at the then applicable rate, from the Redemption Date to the date of actual payment of such Redemption Price.

7. Purchase of Preferred Securities

Subject to the foregoing and to applicable law, (including, without limitation, Greek, Jersey and Luxembourg securities and banking laws and regulations) and to the requirements of the rules of the Luxembourg Stock Exchange, the Company or the Bank or any of the Bank's other Subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement. If purchases are made by tender, the tender must be available to all Holders of Preferred Securities alike.

Any such purchase to be made by the Company or by the Bank or by any of the Bank's other Subsidiaries shall be subject to the prior consent of the Bank of Greece. Any purchase to be made by the Company shall be made in such manner and in such terms as the Company shall approve in general meeting.

The restrictions contained in this Article 7 shall not apply to any purchase of Preferred Securities where such purchase is made (i) in the ordinary course of a business of dealing in securities and (ii) for the account of a person other than the Company, the Bank or any of the Bank's other Subsidiaries.

8. Liquidation Distributions

In the event of any summary winding-up, voluntary liquidation or dissolution of the Company, the Holders of the Preferred Securities at the time outstanding will be entitled to receive the Liquidation

Distribution in respect of each Preferred Security held out of the assets of the Company available for distribution to shareholders.

Such entitlement will arise before any distribution of assets is made to holders of Ordinary Securities or any other class of shares of the Company ranking junior as regards participation in assets to the Preferred Securities, but such entitlement will rank equally with the entitlement of the holders of any other preferred securities or preference shares, if any, of the Company ranking *pari passu* with the Preferred Securities as regards participation in assets of the Company.

Notwithstanding the availability of sufficient assets of the Company to pay any Liquidation Distribution to the Holders of the Preferred Securities, if, at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to Holders of the Preferred Securities and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with the Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to the Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (x) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to the Guarantee), (y) *pari passu* with the most senior preferred securities or preference shares, if any, of the Bank and (z) senior to all Junior Obligations.

If the Liquidation Distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described above, such amounts will be payable *pro rata* in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation. After payment of the Liquidation Distribution, as adjusted if applicable, the Holders of the Preferred Securities will have no right or claim to any of the remaining assets of the Company or the Bank.

In the event of the liquidation, dissolution or winding-up of the Bank, the Directors of the Company shall convene an extraordinary general meeting of the Company for the purpose of proposing a Special Resolution to put the Company into summary winding-up and the amount to which Holders of the Preferred Securities shall be entitled as a Liquidating Distribution will be as set out above.

9. Voting Rights

Except as provided in this Article, Holders of Preferred Securities will not be entitled to receive notice of or attend or vote at any general meeting of shareholders of the Company.

If in respect of four consecutive Preferred Dividend Periods:

(a) Preferred Dividends (whether or not declared) or any Additional Amounts in respect of such Dividends on the Preferred Securities have not been paid in full by the Company in accordance with the terms and provisions of the Preferred Securities; or

(b) the Bank breaches any of its payment obligations under the Guarantee in respect of such Preferred Dividends or Additional Amounts,

then the Holders of outstanding Preferred Securities together with the holders of any other preferred securities or preference shares of the Company having the right to vote for the election of Directors in such event, acting as a single class without regard to series, will be entitled, by written notice to the Company given by the holders of a majority in liquidation preference of such shares or securities or by ordinary resolution passed by the holders of a majority in liquidation preference of such shares or securities present in person or by proxy at a separate general meeting of such holders convened for the purpose, to appoint two additional persons to act as Directors of the Company, and to remove any such Director from office and to appoint another person in place of such Director.

Not later than 30 days after such entitlement arises, if the written notice of the Holders of outstanding Preferred Securities and the holders of any other preferred securities or preference shares of the Company having the right to vote for the election of Directors in the circumstances described in the preceding sentence has not been given as provided for in the preceding sentence, the Directors of the Company will convene a separate general meeting for the above purpose. If the Directors fail to convene such meeting within such

30 day period, the holders of not less than 10 per cent. by liquidation preference of the outstanding Preferred Securities and such other preferred securities or preference shares will be entitled to convene such meeting. The provisions of the Articles concerning the convening and conduct of general meetings of shareholders shall apply with respect to such meeting. Subject to the terms of such other preferred securities or preference shares, if, in respect of four consecutive Preferred Dividend Periods, Preferred Dividends and any Additional Amounts in respect of such Dividends have been paid in full on the Preferred Securities by the Company and/or the Bank has made payment of all amounts guaranteed in respect of such Preferred Dividends (whether or not declared) and any Additional Amounts, any Director so appointed shall vacate the office.

Any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Articles or otherwise (including, without limitation, the authorisation or issuance of any shares of the Company ranking, as to participation in the profits or assets of the Company, senior to the Preferred Securities) shall not be effective (unless otherwise required by applicable law) except with the consent in writing of the Holders of not less than two-thirds in nominal value of the outstanding Preferred Securities or with the sanction of a resolution, passed by a majority of not less than two-thirds in nominal value of the Holders of the outstanding Preferred Securities, present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in nominal value of the outstanding Preferred Securities.

No such sanction shall be required if, as determined by the Directors, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity, provided that any such change does not reduce the amounts payable to or impose any obligation on the Holders of the Preferred Securities or adversely affect their voting rights or cause any modification of the terms of the Preferred Securities pursuant to Article 10.

Notwithstanding the foregoing, no vote of the Holders of the Preferred Securities will be required for the Company to redeem the Preferred Securities in accordance with the Company's Articles.

In addition to the voting rights referred to above, no resolution may be proposed for adoption by the Holders of the Ordinary Securities providing for the winding-up, liquidation or dissolution of the Company, unless the Holders of a simple majority by nominal value of the outstanding Preferred Securities and holders of any other preferred securities or preference shares ranking *pari passu* as regards participation in profits or assets with the Preferred Securities have approved such resolution. Such approval may only be given by the consent in writing of the holders of at least a simple majority in nominal value of the outstanding Preferred Securities and such other preferred securities or preference shares or with the sanction of a resolution passed by not less than a simple majority in nominal value at a meeting of the holders of the Preferred Securities and such other preferred securities or preference shares present and voting at such meeting. Such approval shall not be required if the winding-up, liquidation or dissolution of the Company is proposed or initiated because of the winding-up, liquidation or dissolution of the Bank.

Notwithstanding that Holders of Preferred Securities are entitled to vote under any of the limited circumstances described above, any Preferred Security outstanding at such time that is owned by the Bank, or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or similar ownership interests, shall not carry a right to vote and shall, for voting purposes, be treated as if it were not outstanding.

The Company will cause a notice of any meeting at which Holders of the Preferred Securities are entitled to vote to be mailed to each Holder of a Preferred Security. Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which such Holders are entitled to vote and (c) instructions for the delivery of proxies.

10. Further Issues

Notwithstanding Article 9, provided that the most recent Preferred Dividend payable on the Preferred Securities has been paid in full by the Company (or the Bank pursuant to the Guarantee), the Holders of

Ordinary Securities or the Directors of the Company may, without the consent or sanction of the Holders of the Preferred Securities, take such action as is required in order to amend the Company's Articles:

(a) to increase the authorised amount of Preferred Securities or to create and issue one or more other series of preferred securities or preference shares of the Company ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Company; or

(b) to authorise, create and issue one or more other classes of shares of the Company ranking junior, as regards participation in the profits and assets of the Company, to the Preferred Securities.

Thereafter, the Company may, provided that the circumstances for non-payment of Preferred Dividends under Article 3(a) are not subsisting, without the consent of the Holders of the Preferred Securities issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Preferred Dividends on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities then in issue or upon such other terms as aforesaid.

Notwithstanding the foregoing, the Company may only issue further Preferred Securities if, at the same time, the Bank issues in respect of the further Preferred Securities a guarantee having terms and conditions that are substantially identical to the Guarantee (or extends the Guarantee to cover the further Preferred Securities).

11. Additional Amounts

All payments in respect of the Preferred Securities by the Company will be made without withholding or deduction for, or on account of, any Jersey Tax or Greek Tax, unless the withholding or deduction of such Jersey Tax or Greek Tax is required by law. In that event, the Company will pay as further dividends such additional amounts (the ''Additional Amounts'') as may be necessary in order that the net amounts received by the Holders of Preferred Securities after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder of Preferred Securities (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Jersey Tax or Greek Tax is imposed or levied by virtue of such Holder (or the beneficial owner of such Preferred Security) having some connection with Jersey or Greece, other than being a Holder (or beneficial owner) of such Preferred Security or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) who would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, and except that the Company's obligations to make any such payments are subject to the limitations on payments provisions under Article 3.

12. Prescription

Any moneys paid by the Company to the Principal Paying and Transfer Agent for the payment of Preferred Dividends or on a redemption of the Preferred Securities and remaining unclaimed at the end of two years following the date on which such Preferred Dividends or redemption proceeds become payable shall be returned to the Company at the Company's request, and the Holders of the Preferred Securities shall thereafter look only to the Company for the payment thereof and all liability of the Principal Paying and Transfer Agent with respect such moneys shall thereafter cease.

13. Form, Registration and Transfer of Preferred Securities

The Preferred Securities will be in registered form and evidenced by a global certificate deposited with, and registered in the name of, the Common Depositary or its nominee. Except as set forth below, no definitive Preferred Securities will be issued.

Beneficial interests in the Preferred Securities will be shown only on, and transfers thereof will be effected only through, book-entry records maintained by Euroclear and Clearstream, Luxembourg and their respective participants and, except in the limited circumstances described below, Preferred Securities in certificated form will not be issued. Holders of beneficial interests in the global certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg and (if applicable) their respective participants to exercise any rights of a Holder of Preferred Securities under the global certificate. None of the Bank, the Company, any Paying and Transfer Agent, or the Registrar for the Preferred Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the global certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The global certificate will cease to represent the Preferred Securities, and Preferred Securities in definitive registered form in aggregate Liquidation Preference equal to the Liquidation Preference of the global certificate will be exchangeable therefor, only if (i) either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Euroclear and Clearstream, Luxembourg; or (ii) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Euroclear and/or Clearstream, Luxembourg. Such definitive Preferred Securities will be in denominations of €1,000 (and integral multiples thereof) and will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct (such instructions being expected to be based upon directions received by Euroclear and Clearstream, Luxembourg from their participants with respect to ownership of beneficial interests in the Preferred Securities), and the Liquidation Preference and Preferred Dividends with respect thereto will be payable, and the transfer thereof will be registrable, at the offices described below. In addition, in all case where any Preferred Securities are issued in definitive registered form, the record dates for payment of Preferred Dividends will be 15 days prior to the relevant Preferred Dividend Payment Date (whether or not such date is a Business Day). Except as set forth in this paragraph, no definitive Preferred Securities will be issued.

If definitive Preferred Securities are issued, they may be exchanged or transferred in whole or in part by surrendering such definitive Preferred Securities at the office of the Registrar or any Paying and Transfer Agent with a written instrument of transfer (which may be obtained at any such office) duly executed by the Holder thereof or its attorney duly authorised in writing. In exchange for any definitive Preferred Security properly presented for transfer, the Registrar or such Paying and Transfer Agent will promptly authenticate and deliver or cause to be authenticated or delivered at the office of the Registrar or such Paying and Transfer Agent, to the Holder entitled to such Preferred Security, or send by mail (at the risk of such Holder) to such address as such Holder may request, a definitive Preferred Security or Preferred Securities.

Registration of transfers of Preferred Securities will be effected without charge by or on behalf of the Company, but only upon payment by the transferor of any tax or other governmental charges that may be imposed in connection with any transfer or exchange. The Company will not be required to register or cause to be registered the transfer of Preferred Securities after such Preferred Securities have been called for redemption. For so long as any Preferred Securities are outstanding, the Company will appoint and maintain a Preferred Securities Registrar having its office outside the UK.

14. Paying and Transfer Agents

The Principal Paying and Transfer Agent shall be permitted to resign as Principal Paying and Transfer Agent upon 30 days' written notice to the Company. In the event that Citibank, N.A. shall no longer be the Principal Paying and Transfer Agent, the Company shall appoint a successor (which shall be a bank or trust company acceptable to the Company) to act as Principal Paying and Transfer Agent. For so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, the Company will maintain a Paying Agent and a Transfer Agent in Luxembourg and will give notice in the manner described under "Notices" below (see Article 15) when any new paying and transfer agent in Luxembourg is appointed. For so long as any Preferred Securities are outstanding, the Company will maintain a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained whether by the Reference Banks (or any of them), the Principal Paying and Transfer Agent or the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Company, the Reference Banks, the Principal Paying and Transfer Agent, the Calculation Agent, the Registrar and all Holders of the Preferred Securities and (in the absence of any such wilful default, bad faith or manifest error) no liability to the Company, the Registrar or the Holders of the Preferred Securities shall attach to the Reference Banks, the Principal Paying and Transfer Agent or the Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions.

15. Notices

Any Notice to Holders of the Preferred Securities will be given to them at their addresses set forth in the Preferred Securities Register. In addition, for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, all notices to Holders of Preferred Securities will also be published in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions whether or not it shall be published in Saturday, Sunday or holiday editions. Such notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

OTHER PROVISIONS OF THE ISSUER'S ARTICLES

In addition, the Articles of Association of the Issuer contain, *inter alia*, provisions (with the exception of sections in italics) to the following effect:

(a) Ordinary Securities

All the Company's Ordinary Securities are owned by the Bank. In any year, subject to Jersey law, the Company may, without the consent of the Holders of the Preferred Securities, declare and pay dividends on the Ordinary Securities to the Bank as the holder of the Ordinary Securities. Such dividends will be paid out of the Company's funds, if any, available after payment of the Dividends on the Preferred Securities if and as due in accordance with the terms and conditions of the Preferred Securities. *No dividend has been paid on the Ordinary Securities of the Issuer since its incorporation.*

(b) Prescription

Any Dividend unclaimed for a period of ten years from its date of declaration shall be forfeited and shall cease to be owing by the Company. *The Preferred Securities are governed by, and shall be construed in accordance with, Jersey law.*

SUMMARY OF PROVISIONS RELATING TO THE PREFERRED SECURITIES IN GLOBAL FORM

Initial Issue of Preferred Securities

The Preferred Securities will be issued in registered form and will be initially represented by interests in a Global Certificate which will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited with, a common depositary for, Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon the initial registration of Preferred Securities in the name Citivic Nominees Limited as nominee for a common depositary for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the common depositary for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will, in accordance with their respective procedures, credit each subscriber with such number of Preferred Securities equal to the number thereof for which it has subscribed and paid.

Exchange

If (a) either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Euroclear and Clearstream, Luxembourg or (b) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Euroclear and/or Clearstream, Luxembourg, a number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the certificate held by the Common Depositary referred to above will be transferred to each holder of an interest in the Preferred Securities whose name is notified by a holder of such interest to the Registrar. Each such holder will be registered as a Holder of the Preferred Securities in the Register maintained by or on behalf of the Issuer and will receive a certificate made out in its name.

Accountholders

So long as the Preferred Securities are registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, the nominee for Euroclear and Clearstream, Luxembourg will be the sole registered owner or holder of the Preferred Securities represented by the Global Certificate. Except as set forth under "Description of Preferred Securities — Form, Registration and Transfer of Preferred Securities" and under "Transfers of Interests" below, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System") as the Holders of the Preferred Security evidenced by the Global Certificate (each an "Accountholder") will not be entitled to have Preferred Securities registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Preferred Securities and will not be considered registered owners or Holders thereof. Accordingly, each Accountholder must rely on the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be, to exercise any rights and obligations of a Holder of Preferred Securities.

Payment

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the registered Holder of the Preferred Securities and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the registered Holder of the Preferred Securities in respect of each amount so paid.

Transfers of Interests

Accountholders will only be able to transfer their beneficial interests in the Preferred Securities in accordance with the restrictions described under "Description of Preferred Securities — Form, Registration and Transfer of Preferred Securities" and with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

SUBORDINATED GUARANTEE

Set forth below is the text of the Subordinated Guarantee substantially in the form to be executed by the Bank:

"THIS DEED OF GUARANTEE (the "Guarantee"), dated 5th December, 2002, is executed and delivered by ALPHA BANK AE a company incorporated under the laws of Greece (the "Bank") for the benefit of the Holders (as defined below).

WHEREAS the Bank desires to cause the Issuer to issue the Preferred Securities and the Bank desires to issue this Guarantee for the benefit of the Holders, as provided herein.

NOW THEREFORE the Bank executes and delivers this Guarantee for the benefit of the Holders.

1. DEFINITIONS AND INTERPRETATION

As used in this Guarantee, capitalised terms not defined herein shall have the meanings ascribed to them in the Issuer's Articles of Association and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

"Additional Amounts" means, except where otherwise defined in relation to the Issuer, the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 4;

"Distributable Funds" means the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit for such financial year and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece; but before deduction of the amount of any dividend or other distribution declared on the Bank's ordinary share capital in respect of such financial year;

"Group" means the Bank together with its Subsidiaries;

"Guarantee Payments" means (without duplication) payments under this Guarantee in respect of (a) any declared but unpaid Preferred Dividends on the Preferred Securities for the most recent Preferred Dividend Period; (b) any compulsory Preferred Dividends pursuant to, and in accordance with, Article 4 of the Issuer's Articles of Association; (c) the Redemption Price payable with respect to any Preferred Securities due to be redeemed by the Issuer; (d) the Liquidation Distributions due on the Liquidation Date; and (e) any Additional Amounts (as defined in the Issuer's Articles of Association) payable by the Issuer;

"Holder" means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as holder of such Preferred Security;

"Issuer" means Alpha Group Jersey Limited, a wholly-owned Subsidiary of the Bank incorporated in Jersey;

"Liquidation Date" means the date of final distribution of the assets of the Issuer in the case of a liquidation, dissolution or winding-up of the Issuer (whether voluntary or involuntary);

"Liquidation Distribution" means the Liquidation Preference plus (a) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (b) any Additional Amounts, in each case payable in cash only;

"Liquidation Preference" means the liquidation preference of €1,000 per Preferred Security;

"Preferred Dividends" means the non-cumulative dividends in respect of the Preferred Securities as described in the Articles of Association of the Issuer;

"Preferred Dividend Parity Obligations" means the most senior preferred or preference shares or similar securities qualifying as tier 1 capital of the Bank and all preferred or preference shares or similar securities of Subsidiaries qualifying as tier 1 capital of the Bank and entitled to the benefit of any guarantee, support agreement or other contractual undertaking of the Bank ranking *pari passu* with the Guarantee as regards entitlement to distributions thereunder, or all such guarantees, support agreements or contractual undertakings;

"Preferred Securities" means the € Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a Liquidation Preference of €1,000, and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities;

"Redemption Date" means the date on which the Preferred Securities are redeemed by the Issuer;

"Redemption Price" means, in respect of the Preferred Securities, €1,000 per Preferred Security;

"Register" means the register of Holders maintained outside the United Kingdom on behalf of the Issuer; and

"Subsidiary" means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank.

2. GUARANTEE

Subject to the limitations contained in the following paragraphs, the Bank irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (except to the extent paid by the Issuer), as and when due, regardless of any defence, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute.

3. LIQUIDATION DISTRIBUTIONS

Notwithstanding paragraph 2 above, if, at the time that any Liquidation Distribution is to be paid by the Bank in respect of the Preferred Securities, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Bank, payment under this Guarantee of such Liquidation Distributions and payment by the Bank in respect of any liquidation distributions payable with respect to Liquidation Parity Obligations, shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with the Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to this Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (a) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to this Guarantee) ("Senior Creditors"), (b) *pari passu* with the most senior preferred securities or preference shares, if any, of the Bank and (c) senior to all Junior Obligations.

4. ADDITIONAL AMOUNTS

All Guarantee Payments made hereunder in respect of the Preferred Securities by the Bank will be made without withholding or deduction for, or on account of, any Greek Tax, unless the withholding or deduction of such Greek Tax is required by law. In that event, the Bank will pay such Additional Amounts as may be necessary in order that the net amounts received by the Holders of Preferred Securities after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder of Preferred Securities (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Greek Tax is imposed or levied by virtue of such Holder (or the beneficial owner of such Preferred Security) having some connection with Greece, other than being a Holder (or beneficial owner) of such Preferred Security, or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union

Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) who would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union.

5. CONTINUING GUARANTEE

The obligations, undertakings, agreements and duties of the Bank under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer; or

(b) the extension of time for the payment by the Issuer of all or any portion of the Preferred Dividends, Redemption Price, Liquidation Distributions or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities; or

(c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind; or

(d) the voluntary or involuntary liquidation, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer; or

(e) any invalidity of, or defect or deficiency in, the Preferred Securities; or

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Bank with respect to the happening of any of the foregoing.

6. DEPOSIT OF GUARANTEE

This Guarantee shall be deposited with and held by Citibank, N.A. as Principal Paying and Transfer Agent until all the obligations of the Bank have been discharged in full. The Bank hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Guarantee.

It is specifically agreed that the place of performance of any and all obligations of the Bank under this Guarantee shall be London, England and consequently any and all payments of the Bank under this Guarantee shall be made out of bank accounts maintained with banks legally operating and situated in London, England.

7. ENFORCEMENT; RIGHTS OF REMEDY

(a) A Holder may enforce this Guarantee directly against the Bank, and the Bank waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Bank. Subject to paragraph 8, all waivers contained in this Guarantee shall be without prejudice to the right to proceed against the Issuer. The Bank agrees that this Guarantee shall not be discharged except by payment of the Guarantee Payments in full and by complete performance of all obligations of the Bank under this Guarantee.

(b) Following a breach by the Bank of its payment obligations under this Guarantee, a Holder may petition for the winding-up of the Bank and claim in the liquidation of the Bank but no other remedy shall be available to the Holder.

(c) No Holder shall, following any breach by the Bank of any of its obligations under this Guarantee, be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Bank to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Bank is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Bank or, in the event of its winding-up, the liquidator of the Bank and until such time as payment is made, will hold a sum equal to such amount in trust for the Bank, or the liquidator of the Bank and accordingly such discharge will be deemed not to have taken place.

(d) In the event of a winding-up of the Bank if any payment or distribution of assets of the Bank of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Bank being subordinated to the payment of amounts owing under this Guarantee, shall be received by any Holders before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Bank and in that event, the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.

8. SUBROGATION

The Bank shall be subrogated to any and all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Bank under this Guarantee. The Bank shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount with respect to the Preferred Securities shall be paid to the Bank in violation of the preceding sentence, the Bank agrees to pay over such amount to the Holders.

9. STATUS

(a) The Bank acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Bank shall be liable as principal and sole debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee, notwithstanding the occurrence of any event referred to in paragraph 5.

(b) Subject to applicable law, the Bank agrees that the Bank's obligations hereunder constitute unsecured obligations of the Bank and rank and will at all times rank (i) junior to Senior Creditors, (ii) *pari passu* with the most senior preferred or preference shares, if any, of the Bank and (iii) senior to the Bank's ordinary shares.

10. UNDERTAKINGS OF THE BANK

(a) The Bank undertakes that it will not issue any preferred or preference shares ranking senior to its obligations under this Guarantee or give any guarantee in respect of any preference shares issued by any Subsidiary if such guarantee would rank senior to this Guarantee (including, without limitation, any guarantee that would provide a priority of payment with respect to Distributable Funds) unless, in each case, (i) this Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such preferred or preference shares or such other guarantee so that this Guarantee ranks *pari passu* with, and contains substantially equivalent rights of priority as any such preferred or preference shares or other guarantee and (ii) the most recent Dividend payment on the Preferred Securities has been paid in full either by the Issuer or by the Bank pursuant to this Guarantee.

(b) The Bank undertakes that any amount required to be paid pursuant to this Guarantee in respect of any Preferred Dividend payable in respect of the most recent Preferred Dividend Period will be paid before any payment or other distribution in respect of any dividends (except distributions in kind or dividends in the form of the Bank's ordinary shares or other shares of the Bank ranking junior to the obligations of the Bank under this Guarantee) upon the Bank's ordinary shares or any other shares of the Bank ranking junior to this Guarantee (whether issued directly by the Bank or by a Subsidiary and entitled to the benefits of a guarantee ranking junior to this Guarantee).

(c) The Bank undertakes that, unless one of the provisions of article 16 paragraphs 2(b) to (f) or paragraph 5 of Greek Codified Law 2190/1920 applies which does not result in a decrease of the Bank's own funds for the purposes of Greek capital adequacy requirements, if the Bank's Junior Obligations are redeemed, repurchased or otherwise acquired for any consideration (or any moneys are paid to or made available for a sinking fund for the redemption of any such Junior Obligations) by the Bank or any Subsidiary (except by conversion into or in exchange for shares of the Bank ranking junior to this Guarantee), the Bank will procure that the Issuer will pay, or set aside payment with respect to, full Preferred Dividends on all outstanding Preferred Securities for four consecutive Preferred Dividend Periods.

(d) The Bank undertakes to maintain the Issuer as a wholly-owned Subsidiary for so long as any Preferred Security remains in issue. The Bank undertakes that, so long as any of the Preferred Securities are outstanding, unless the Bank of Greece has given its prior approval or unless the Bank is itself in liquidation, the Bank will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer.

(e) The Bank undertakes to procure that the Issuer will maintain at all times whilst the Preferred Securities are outstanding, (i) whilst the Preferred Securities are listed on the Luxembourg Stock Exchange, a Paying and Transfer Agent in Luxembourg, (ii) a Registrar having its office outside the UK and (iii) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

11. TERMINATION

With respect to the Preferred Securities, this Guarantee shall terminate and be of no further force and effect upon payment of the Redemption Price or purchase and cancellation of all Preferred Securities or full payment of the Liquidation Distributions and liquidation of the Issuer, provided however that this Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid under the Preferred Securities or this Guarantee must be restored by a Holder for any reason whatsoever.

12. TRANSFER

Subject to operation of law, all guarantees and agreements contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Bank and shall inure to the benefit of the Holders. The Bank shall not transfer its obligations hereunder without the prior approval of the Holders of not less than two-thirds of the Preferred Securities (excluding any Preferred Securities held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or similar ownership interests), which consent shall be obtained in accordance with procedures contained in the Issuer's Articles of Association and the applicable law of Jersey; provided, however, that the foregoing shall not preclude the Bank from merging or consolidating with, or transferring or otherwise assigning all or substantially all of its assets to, a banking organisation organised under the laws of Greece or another European Union Member State, without obtaining any approval of such Holders.

13. AMENDMENTS

Except for those changes (a) required by paragraph 10(a) above, (b) which do not adversely affect the rights of Holders, or (c) necessary or desirable to give effect to any one or more transactions referred to in the proviso to paragraph 12 above (in any of which cases no agreement will be required), this Guarantee shall be changed only by agreement in writing signed by the Bank with the prior approval of the Holders of not less than two-thirds of the Preferred Securities (excluding any Preferred Securities held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or other similar ownership interests), in accordance with the procedures contained in the Issuer's Articles of Association and the applicable law of Jersey.

14. NOTICES

Any notice, request or other communication required or permitted to be given hereunder to the Bank shall be given in writing by delivering the same against receipt therefor or by facsimile transmission (confirmed by mail) addressed to the Bank, as follows (and if so given, shall be deemed given upon mailing of confirmation, if given by facsimile transmission), to:

Alpha Bank AE
40 Stadiou Street
GR 102 52 Athens
Greece

Facsimile: + 30 2 10 326 4004
Attention: Head of Treasury Department

The address of the Bank may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Bank to Citibank, N.A. as Principal Paying and Transfer Agent.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Bank in the same manner as notices sent by the Issuer to Holders.

15. MISCELLANEOUS

(a) This Guarantee is solely for the benefit of the Holders and is not separately transferable from the Preferred Securities.

(b) The Bank will furnish any Holder, upon request of such Holder, with a copy of its annual report, and any interim reports made generally available by the Bank to holders of the ordinary shares of the Bank.

(c) The Bank hereby waives notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non-payment, notice of dishonour, notice of redemption and all other notices and demands.

16. GOVERNING LAW AND JURISDICTION

(a) This Guarantee shall be governed by, and construed in accordance with, English law save that paragraphs 4 and 9(b) shall be governed by, and construed in accordance with, Greek law.

(b) The Bank hereby irrevocably agrees for the benefit of the Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts.

(c) The Bank irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Bank and may be enforced in the courts of any other jurisdiction. Nothing contained in this paragraph shall limit any right to take Proceedings against the Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.

(d) The Bank will receive service of process in respect of this Guarantee at its London branch for the time being (being at the date hereof, Fitzwilliam House, 10 St. Mary Axe, London EC3A 8EN) in respect of any Proceedings.

IN WITNESS WHEREOF this Guarantee has been manually executed as a deed poll on behalf of the Bank

Executed as a deed by
ALPHA BANK AE
acting by

....Director

and

................................Director/Secretary

in the presence of:

....

Witness's signature

Name:

Address:

Dated 5th December, 2002"

USE OF PROCEEDS

The net proceeds of the issue of the Preferred Securities, amounting to approximately €198,000,000, will be used by the Bank and/or its consolidated subsidiaries for general banking purposes.

ALPHA GROUP JERSEY LIMITED

History

Alpha Group Jersey Limited (the "Issuer") was incorporated in Jersey on 21st November, 2002 for an unlimited duration and with limited liability under the laws of Jersey with registered number 84392.

The registered office of the Issuer is Whiteley Chambers, Don Street, St. Helier, Jersey JE4 9WG. The Issuer has no place of business in Greece.

Business

The Issuer is a wholly-owned subsidiary of Alpha Bank AE. The Issuer has no subsidiaries. It was formed to act as a general finance vehicle for the Group.

Capitalisation

(a) The existing issued Ordinary Securities of the Issuer are not listed on the Luxembourg Stock Exchange or on any other stock exchange and are not dealt on any other recognised market.

(b) The Issuer has an authorised share capital of up to €301,000,000 divided into 1,000,000 Ordinary Securities of €1 each and 300,000 Series A Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000 each.

At the date hereof 20,000 Ordinary Securities have been issued and are fully paid. There has been no subsequent change in the share capital of the Issuer.

(c) The holders of the Ordinary Securities of the Issuer have no rights of pre-emption or preferential subscription rights in respect of the Preferred Securities.

(d) No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

Indebtedness

Since the date of its incorporation, the Issuer has not had outstanding any loan capital and has not incurred any other borrowings or indebtedness and has had no contingent liabilities or granted any guarantees.

Directors

(a) The Directors of the Issuer and their principal activities outside the Issuer are as follows:

Name	*Function in the Issuer*	*Principal Activity Outside the Issuer*
John Coxon	Director	Senior Manager Financial Control and Company Secretary of Alpha Bank London Limited
George Kontos	Director	Employee of Alpha Bank AE
Nikolaos Zagorissios	Director	Employee of Alpha Bank AE
Michael Lombardi	Director	Partner of Ogier & Le Masurier, Jersey
Peter Gatehouse	Director	Director of Ogier SPV Services Limited

For the purpose of this Offering Circular, the business address of each of the Directors is that of the Issuer's registered office.

(b) The Directors do not, and it is not proposed that they will, have service contracts with the Issuer. No Director has entered into any transaction on behalf of the Issuer which is or was unusual in its nature of conditions or is or was significant to the business of the Issuer since its incorporation.

At the date of this Offering Circular there were no loans granted or guarantees provided by the Issuer to any Director.

(c) As at the date of this Offering Circular, the Directors have not received, nor is it expected that they will receive, any remuneration for the provision of their services as directors of the Issuer.

Michael Lombardi is a partner of Ogier & Le Masurier and Peter Gatehouse is a director of Ogier SPV Services Limited, both of which derive fees from the provision of legal and administrative services to the Issuer.

(d) The Articles of Association of the Issuer provide that:

Subject to the provisions of the Law, any Director may vote on any proposal, arrangement or contract in which he is materially interested provided he has disclosed the nature of his interest in it prior to its consideration and any vote thereon.

The remuneration of the Directors shall from time to time be determined by the Issuer in general meeting.

Subject to the provisions of the Articles of Association, a Director shall hold office until such time as he is removed from office by resolution of the Issuer in general meeting.

For purposes of the Issuer's Articles of Association, "Law" means the Companies (Jersey) Law, 1991, as the same may be amended from time to time.

Secretary

The Secretary of the Issuer is Ogier SPV Services Limited of Whiteley Chambers, Don Street, St. Helier, Jersey JE4 9WG.

General

(a) Since 21st November, 2002, the date upon which the Issuer was incorporated, there has been no significant change in the trading or financial position of the Issuer.

(b) KPMG, of 45 Esplanade, St. Helier, Jersey JE4 8WQ have been appointed as auditors to the Issuer. It is intended that the Issuer will prepare financial statements on an annual basis.

(c) No accounts have been prepared for the Issuer nor have any dividends been declared or paid since the Issuer was incorporated.

(d) No transactions have occurred since incorporation of the Issuer other than (i) the allotment of the shares described under "Capitalisation" above and (ii) the execution of the Subscription Agreement dated 4th December, 2002 and the Agency Agreement to be dated 5th December, 2002, each as described in this Offering Circular and of a Corporate Administration Agreement to be dated on or about 5th December, 2002 and made between the Issuer and Ogier SPV Services Limited.

ALPHA BANK AE AND THE ALPHA BANK GROUP

Definitions

In this Offering Circular the following expressions have the following meanings, unless the context otherwise requires or unless it is otherwise specifically provided.

ASE	means the Athens Stock Exchange A.E.;
ATM	means automatic teller machine;
CAGR	means compound annual growth rate;
CSD	means the Central Securities Depository A.E.;
EBRD	means the European Bank for Reconstruction and Development;
EMU	means the European Economic Monetary Union implemented by certain member states of the European Union on 1st January, 1999;
ERM	means the Exchange Rate Mechanism of the European Monetary System; and
EU	means the European Union.

All references herein to "Greece", the "Republic", the "Republic of Greece", the "Greek State" are to the Hellenic Republic. All references herein to "Central Bank" or "Bank of Greece" are to the Bank of Greece.

Unless the context otherwise requires, references to "ACB" and the "Bank" are to Alpha Bank and references to the "ACB Group" or the "Group" are to ACB and its subsidiaries that are included in the consolidated financial statements of the Bank included elsewhere in this Offering Circular. References to "Ionian" are to Ionian and Popular Bank of Greece S.A. and references to the "Ionian Group" are to Ionian and its subsidiaries that are included in the consolidated financial statements of Ionian included elsewhere in this Offering Circular.

THE GROUP

The Bank and its subsidiaries (together, the "Alpha Bank Group" or the "Group") is one of the leading banking and financial services Groups in Greece, offering a wide range of services including retail banking (deposits, consumer lending and credit cards, mortgage lending, leasing, factoring and lending to small and medium sized enterprises), corporate banking, treasury operations, investment banking and brokerage services, asset management and private banking, insurance services, real estate management, brokerage and information technology services. The Group's extensive national branch network (Alpha Bank: 411 branches, Alpha Private bank: 20 branches, Alpha Insurance: 1.200 insurance advisors), its international branch network (Alpha Bank: 9 branches, Alpha Bank Cyprus: 30 branches, Alpha Bank Romania: 15 branches, Alpha Bank Skopje: 6 branches, Alpha Bank London Ltd: 2 branches) and its extensive ATMs network (744 ATMs), in combination with the advanced new on-line and telephone channels offering banking and brokerage services are used to service approximately 2.6 million customers particularly in retail and corporate deposit, loans and fund management accounts, which give the Group a strong presence in the domestic Greek market as well as in the markets of South-Eastern Europe. The Group also has an international presence in London and New York.

In addition to its national and international networks and its large customer base, the Bank's management considers other competitive strengths of the Group to include the "Alpha" brand name, which is further enhanced through the operation of the Bank as the Grand National Sponsor and Official Bank of the Athens 2004 Olympic Games, its highly motivated and trained personnel, the advanced state of development of its applied IT systems and of the reorganisation and modernisation of its branch network which have extended its ability in product innovation and for offering of a wide range of services and opportunities for cross selling products of the Group through its traditional and alternative distribution channels.

The Bank is the largest private bank and the second largest commercial bank in Greece. At 31st December, 2001, consolidated total assets of the Bank were approximately €30.7 billion and customer deposits (including repos) were approximately €25.0 billion. Total shareholders' equity of the Bank was approximately €2.23 billion at 31st December, 2001, with a total BIS ratio of 9.4 per cent. and Tier 1 capital ratio of 6.4 per cent. Approximately 81 per cent. of the Bank's funding is obtained through deposits.

The Bank's equity is widely held by approximately 125,000 individual and institutional shareholders. Institutional shareholders hold approximately 30.3 per cent. of the Bank's issued capital (of which 10.8 per cent. is owned by international institutional investors and 19.5 per cent. by Greek institutional investors). No single shareholder owns an interest in excess of 5 per cent. of the issued share capital. Mr Y.S. Costopoulos owns 2.7 per cent. of the Bank's existing issued share capital and also exercises significant influence over the voting rights attaching to a further 10.8 per cent, which are held by members of the founding family and their associates. Also 9.7 per cent. of the share capital is held in the form of treasury shares. The remaining 46.5 per cent. of the Bank's share capital is owned by Greek individuals. The shares of the Bank are listed on the Athens Stock Exchange and the London Stock Exchange plc in the form of global depositary receipts.

Strategy in 2002

The management of the Bank plans to enhance and maintain the Group's position as one of the leading banking and financial services groups in Greece. The Group has taken advantage of the deregulation and consolidation of the Greek financial services and banking industry in the 1990s, as well as of the convergence process of Greece to the basic monetary aggregates of the Eurozone in the period between 1995 and 2000. Following Greece's entry into the Eurozone on 1st January, 2001, the Group has continued to exploit the existing opportunities for expansion, provided by the dynamic growth of the Greek economy and the catching up process of development of the Greek financial sector. The Bank is expanding rapidly in the retail and the corporate sectors, as well as in the fund management, insurance and the investment banking sectors, all of which are characterised by growing demand for new investment, insurance and borrowing products in the new Euro environment of very low (in comparison with Greek) interest rates.

The Bank has succeeded in increasing its share of the domestic retail sector (starting from a low base in 2000) and in particular in mortgage loans and in consumer credit and it has also succeeded in expanding its businesses with the corporate sector (where it had traditionally a commanding share) at a healthy rate. The state of the Greek and the international stock markets has negatively affected earnings from financial operations, fund management and other stock exchange related commissions, as well as the profitability of the Group in the last two years. Net interest income and non-stock exchange related commissions continue to expand steadily. The management believes that the Group, following the extensive restructuring of its branch network (which now essentially covers the whole area of Greece), its reorganisation at the Group level and its continuous technological advancement, is now well placed to consolidate and continue expanding its good position in the domestic market and to continue its careful expansion in the South-Eastern European market. Thus, it has established a critical mass of businesses, which will help to maintain a steady growth of earnings in the medium and the long term and a healthy growth of profitability, in combination, also, with the expected recovery of the stock markets.

The management of the Bank will continue to seek growth in the Bank's businesses, while maintaining a relatively high capital adequacy ratio, the high quality of the Bank's loans and participations portfolio, as well as Bank's profitability. After the successful full integration of the businesses of the former Ionian and the Alpha Credit Bank Groups and the establishment of the new identity of the Alpha Bank Group, management is taking steps to exploit the synergies arising from all the Group businesses in order to realise both substantial cost saving and, more importantly, increased income. The Bank will continue to place emphasis on advanced technological systems both for the branch network and for the central applications to increase efficiency. The completion of the implementation of the "Proteus 21" project is contributing to a substantial improvement of the Bank's network system for better and faster customer service and increased Group cross-selling opportunities. Presently the Group has succeeded in selling more than three products per customer and aims to further expand its cross-selling activities in the future. In addition, the Bank's MIS has enhanced its ability to identify new clients, as well as to monitor the existing client base and cross-sell fund management services, insurance and other products and improve the quality of the loan book. The management of the Bank is constantly seeking to use new measures to assist in the continual improvement of the customer service.

The Bank intends to maintain and reinforce its policies of continuous product innovation (according to the requirements of the Greek and the neighbouring markets in which it operates) and of technologically advance ways of offering financial services, recognising the new competitive conditions applicable to the financial sector in Greece and the Eurozone. The Greek market and customers have become gradually accustomed to modern techniques and products in the financial sector and the Bank follows closely these developments and offers new products and processes, recognising the changing needs of its clientele. In particular, in an effort to adjust to the new environment of low interest rates within the Eurozone, the Bank has been successfully offering a whole range of competitive fixed and floating rates residential mortgage and consumer loans and has succeeded in attracting the biggest share of new clients in these markets. The Bank also offers Alphaline, Alphaphone, Alpha web-banking and Alphatrade, which allow retail and corporate customers to access certain banking, financial and brokerage services via the telephone, personal computer, the internet and the mobile phone.

The management of the Bank believes that significant opportunities exist to cross-sell Group products across the client base of the Group, notably insurance, brokerage services, leasing, factoring and, most importantly, fund management services including mutual funds, private banking and social security funds management, as the environment of low interest rates, high liquid assets (M3 at the level of 100 per cent. of GDP) and of poorly managed social security funds assets characterising the Greek economy today, will most certainly give rise to a high demand for these services in the future. In particular, the management of the Bank expects a steady increase in the demand for equity and bond based products and services, as soon as the stock markets enter in a recovery mode, as the Bank believes customers will eventually seek higher-yielding investment opportunities. This will help the healthy growth of fee and commission income of the Group, which, in combination with the maintenance of the net interest margin of the Bank at relatively high levels, will contribute to rising profitability.

The Bank regards mortgage and consumer lending as the most promising areas for further future expansion due to their current low level of development in Greece (existing balances are less than 20 per cent. of GDP), compared with the level of development of other markets in Europe and in particular in the Eurozone (existing balances at 50 per cent. of GDP). The low interest rate environment, after entry into the Eurozone, still gives rise to a continuous demand for these products. In particular, the management of the Bank expects a continuation in the strong growth in the utilisation of credit and debit cards in Greece. The

Bank intends to consolidate its position as a major acquirer (35 per cent. market share) and issuer (28 per cent. market share), both of Visa cards (including the Athens 2004 Visa and the Dynamic Visa) and AMEX cards. In addition, the Bank intends to build on the success of the Dynamic Visa card (launched in 1996) to further increase the number of store and co-branded cards (from 170,000 to date).

The management of the Bank considers that the Group's gradually expanding network of offices in Romania, Albania, Bulgaria FYROM, Serbia and Cyprus will enable it to benefit from the increased stability of the political situation and the rationalisation and growth of the economies in South Eastern Europe, especially in the medium and long term. Additional offices are opened as appropriate opportunities arise, while the Group's investment in the region, amounting at around €246 million, is still relatively small in relation to the total assets of the Group as a whole, while new capital commitments in the near future will also stay at relatively low level. Nevertheless, the management of the Bank sees expansion in South Eastern Europe as an important part of the Group's growth strategy, with the aim of increasing earnings from these markets up to 15 per cent. of total earnings of the Group. The operations in these areas focus on servicing the Group's Greek clients active in the region, but in the last few years there have been growing opportunities to service domestic and other foreign companies in these areas as well.

The Olympic Sponsorship: In February 2001, the Bank was proclaimed Grand National Sponsor and Official Bank of the Athens 2004 Olympic Games. By offering the largest sponsorship in Greek banking history, the Bank has undertaken to support an event of great national significance.

The real significance of the sponsorship lies in the communication opportunities it creates. The Bank aims to promote to the best of its abilities the Olympic ideal by mobilising its staff on behalf of the Olympic Games, by launching Olympic banking products, and by organising events related to the Olympic Games.

As regards to special Olympic events, the Bank designed the "Alpha Bank Panorama of Olympic Sports" which has been present since September 2001 with the aim of covering the capitals of all Greek prefectures and the largest cities in Cyprus by June 2004. The Bank also assumed the sponsorship of the Athens Annual Marathon, which will be promoted as the "Athens Classic Marathon — Alpha Bank". The promotion of the Bank as Official Bank of the Athena 2004 Olympic Games commenced in March 2001 with announcements in the press, and will continue up to commencement and completion of the Games.

BUSINESS OF THE ALPHA BANK GROUP

Introduction

The Bank was established in 1879 as the banking branch of J.E Costopoulos Company, a trading firm operating in the southern Peloponnesian town of Calamata. On 10th March, 1918, the Bank was incorporated as the Bank of Kalamata A.E. and, in 1924, having moved its headquarters to Athens during the same year, and changed its name to Banque de Credit Commercial Hellenique. A.E. The shares of the Bank were listed on the Athens Stock Exchange in 1925. In 1947, its name was changed to Commercial Credit Bank, in 1972 to Credit Bank A.E. and in 1994 to Alpha Credit Bank A.E. On 19th April, 1999, the Group acquired 51 per cent. of the issued share capital of Ionian Bank for Greek drachma 272 billion following a competitive bid process. On 11th April, 2000, the merger with the Ionian Bank was approved through absorption by Alpha Credit Bank. The name of the enlarged, new bank, resulting from this merger is Alpha Bank AE.

Alpha Group is also active in the international banking market, with a presence in New York, London, Jersey in the Channel Islands, Cyprus, Tirana, Sofia, Romania, FYROM and Serbia.

The Bank is incorporated and registered in the Hellenic Republic as a public company under Codified Law 2190/20, incorporated with limited liability (registered number 6066106/B/86105) for a period ending in 2018. The life of the Bank may be extended by a resolution of the shareholders. The Bank is subject to regulation and supervision by the Bank of Greece and to Greek banking and accounting law.

The Structure of the Group

The success of the Alpha Group is to a large degree attributed to its organisational structure. However, the increase in its size, the acquisition of the Ionian and Popular Bank and the rapid developments in the market have rendered necessary a restructuring of the Group's organisation and operations. The restructuring study has been realised in collaboration with the consulting firm McKinsey & Company. The administrative plan that has been adopted reflects current-day trends in the market and the size and sectors of the group's activities, and is designed to serve adequately in the future.

According to the plan, all the activities of the companies of the Group are divided into four large Business Units, with enhanced management and administrative responsibilities. These Business Units comprise the branch network, corporate banking, investment banking and asset management. In particular:

- The Retail and Commercial Banking Business Unit undertakes retail banking with traditional banking methods but also new products and services, via the enlarged network and modern telecommunications channels.
- The Corporate Banking, Shipping and International Banking Business Unit assumes the responsibility for relations with large firms, shipping, and all Group international activities, and in particular branches and banks.
- The Investment Banking Business Unit, includes brokerage, all consulting services to clients in Greece and abroad on corporate restructuring, mergers and acquisitions, IPOs, bond issues and share capital increases.
- The Asset Management Business Unit undertakes the control and development of all asset management products and services of the Group and their promotion to institutional and affluent individual investors.

Each Business Unit has its own management committee/council. These four management committees/councils are responsible for the operation of the Business Units. The management of the Group's strategy and the co-ordination between Business Units activities is undertaken by an Executive Committee.

Retail and Commercial Banking

The Bank is a major participant in the retail banking sector in Greece and has an expanding domestic branch network of 411 bank branches and 20 private banking branches, supported by an ATM network of some 762 machines, of which 252 machines off-site. The branch network and the networks of all Group companies, including the network of 1,200 insurance advisors maintained by Alpha Insurance Company, are responsible for the retail banking activities, which include deposits, investment products, bancassurance and standard insurance products, banking activities on commission (mutual funds, credit cards, capital transfers, brokerage activities, payroll services), loans to individuals (consumer and housing loans), loans to small and medium sized firms, letters of guarantee, leasing, factoring and car rental. All these conventional activities and also many new banking services, and other services and products marketed by the Group companies, are being offered as self-contained, and in many cases as standardised products, at competitive prices, the main objective being to serve the requirements of the Bank's clients in the best possible way, be they individuals, institutional investors or small and medium sized firms.

Deposits and repos

The Bank's principal deposits account is the Alpha 100 account, which offers competitive rates, overdraft facilities, combined credit card and cash card, debit card, chequebook, and standing orders facilities. Cards issued on the account can be used to make deposits and withdrawals throughout the Bank's ATM network. Further services include Alpha 400/401 savings accounts (savings accounts with or without a saving book, and with life insurance and automatic monthly statements), as well as various categories of term deposit accounts based on the Euribor, customer repos, final sales of government bonds and sales of mutual funds and other portfolio investment and bank-assurance products.

A number of mutual fund products, providing a potentially higher-yielding alternative to traditional deposit accounts, are available through the Bank's banking network.

The Bank also offers capital guarantee products. These are modern investment products, offering the security of guaranteed capital but also the opportunity to realise gains from a potential future rise in share, currency or rate values. Upon termination, the investor earns the percentage of increase in the price of specific shares or indices, and in the event of a negative course of such indices, he secures his initially deposited capital. The Bank's capital guarantee products are offered in euros or foreign currencies and are of fixed duration.

Since late 2001, the Bank has deployed financial planners, serving the mass affluent client segment, in over 50 branches, with a view to expand in all branches where it is economically feasible. Financial planners provide a full array of banking and investment services as well as investment advice on the basis of risk/return profile of the customer ascertained in an interview with each client. The results have been very positive with approximately 25 per cent. of funds being invested on the basis of suggestions by financial planners, representing new money coming from outside the Bank.

Deposits and repos amounted to €25.0 billion at the end of 2001, compared with €21.7 billion at the end of 2000 (an increase of 15.2 per cent.).

Mutual funds amounted to €3.8 billion at the end of 2001, compared with €6.48 billion at the end of 2000. This sharp decline is attributed to the transfer in 2001 of considerable amounts of funds from the money market mutual funds to customer repos, which were tax-exempt until the end of 2001. Thus, at the end of 2001, money market mutual funds amounted to 50.5 per cent. of the total, equity funds amounted to 31.8 per cent., bond funds amounted to 15.8 per cent. and balanced funds amounted to 1.98 per cent. At the end of September 2002, total mutual funds amounted to €3.1 billion, down 18.5 per cent. compared with December 2001. On the other hand, sales of government bonds amounted to €3.96 billion at the end of September 2002, compared with €2.89 billion at the end of September 2001 (representing an increase of 37.3 per cent.).

Total clients' savings with the Group were estimated at €31.5 billion, including mutual funds, sales of securities, and clients' funds under management (private banking and asset management). At the end of September 2002, total clients' funds amounted to €30.5 billion, up 2.4 per cent. from the corresponding period in 2001.

The Bank gives particular emphasis to the strong growth of total funds under management (particularly managed assets such as mutual funds and life insurance products), as well as to a healthy increase of revenue generated in asset management through its main distribution channels.

Loans

The Bank rapidly expanded its loan book and market share gains between both individuals (mortgage and consumer loans) and small and medium sized firms.

In particular, in mortgages, Alpha Mortgage Loans, offers a favourable interest rate of 3.90 per cent. per annum for the first year and a choice between variable or fixed rates throughout the duration of the loan, cover the needs of our clients for purchasing, building, completing or repairing houses or acquiring land. In addition, they offer a range of important benefits, such as financing of 100 per cent. of the property's value or of the cost of its repair, financing expenses related to the purchase of real estate (transfer tax and other transactions costs) and full transparency as regards the terms and conditions of the loan, with no hidden charges. Also, the Bank offers the Alpha Subsidised Housing Mortgage Loans, which are granted with subsidies offered by the Greek State for the purchase, building or completion of the first residence to those qualifying to receive the subsidy. The subsidy is provided on all interest rates, whether fixed or variable, offered by the Alpha Housing Loans, and is determined according to the customer's family situation. Finally, the Bank offers Alpha House Repair Loans, which cover repairs, renovations or improvements to residences, and are made available on flexible terms and procedures so as to reflect fully the specific needs of today's customers.

In the consumer loans sector, impressive increase was recorded in particular in the following categories of products (a) the Alpha 700 Open Personal Loan, (b) the Alpha 702 Personal Loan up to €3,000 which covers clients' personal needs and, also, the Alpha 710 Consumer Loans up to €25,000, for purchases of durable goods. In addition, the Bank has tried to take advantage of existing opportunities for instituting close relationships with retail firms, which in order to facilitate the sale of their products are willing to offer various financing schemes in close co-operation with the Bank. The Bank has used internet technology to develop a pioneering range of flexible financing products reflecting the special requirements of the firms for faster approval procedures for the loans at the point of sale of the goods, but also achieving very low levels of operating costs. In particular, important deals were concluded with firms specialising in the sale of cars and house appliances.

The Bank provides full corporate banking services to Greek companies, foreign corporations active in Greece and, to a lesser degree, public sector entities. Historically, the Bank has concentrated on lending to large and medium-sized domestic corporates. Its portfolio at the end of June 2002 was comprised principally of loans to the trading (24.8 per cent. of total loans on a consolidated basis) and manufacturing (14.6 per cent. of total loans on a consolidated basis) sectors. Loans to the tourism sector as a percentage of the Bank's consolidated loan portfolio decreased to 5.1 per cent. (from more than 8 per cent. in 1993). More recently, the Bank has targeted smaller companies and has developed a number of innovative products available to this market, including fixed rate mortgages (Alpha 810 account) and working capital loans (Alpha 620). At the end of June 2002, the Bank had approximately 50,000 corporate loans account outstanding.

The Bank offers a number of services to its commercial customers including acceptance of deposits, short, medium and long-term lending both in euro and foreign currencies, bill discounting, foreign exchange dealing, dealings in treasury and money market instruments, letters of guarantee, factoring and leasing. Other services include capital markets and other cash and risk management services. The Bank also provides certain other banking services, including processing of its corporate customers, payrolls and clearing cheques, and other money transfers for its customers.

The principal account for corporate customers is the Alpha 500 account, intended for clients who wish to maintain a single account that offers overdraft facilities and balance and account information. Alpha 620 is a three-year fixed rate loan for small to medium-sized companies, while Alpha 600, Alpha 605, Alpha 630 and Alpha 650 are targeted at large corporations. The Bank also provides corporate credit card services through a corporate Visa card and a corporate American Express card.

Total loans amounted to €15.2 billion at the end of 2001 compared with €13.7 billion at the end of 2000, registering an increase of 10.1 per cent. The Bank has one of the healthiest loan portfolios in the market, with non-performing loans not exceeding 2.7 per cent. of its total loan portfolio at the end of 2001 and 2.5 per cent. at the end of September 2002. Loans to small and medium sized firms approximately at the end of December 2001 represented approximately 58 per cent. of total loans, and loans to large corporations to 23 per cent. of total loans. Mortgage loans, to which the Bank gave special attention in 2001, increased by

86.5 per cent. in 2001 and by 126 per cent. on a yearly basis to September 2002. Alpha Bank's market share in the banking system increased to 11.9 per cent. at the end June 2002, compared with 9.5 per cent. at the end of December 2001 and 7.1 per cent. at the end of December 2000. Consumer loans (excluding credit cards) also increased by 64.2 per cent. in 2001 and by 43 per cent. on a yearly basis to September 2002, with Alpha Bank's market share reaching 11.8 per cent. at the end of June 2002, compared with 9.5 per cent. at the end of 2001 and 8.4 per cent. at the end of 2000.

Card Services

In the "plastic money" sector, Alpha Bank, with its seventeen different products addressed to individuals and corporations, retains its leading position in the Greek market as regards both the issue of credit cards (market share exceeds 15 per cent.) and transaction clearance (market share approximately 30 per cent.). Alpha Bank also remains the only Greek bank which offers the entire range of the Visa, American Express and MasterCard cards. The ATHENS 2004 VISA credit cards were the first Olympic banking products to be launched. They are very popular, since holders have the privilege of participating positively in the preparations for the Olympic Games in Athens. The first such card in circulation was the Gold ATHENS 2004 VISA, a unique, collectable, high-prestige card. In the autumn of 2001, the Silver ATHENS 2004 VISA card was launched, and as of January 2002 the ATHENS 2004 VISA Business card. Part of the revenue generated from these cards will be given to the Organising Committee of the Athens 2004 Olympic Games. The cards have many features that appear for the first time in the Greek market, such as the "Epathlon" reward scheme.

In September 2001, Alpha Bank issued its millionth Visa card in Greece. It is the first Greek bank to attain this level of issuance and was accordingly honoured with an award by Visa International. The Alpha Bank Visa card has a leading position in the credit card market and has become identified with the Bank's name and image. The Corporate Alpha Bank Visa has increased its share of the corporate card market. The Dynamic Visa card is the most successful co-branded card in the Greek market. There has been an increase in the number of cards issued and the turnover of these cards. The debit card Alpha Bank Electron Visa has acquired an extensive customer base, which increased to 850,000 holders in 2001. A satisfactory percentage of the cards are also used for transactions beyond ATM facilities, such as purchases in shops, thus contributing to the increase of turnover of 194 per cent. in 2001.

The number of American Express cards, of which the Bank is the exclusive issuer in Greece, increased by 60 per cent. in 2001, with a proportionate increase in turnover. The American Express credit card is available to the public and is the main vehicle for expanding the market share of the American Express cards. The American Express credit card was offered to those receiving Alpha 702 and Alpha 710 loans, with encouraging results. The "traditional" American Express Green and American Express Gold cards maintain their leading position in the market as regards prestige, and the Corporate American Express Card is considered the most distinguished corporate card. The BMW — American Express Card was also launched in 2001.

The Bank consolidated its relationship with the Europay MasterCard International in early 2001 by issuing 45,000 Alpha Bank MasterCard credit cards and the Alpha Bank Maestro debit card in early 2002. In the field of department store cards, the Clever Shopping Card and Nutriclub Card have now been launched, in addition to the Kalogirou card.

Automated payment terminals have been installed in certain branches for customers to make payments in connection with all cards and mortgage payments. They function by means of a touch screen.

Finally, the Alphalink Network was provided with terminals of the latest technology, which reduce considerably the time required for transactions by using a modern communication system which serves smart cards and transactions with American Express, Visa and Mastercard cards initiated by entry of Personal Identification Numbers (PIN). The new terminals are part of the Bank's ongoing effort to improve the services it offers. The network consists of 26,600 EFT/POS terminals.

Alpha Insurance

In 1998, the joint venture with Generali Life was terminated, and Emporiki Insurance merged with Hellinobretanniki to form the new insurance company of the Group, Alpha Insurance. The Bank initially held 70 per cent. of Alpha Insurance's issued share capital and it has since increased its participation to 74.99 per cent.

Alpha Insurance is a composite insurance company offering life and general insurance coverage. It is constantly improving its position by gaining market share in the healthiest insurance sectors. Its general insurance portfolio has the best composition in the market, since the automobile sector accounts only for 28.6 per cent. of total production. Premium production in 2001 amounted to €113 million as against €101 million in 2000, posting an increase of 11.8 per cent. In the life insurance sector the increase amounted to 25.8 per cent., despite downward trends in the overall market. Alpha Insurance is the only company in the Greek market advancing systematically the concept of Bancassurance, which increased its share of total production from 25.9 per cent. in 2000 to 35.5 per cent. in 2001.

The policy of Alpha Insurance is to achieve growth by reducing the exposure in the automobile sector and selecting carefully the risks assumed in life insurance and hospitalisation cover, in order to attain profitability rather than market share at all costs. By means of this self-sustained growth, it aims to become one of the top five companies in the market within three years, so that total production in the life insurance and general insurance sectors (derived from Bancassurance) exceeds 40 per cent. in 2002, as against 35.5 per cent. in 2001. Alpha Insurance also intends to extend its network of 1,200 insurance advisors by concluding exclusive associations agreements and marketing banking products, such as mutual funds and loans for individuals, through the network. Constant attention is given to controlling and reducing operating costs.

Given the interest of the Group in loans to the shipping industry, and that Greece has one of the largest shares of shipping activities in the world, the company entered in January 2002 the field of shipping insurance brokerage by acquiring the company of P.P.Caramanos and Son (Insurance Brokers) A.E.

On 31st December, 2001, Alpha Insurance had total assets of €290.71 million and own funds of €58.55 million. Profit before taxes amounted to €3.69 million and it could have been almost double if it had not been for negative portfolio revaluation made according to the Greek company law. For the period ended on 30th September, 2002, it posted profit before taxes and portfolio revaluation of €2 million. As of the same date, negative portfolio revaluation amounted to €6.69 million. Alpha Insurance's staff numbers 407 employees.

Alpha Leasing

Alpha Leasing, established in 1981, provides a wide range of finance leases to approximately 5,000 customers. Major tax incentives which permit both interest and capital payments to be tax deductible have contributed to the recent rapid expansion of the leasing industry, bringing with it increased competition. Alpha Leasing is the largest leasing company in Greece, with a market share of approximately 18 per cent., based on leased assets. At the end of 2001, leased assets amounted to €663.68 million while the respective figure for 2000 was €467.19 million. Following legislative changes that took place during 1999, commercial real estate leasing has become important and Alpha Leasing has captured a leading market share in this particular sector.

Alpha Leasing is listed on the ASE. On 30th September, 2002, Alpha Leasing had a market capitalisation of €178.13 million. For the period ended at 31st December, 2001, it posted pre-tax profits €11.92 million, as against pre-tax profits of €15.81 million in 2000, i.e. a decrease of 25 per cent. mainly due to extraordinary provisions and tax differences. During 2001, the operational merger of Ionian Leasing was completed, reinforcing Alpha Leasing's position as the largest firm in the sector as regards assets, turnover and equity capital. For the period ended on 30th September, 2002, Alpha Leasing posted a pre-tax profit of €12.05 million. Own funds as of the same date amounted to €251.4 million and total assets to €477.8 million.

As at 30th September, 2002, the Bank held (directly) 75.39 per cent. and (indirectly) 1.09 per cent. of Alpha Leasing's issued share capital. Alpha Leasing's staff numbers 61 employees.

ABC Factors

ABC Factors was founded in 1995 as a 50/50 joint venture between the Bank and the Bank of Cyprus. It was the first Greek firm offering factoring services in Greece.

Services offered include standard factoring for both domestic and international transactions and discounting of client invoices. Since its establishment, ABC Factors has been the factoring services market leader in Greece based on assigned invoices turnover and pre-tax profits. In October 2001, Alpha Bank acquired the remaining 50 per cent. of ABC Factor's share capital previously held by the Bank of Cyprus. Profitability in the fiscal year 2001 has been reduced as much as 9 per cent., on an annual basis, mainly due to a change in the referral fees agreement between the Bank and ABC Factors and to the increase of ABC Factor's cost of funding. Pre-tax profits for 2001, amounted to €3.97 million as compared to €4.36 million in 2000.

For the period ended at 30th September, 2002 ABC Factors posted a pre-tax profit of €4.94 million. Own funds as of the same date amounted to €27.87 million and total assets to €283.56 million. ABC Factor's staff numbers 82 employees.

Distribution Network

Branches

In 2001, the merger of the Alpha Credit Bank and Ionian Bank branch networks was completed, as was the harmonisation of the corporate identity of the branches in Greece and abroad. Since the merger, 120 branches located in the same areas have been merged into 62 branches, in application of the Bank's policy of reducing operational expenses (rents, costs, maintenance, etc.) and evaluating and redeploying, where applicable, equipment and standardised materials for use in new units. In addition, branches are now operating in areas where the Bank previously had no presence; on 31st December, 2001, the Bank's network had 411 branches throughout Greece.

Proteus 21 Programme

The Proteus 21 Programme was completed in July 2002. The branches designed in accordance with its principles are fully functional, including the support centre at Aghia Paraskevi, which supports the operation of 84 branches that were successfully brought under its management. In 2002, the support centres in Piraeus (supporting 83 branches) and in Thessalonica (37 branches) became operational together with three other centres in big urban centres of Greece. In the rest of Greece, where conditions allow, the larger branches in Prefecture capitals support smaller branches in activities that did not require contact with the client. In all cases, branches operated as new platform branches, in accordance with the principles of the Programme.

The "Proteus 21"Programme constitutes a fundamental element of the Bank's policy, since redesigning the branches and centralising procedures aims to reinforce sales and attain economies of scale. In addition, new opportunities are created for adopting new trade policies for gaining access to specific market sectors (individuals, firms) and increasing the corresponding market shares.

ATM Network

The Bank created the first ATM network in Greece, which numbered 730 machines at the end of 2001 and 762 machines at the end of September 2002. The ATMs are installed in branches or other premises (252 off-site branches) and cover the entire country. The branches of the Group's banks in Romania and Cyprus are also equipped with ATMs, and the operation of the first ATM in Albania, which has already been installed in the Tirana branch, is expected shortly.

The services provided by the Bank's ATMs were enriched with additional facilities, such as payment of mobile telephone subscription bills, card renewal ("topping-up") on mobile card phones, updates of customer portfolios maintained by Alpha Finance, and settlement of clients' obligations to other companies, on a 24-hour basis.

Alternative electronic banking channels

Beyond the existing ATM and EFT/POS networks, the Bank is also focusing on the possibilities offered by modern technology in order to provide banking services via alternative electronic networks. The first stage of the creation of the infrastructure for the uniform characteristics of alternative network customers was completed in 2001. All subscribers to the Alpha Web Banking, Alphaphone Call Centre and Alphaline units will be gradually brought into the system. The linking of subscribers with the customer base of credit card holders is currently under consideration.

Alpha Web Banking: Continuing its successful offer of free-of-charge banking services via the internet, the Bank has extended the range of services on offer. Subscribers, whose numbers doubled in 2001 as compared to 2000, can now receive portfolio updates, closing prices at the Athens Stock Exchange, and facilities for payment of TV subscriptions and VAT owed to the state authorities. As of February 2002, users can also make payments to the Social Security Fund (IKA). Transactions in 2001 increased by 275 per cent. over 2000, and the amounts handled by the system in December 2001 were €177 million, four times higher than the amounts handled in December 2000. VAT payments in December 2001 amounted to €56.8 million. Moreover, a new system was developed for customers making money transfers to Alpha Bank accounts as well as to accounts in other banks.

Alphaline: Firms / subscribers increased by 6 per cent. in 2001, and the number of transactions doubled, while, *Alphaphone* subscribers increased by 50 per cent. in 2001.

Call Centre: In the context of the Proteus 21 Programme, the basic infrastructure for the operation of the Call Centre has been completed. The Call Centre was installed on the premises of Delta Singular and is currently in operation. Infrastructure that will enable the Call Centre to provide information about products and services and perform programmed calls on the basis of the criteria submitted by users is being developed.

Business-to-business electronic commerce: The Bank has a 15 per cent. share in the company CosmoOne Hellas MarketSite S.A. (''CosmoOne''), which provides B2B e-commerce services by creating ''e-marketplaces'' and applications such as ''e-procurement'' or ''e-auctions''. Apart from being a shareholder in CosmoOne, the Bank is also a customer, having already executed via its facilities successful auctions for procuring supplies. It is also intending to offer added value banking and financial services to customers the Bank shares with CosmoOne.

Business-to-consumer electronic commerce: The Bank is preparing its infrastructure in the fields of e-payment services and of security in electronic transactions, offering specific ''package-deals'' intended for buyers / individuals and vendors / merchants.

Smart Card – E—purse: The Bank is considering the prospect of issuing a smart card combining the functions of a debit card and an ''e-purse''. The e-purse eliminates the use of coins in small-value transactions.

Trusted Third Party / Certification Authority: After legal provision was made for establishing the use of electronic signatures and digital certification in Greece, Alpha Bank is considering the final form of its activation in digital certification services via the establishment of a trusted third party.

Corporate Banking, Shipping and International Activities

Corporate Banking

In April 1999, the Bank established a Corporate Banking Division to centralise the management of certain corporate banking functions. This division will oversee the accounts of larger corporate customers with the aim principally of enhancing the Bank's relationship with such customers.

During 2001 the Bank's relationship with large business groups of the private and state sectors increased at a fast rate. Loans to large corporations increased by 23 per cent. In addition, the quality of the loan portfolio and the effectiveness of the relationship with large business groups were improved by offering structured financing in the form of bilateral or joint venture loans, covering such clients' special requirements, and by offering Group products. The Bank undertook the management of the most significant loans realised in the Greek market in 2001. The balance of loans to large corporations on 31st December, 2001 amounted to €2.1 billion, and they accounted for 16 per cent. of the Bank's total loans.

The solid foundations laid in recent years have led to the continued growth of the Bank's relationships with large Greek corporations active in South-Eastern Europe. In particular, the Bank's relations with the leading Greek-interest companies active in Albania, Romania, Bulgaria and FYROM increased, as did the revenue derived from activities in these regions.

Shipping Finance

Shipping has traditionally been an important sector in the Greek economy. The Group did not have any presence in the ship finance area until 1996, when the decision was taken to diversify into marine finance through the establishment of a specialised ship finance division operated by experienced personnel in a specialised branch in Piraeus (from 1998), which is the Greek shipping centre. The Bank already had a small portfolio of loans in the shipping sector following the acquisition in 1994 of the London-based Commercial Bank of the Near East. The Bank has gradually and conservatively expanded its activities in this area and is today considered a serious player in shipping finance in Greece.

In 2001 the Bank extended its activities considerably in financing the shipping sector. The solid foundations laid over four years of active presence in the sector enabled a further growth of its portfolio and parallel activities, which in total yielded better returns than in previous years. The balance of loans to the shipping sector on 31st December, 2001 amounted to €924 million, and they accounted for 7 per cent. of the Bank's total loans.

The active role the Bank assumed in organising venture loans with the participation of both Greek and foreign banks, and its activities with alternative financing products and services, were the most important developments in 2001. In addition, special emphasis was given on achieving cross-sales, gaining a considerable volume of activities for the companies of the Group.

International Banking Activities

Alpha Bank's presence in South Eastern Europe

A significant factor reinforcing the presence of Greek firms in Southeastern Europe is the improvement in their economic and political situation. The advancement of important structural reforms in conjunction with the application of sound reconstruction and development programmes, contribute to the attainment of positive rates of economic growth and reinforce demand for financial services, rendering such countries very attractive to Greek banks. These factors have encouraged the Bank to keep strengthening its presence in the region. Currently, four branches operate in Albania and one in Bulgaria, and the commencement of the operations of the Bank's first branch in Yugoslavia took place in 2002. Group banks operate in Romania and in FYROM. The size and strong financial base of the Bank, in conjunction with its flexible structure, the high level of its technology infrastructure and its knowledge of economic, social and cultural conditions in these countries, allow it to expand the range of its activities while monitoring developments.

Branches in Albania: The Bank's first branch in Albania commenced operations in Tirana in January 1998. Currently three more branches operate in Durres, Elbassan and Gjirokaster. In the context of dealing with the increasing competition and offering the best possible service to its clients, a branch will also be opened in Berati in 2002, and two more are planned for Aulona and Fieri. The Bank's branch network in Albania is financing some of the most important business enterprises in the country and maintains the largest loan portfolio among all banks operating there. No defaults have occurred as at 30th September, 2002.

Deposits have been steadily increasing each year. Special mention should be made of the profitability attained by the Tirana branch, which has been earmarked for expansion and changes in the layout of its premises. The upgrade of the Tirana branch's computer system has been completed, and the Branch also features an ATM, the first to operate in Tirana.

Sofia Branch: The branch has been in operation since 1995 and undertakes all banking activities. It has advanced loans to important businesses (mainly Greek-owned) and holds a large number of accounts in the local and other currencies. According to the Bank's plan for the network expansion in Southeastern Europe, the Sofia branch shall be relocated, upgraded and restructured in 2002, towards offering better and faster service to our customers and countering the constantly increasing competition. Also, new branches are being planned in the cities of Sandanski, Plovdiv, Varna, Blagoevgrad, Stara Zagora and Pleven.

Alpha Bank Romania ("ABR")

Alpha Bank Romania (formerly Banca Bucuresti SA) was established in 1994 with an initial share capital of USD 4 million, which today amounts to USD 23 million. Through ABR, the Bank was the first Greek bank to have operations in Romania. ABR was established to serve the Greek commercial presence in Romania and to take advantage of an undeveloped banking market. ABR is present in the main industrial and commercial cities of Romania through a network of fifteen branches, all of which are linked by an on-line/real-time system. It was the first bank in Romania to operate with on-line communications to branches.

ABR has posted steady growth and has managed to capture a noteworthy share of the Romanian financial services market. It offers banking services to local and international firms. Through the other group companies in Romania, it has extended its activities into stock exchange transactions, investment banking, leasing and financial consulting services with market success. It offers modern financial products and services such as Repos and Alphaline, and has a dynamic presence in the housing loan market.

On 31st December, 2001, ABR had total assets of approximately USD 298.6 million, outstanding loans of approximately USD 197.5 million and customer deposits of approximately USD 130 million. During the last three years profitability has increased considerably. On 31st December, 2001, net profits amounted to approximately USD 8 million. As of 30th September, 2002 total assets amounted to approximately USD 393.5 million, loans to approximately USD 234 million and customer deposits to approximately USD 169.4 million. For the first nine months of 2002, ABR posted pre-tax profits of approximately USD 5.7 million.

Rapid expansion requires an increase in regulatory capital and for that reason a share capital increase of USD 10 million will take place by year end 2002.

During the last few years the Bank has increased its participation in the share capital of ABR, by means of successive share purchases by its other old shareholders. These transactions are in line with the Group's strategy to increase its participation in its core business subsidiaries. In August 2000, an Italian bank, Banca Monte Dei Paschi di Siena, acquired 4.8 per cent. of ABR's share capital, by means of a share capital increase, during which old shareholders waived their rights. On 30th September, 2002 the Bank directly and indirectly owned 80.38 per cent. of the issued share capital of ABR. However after the completion of a share purchase transaction which is underway, the Bank's participation will increase to 95.05 per cent. Its staff numbers 432 employees.

Alpha Leasing Romania

Alpha Leasing Romania is one of the leading leasing companies in Romania, following a consistent and healthy growth since 1998, with a significant and healthy client portfolio of almost 1,000 local companies that enjoy the immediate and uninterrupted fulfilment of their needs and the best quality of services in the local leasing market. With 23 employees, Alpha Leasing Romania maintained its leading position in the local market, despite the increased domestic and foreign competition. Following the market trends, as well as the internal policies on credit risk and healthiness of equipment portfolio, vehicles still represent the major part of Alpha Leasing Romania's business. In this respect, of new assets booked during 2001, around 74 per cent. were vehicles, 21 per cent. industrial equipment and 5 per cent. office, electronic and other type of equipment. By the end of 2001, Alpha Lesing Romania had booked new leased assets of USD 20 million, i.e. 77 per cent. increase over 2000 after processing more than 1,000 requests, amounting to more than USD 45 million. By year end 2001, total assets reached USD 19.2 million, revenues slightly exceeded USD 3 million and profit before taxes reached USD 1.1 million, compared to USD 0.5 million by the end of 2000.

As of 30th September, 2002, the Bank directly and indirectly held 48.49 per cent. of the company's share capital.

Alpha Finance Romania ("AFR")

Established in 1994 as one of the first Romanian brokerage companies, AFR is now one of the most active securities houses providing a full range of both brokerage and corporate finance services. Since 1994, AFR has built its reputation on the successful undertaking and completion of complex and innovative transactions. It was nominated in 1999 as the Best Broker in Romania by prestigious international and local publications. It is also a founding member of the Bucharest Stock Exchange ("BSE") and of the National Association of Securities Dealers ("ANSVM"). AFR has developed a wide range of activities in the brokerage field, being among one of the first Romanian brokerage houses that represented foreign portfolio investors in Romania by developing methods and techniques to satisfy western trading, settlement, custodian and reporting requirements. AFR is consistently ranked among the top brokerage houses in terms of total volume, at present enjoying the fourth position on the BSE from a total of approximately 120 brokers. Due to its in-depth knowledge of the developing Romanian capital markets and financial services sector as well as its top quality disseminated equity research, AFR has become the local investment banking partner of choice for global investment banks.

In 2001, AFR posted a loss of USD 0.57 million, as against a pre-tax profit of USD 0.17 million in 2000, mainly due to the reduction of fees from brokerage transactions. For the period ended 30th September, 2002 AFR posted a pre-tax profit of USD 0.06 million. Own funds as of the same date amounted to USD 1.32 million and total assets to USD 1.84 million.

On 30th September, 2002, the Bank held, directly and indirectly 95.15 per cent. of AFR's share capital. Its staff numbers 27 employees.

Alpha Bank Skopje

In January 2000, the Bank concluded the acquisition of Kreditna Banka AD Skopje (renamed Alpha Bank Skopje), the fourth largest bank in FYROM. The initial participation by 65 per cent. in its share capital, has been further increased to 83.6 per cent., by a means of a purchase of existing shares in April 2000. Through Alpha Bank Skopje, the Bank aims to exploit an undeveloped banking market while at the same time serving the significant Greek commercial presence in Skopje. Two years after it was acquired by the Bank, Alpha Bank Skopje has been steadily gaining the confidence of the business community and the depositors in FYROM and it was designated one of the top ten companies in the country by the Skopje Chamber of Commerce.

It provides traditional banking services, mainly to selected corporate clients. It has six branches and it aims to increase that by opening a new branch by year end 2002.

In 2001, it had increased its deposits by twofold to approximately €25 million as against the previous year. This is a significant achievement which has boosted the size of the balance sheet, despite the unfavourable macro environment.

In terms of profitability, Alpha Bank Skopje has a high return on assets (6.14 per cent.) and a high net interest margin (5.6 per cent.). Profit before taxes increased by 69 per cent. in year 2001 to €2 million. Total assets of the Bank on 31st December, 2001 amounted to €41.2 million, customer loans to €7.9 million and own funds amounted to €15.7 million.

As of 30th September, 2002, total assets amounted to €35.7 million and profit before taxes to €1.7 million. Its staff numbers 67 employees.

Alpha Bank Limited (Cyprus)

In October 1998, the Bank acquired 75 per cent. of the issued share capital of Lombard Natwest Bank, a subsidiary of the NatWest Group in Cyprus, which was then renamed Alpha Bank Limited. By subsequent share purchases, the Bank increased its stake to 100 per cent. of Alpha Bank Limited's issued share capital.

Alpha Bank Limited is one of the largest commercial banks in Cyprus, with a market share of approximately 7.20 per cent. of total assets and 7.8 per cent. of the loan market (for the year end 2001). It offers a full range banking services and is active in retail and corporate banking. Through its subsidiaries Alpha Finance, Alpha Asset Finance, Alpha Trustees and Alpha Insurance Company, it also covers a broad spectrum of other financial and insurance sector services. It has a network of thirty branches in all the major cities of Cyprus, and the establishment of new branches in selected locations is in progress. In 2001, it launched new long-term deposit and capital guarantee products. It also introduced housing and consumer loans and the Alpha Financial Planning Service. It keeps upgrading its branch network in accordance with the Group's specifications, while a pilot-branch employing a client-based approach has started successful operations.

The rapid growth and expansion of operations, necessitated the enlargement of the Bank's capital base and therefore, in 2000 and 2001 Alpha Bank Limited effected share capital increases of CYP50 million in total.

On 31st December, 2001, total assets on a consolidated basis amounted to CYP 1,067.6 million, profit before taxes to CYP 9 million and shareholder's funds to CYP 93.6 million. Loans to customers amounted to CYP 612.7 million and customer deposits to CYP 715.3 million. During the first nine months of 2002, Alpha Bank Limited posted pre-tax profits of CYP 7 million. As of 30th September, 2002, total assets amounted to CYP 1,099.6 million and shareholders funds to CYP 93.4 million. Its staff numbers 593 employees.

Alpha Insurance Limited (Cyprus) ("AIL(C)")

AIL(C) was founded in Cyprus in 1993, under the name "Metropolitan Insurance Ltd". In 1999 Alpha Bank Group acquired a majority shareholding in the company, which was subsequently renamed "Alpha Insurance Ltd".

"Alpha Insurance Ltd" is a composite insurance company offering life and general insurance coverage. It is represented in all major cities of Cyprus, through 9 branches.

In 2001, it had market shares of 2.8 per cent. and 1.9 per cent. in the general and life insurance sectors respectively. For the period ended on 31st December, 2001, it posted losses of CYP 1.2 million. Own funds amounted to CYP 2.62 million.

For the period ended on 30th September, 2002, AIL(C) posted a loss of CYP 0,58 million, mainly due to the valuation of its investments portfolio.

On 30th September, 2002 the Bank held indirectly 74.85 per cent. of the AIL(C)'s share capital. Its staff numbers 71 employees.

Presence in the United Kingdom and Jersey

The Group also has an established presence in the British Isles, via its London Branch, Alpha Bank London Limited and Alpha Bank Jersey Limited.

The London Branch: It specialises in corporate banking activities.

Alpha Bank London Limited ("ABL")

ABL has been a wholly-owned subsidiary of the Bank since 1995. It is licensed to conduct banking activities in the United Kingdom and is regulated by the Financial Services Authority and the Personal Investment Authority. ABL has two branches (City and Mayfair) and a wholly-owned subsidiary since 1997, named Alpha Bank Jersey, with main activity the provision of private banking services. Through its subsidiaries Alpha Bank London Independent Financial Advisers and Alpha Bank London Nominees, it offers mutual funds and nominee services to its clientele.

ABL provides traditional banking services and products as well as shipping, housing loans and private banking services and mainly targets the community of Greek nationals residing in London and abroad. ABL intends to focus more on private and corporate banking activities, rationalising the segment of retail activities by putting an emphasis on low cost/high profit clients. It is equipped with modern systems and applications, which it constantly improves and upgrades, and offers services on a par with those offered by the Bank in Greece aiming at a further expansion of its activities. Amongst its priorities for the next three-year period is to develop and utilise web-banking solutions.

On 31st December, 2001, loans to customers, on a consolidated basis, amounted to GBP 210.6 million and customer deposits totalled GBP 386.2 million. Total assets amounted to GBP 450.1 million, own funds to GBP 52.6 million and pre-tax profits to GBP 3.5 million. As of 30th September, 2002 total assets amounted to GBP 447.4 million, own funds to GBP 52.6 million and pre-tax profits to GBP 2.5 million. The staff of ABL numbers 58 employees.

Alpha Credit Group Plc

Alpha Credit Group Plc was set up in July 1999 in the UK and is the issuer under the Bank's US$1 billion Euro Medium Term Note Programme. It is a finance subsidiary and its only activity is to raise funds and on-lend them to Alpha Bank.

Since its inception Alpha Group has issued €600 million of the notes under the Programme and it has on-lent the full cash proceeds received to the Bank. The Bank owns 100 per cent. of Alpha Credit Group Plc's share capital.

Investment Banking, Sales and Trading

Alpha Finance

Investment banking and the provision of consulting and brokerage services are undertaken by Alpha Finance. Alpha Finance is the product of a corporate reorganisation of the Group which took place in 2001 aiming at creating a more efficient Group structure, where the Bank owns 100 per cent. of the investment banking, brokerage and asset management business. Under this scheme, which was concluded in April 2001, Alpha Bank has absorbed the former Alpha Finance, which was founded in 1989 and floated on the ASE in 1995, and the investment banking activities of the latter have been undertaken by Alpha Brokerage, renamed Alpha Finance. The asset management services provided by the former Alpha Finance to Alpha Mutual Fund Management, have been undertaken by a newly founded company named Alpha Asset Management.

Alpha Finance is one of the leading securities firms active in the ASE. Despite the low volume of activity in the domestic capital market, Alpha Finance maintains its strong presence in the Greek market. Among a total of 87 brokerage firms in 2001 it ranked fifth, with a market share of 6.07 per cent. based on a turnover of €5,141.8 million. Beyond conventional brokerage transactions in the primary and secondary markets, the range of Alpha Finance's activities has broadened considerably to encompass underwriting and fiduciary services, and consulting services in share capital increases accompanied by parallel private placements.

Alpha Finance is also active in capital markets, mergers and acquisitions, and restructurings. Unfavourable market conditions prevailing in the market in 2001 and 2002 had a negative effect on profitability for both the brokerage and the corporate finance divisions of the company. Average volume of transactions in the ASE has dropped considerably in both years and the negative environment prevailing in the market has also affected the number of newly listed firms.

For the period ended at 31st December, 2001, it posted a loss of €3.71 million, as against pre-tax profits of €8.01 million in 2000, which was due mainly to the negative environment in the stock market. For the first nine months of 2002 Alpha Finance posted a loss of €0.58 million before provisions for bad debts and for negative portfolio valuation. On 30th September, 2002, Alpha Finance posted pre-tax losses of €1.98 million (mainly due to provisioning for negative portfolio valuation). Own funds as of 30th September, 2002 amounted to €35.90 million and total assets to €94.67 million.

Despite the negative conditions prevailing, the Group is seeking to increase brokerage activity and its market share. In order to attain its objectives, co-ordinated activities aim at promoting the products and services marketed by Alpha Finance via the Group company Alpha Investment Services, the Bank's network and the alternative channels. Furthermore, Alpha Finance aims at increasing turnover of investment banking activities by expanding into larger and more complicated corporate finance services, depending on the long-term trends in the market.

As regards underwriting of companies listing their shares in the ASE, the company's strategic aims include investment on quality underwriting projects that are correctly priced and concern firms that operate along sound financial business lines.

On 30th September, 2002, the Bank held directly 99.72 per cent. and indirectly 0.28 per cent. of Alpha Finance's issued share capital. Its staff numbers 175 employees.

Alpha Finance US Corporation ("AFUS")

AFUS was established in New York in 1999.

AFUS is a broker/dealer committed to serving the international needs of US Institutional and Private Clients. Through the Bank's subsidiaries and network of over 450 branches in Greece, Great Britain, Cyprus, Romania, Bulgaria, Albania, and FYROM, AFUS is able to leverage its regional expertise in Southeastern Europe by providing research, execution, and clearing services on an agency basis for equity and fixed income securities. Each AFUS client has direct access to Southeastern European regional markets through AFUS's equity sales force. AFUS equity analysts provide research on over sixteen industries and 150 listed companies, including IPO's and private placements.

In 2001, AFUS accounted for a large part of activities by American institutional investors on the Athens Stock Exchange. It also organised numerous of presentations of dynamic, listed Greek companies for

American institutional investors. Brokerage commissions in 2001 amounted to USD 1.1 million whereas investment banking fees amounted to USD 0.58 million. However,the negative outlook of the market had affected profitability both for 2001 and for the first nine months of 2002, during which AFUS had accumulated losses of USD 2.07 million. Own funds as of the 30th September, 2002 amounted to USD 4.83 million and total assets to USD 1.34 million.

The Bank holds 100 per cent. of AFUS's share capital. Its staff numbers 6 employees.

Alpha Ventures ("AV")

AV, the venture capital arm of the Group, was established in 1990 and is one of the main venture capital firms in Greece.

AV provides start-up and development capital to newly established or growth companies not listed on the stock exchange. It invests in the form of straight capital and/or convertible debt, typically through a participation in a capital increase rather than a purchase of existing shares. Alpha Ventures generally takes a minority position varying from 10 per cent. to 33 per cent. of the share capital of a company. Prospects for the venture capital/private equity sector are favourable, despite the current outlook of the Greek capital market. Demand for venture capital financing is expected to increase considerably in forthcoming years.

In 2001, considerable progress was made as regards the process of restructuring the company along the following areas: application of internal procedures and MIS systems, development of new investment activities and a rationalisation of the existing investment portfolio. In 2001, AV had a loss of €4.61 million, due to a revaluation made according to Greek company law of its older shareholdings. As of 31st December, 2001 Alpha Ventures had total assets of €9.28 million and own funds of €8.91.

All new venture capital and private equity investments of the Group will be made through a new fund established in 2001 by the Bank, Alpha Equity Fund. The management of this fund has been undertaken by Alpha Ventures. Since its inception, the Bank has invested through Alpha Equity Fund €7.71 million for new venture capital investments. Alpha Ventures is a fully owned subsidiary of the Bank.

The Danube Fund Limited ("the Danube Fund")

The Danube Fund is sponsored directly by the Group and is managed by Alpha Ventures. Other equity participants include the EBRD, International Finance Corporation (IFC) and various Greek industrialists. The Danube Fund has raised approximately USD 18.4 million for direct equity investments in the Balkans. Since its inception, it has committed USD 14.6 million in 11 investments in Romania, Moldavia, FYROM and Cyprus. The Danube Fund is now fully invested and aims to liquidate its investments by 2004 to 2006. During 2002, the Danube Fund decided to redistribute USD 1.8 million to the shareholders by way of a share capital decrease.

Sales and Trading

The Bank maintained its dynamic presence in the interbank money, bond and derivatives market in 2001, contributing to the Group's results. The use of sophisticated systems to measure market risk has contributed considerably to limiting risk, to the immediate adaptation to market conditions, and to improved performance.

The Bank's presence in the domestic primary and secondary bond markets was considerable, retaining its high percentage of participation and the aim of providing better service to clients from Greece and abroad. In particular, during 2001, 27 per cent. of securities issued by the Greek State in the primary market were absorbed, and in the secondary market, the transactions realised corresponded to 20 per cent. of the average daily volume of the Electronic System for Bond Trading maintained by the Bank of Greece.

The Bank's presence was equally successful in the international marketplace, in the primary and secondary Euro-bond markets. It participated in 180 primary bond issues, assuming the role of lead underwriter or co-underwriter in 45 of such issues. The Bank's significant presence in the bond market was underlined by the listing of the first Greek Corporate Bond (amounting to €45 million and issued by Attica Enterprises S.A.) on the ASE.

It also participated in organising and completing the syndicated loans in the Greek banking market, assuming the lead role in most. In particular, it participated in 56 syndicated loans, assuming the lead role in 32. It also participated actively in 20 syndicated loans in the international market. Total funds advanced amounted to €1.35 billion.

The trading units of the Treasury Division cover a wide range of products such as foreign exchange spot & forwards, foreign exchange swaps, money markets, options, debt securities and derivatives.

The sales and market research units of the Treasury Division support the customer business of the Bank and provide products and services that fulfil the customer's treasury needs.

Asset Management

The management of funds entrusted to the Group by its clients in and several other categories of investment services are undertaken by two new companies, Alpha Asset Management and Alpha Investment Services. They develop new products on the market, manage and develop relationships with institutional investors, and manage the portfolios of the Group's mutual funds, its private banking clients and other customers. Promotion of investment products and services to private individuals is undertaken under the brand name Alpha Private Bank, which now encompasses, under a common management and common strategy, the clients and networks of the Bank's Private Banking Division and of the Group company, Alpha Investment Services.

Alpha Investment Services ("AIS")

AIS was established in April 2001 in line with the Group's new administrative structure. AIS is part of Alpha Private Bank and it has undertaken the development and promotion of investment services and products to affluent individual investors. The substantial growth and the increasing complexity of money and capital markets in Greece as well as the expected shift of Greek investors towards international markets have developed the need for advanced and specialised financial advice. AIS promotes its services through a specialised network of sixteen branches which are located in major Greek cities, out of which twelve are owned by AIS and four by the Bank. Due to unfavourable market conditions prevailing in 2001 and 2002, the company has accumulated losses of €5.53 million since its inception. AIS is a fully owned subsidiary of the Bank.

Alpha Asset Management ("AAM")

AAM was established in 2001 in line with the new administrative structure of the group and its objective is to provide institutional asset management services. Its activities encompass portfolio management, analysis of investment opportunities, research for new products and development of relationships with institutional investors. It provides portfolio management services to Alpha Mutual Fund Management, to Alpha Portfolio Investments, to Alpha Insurance and to other institutional clients.

AAM's revenues during its first year of operations derived mainly from providing investment services to Alpha Mutual Fund Management Company, to state-owned companies and to corporations. For 2001, AAM posted a pre-tax profit of €4.04 million. For the period ended at 30th September, 2002, AAM posted a pre-tax profit of €3.91 million. Own funds as of the same date amounted to €4.27 million and total assets to €8.49 million. AAM is a fully owned subsidiary of the Bank.

Alpha Mutual Fund Management Company ("AMFMC")

AMFMC is one of the leading open-end mutual fund management in Greece with a market share of approximately 14 per cent. and €3,106.15 million of funds under management as of 30th September, 2002. It offers the largest number of mutual funds and the broadest variety of investment orientation. In 2001, it established two new funds and modified nine of the existing funds, towards rationalising the range of available choices. It now manages twenty three funds, of which eight are fixed income funds, eight are equity funds, four are mixed funds and three are money market funds. Shares in the funds are mainly sold and bought through a comprehensive on-line transaction network at Alpha Bank Branches, at Alpha Private Bank Centres, and by the insurance advisors of Alpha Insurance Company.

Its clients (individuals and legal entities) number more than 850,000 and it maintains 400,000 investment accounts comprising 240,000 holdings.

For the period ended 31st December, 2001, turnover and gross operating profit amounted to €40.84 million and €11.95 million respectively, however, mainly due to portfolio revaluation of €11.38 million the company posted a loss for the period of €2.18 million. In 2002 profitability is expected to be lower. For the period ended on 30th September, 2002 turnover and gross operating profit amounted to €21.13 million and €6.8 million respectively, but again due to portfolio revaluation of €5.7 million AMFMC posted a loss for the period of €2.86 million. As of the same date own funds (excluding the loss of the period) amounted to €33.38 million and total assets to €35.93 million.

The prospects for the mutual fund management sector in Greece are favourable, despite the negative trends of the past two years. AMFMC's objectives include further differentation and rationalisation of the investment range made available, the use of alternative networks, and collaboration with Group companies towards promoting sales.

On 30th September, 2001, the Bank held, directly 80 per cent. of the issued share capital of AMFMC, while its total participation amounted to 100 per cent. of AMFMC's share capital. AMFMC staff numbers 50 employees.

Alpha Investments

Alpha Investments was established in 1984 as a closed-fund and is listed on the ASE. It is the largest portfolio investment firm in Greece based on total assets and own funds. At year end 2001, 82 per cent. of Alpha Investments' portfolio was invested in Greece and 18 per cent. in international markets. Equity investments and money market investments, represented 86 per cent. and 14 per cent. of total investments respectively.

Due to unfavourable market conditions in 2001, net profit fell to €19.58 million as compared to €87.40 million in 2000. Negative valuation adjustments of €128.72 million, have reduced by an equivalent amount Alpha Investments' total equity to €430.24 million and due to the provisions of company law 2190 Alpha Investments was not able to distribute dividend.

At 30th September, 2002, Alpha Investments had a market capitalisation of €210 million and its shares were trading at €2 each, i.e. at a discount of 32 per cent. (intrinsic value per share €2.93). The negative outlook of the global capital markets in 2002 has a negative effect on Alpha Investments' equity portfolio. For the period ended at 30th September, 2002, Alpha Investments posted a pre-tax profit of €8.72 million. Own funds as of the same date amounted to €430.24 million and total assets to €439.41 million. The negative valuation of its securities' portfolio amounted to €131.24 million.

The Bank holds directly and indirectly, 38.34 per cent. of Alpha Investments' share capital. Alpha Investments staff numbers 6 employees.

Other activities of the Group

Delta Singular

Delta Singular is the result of a merger between Delta Informatics and Singular, two firms sharing a complementary field of activities. The new company is restructuring its operations towards maximising the synergies that have arisen. Delta Singular and its subsidiaries have evolved into the largest information technology group in Greece, ready to gain higher market shares in large information technology projects undertaken by the state and private sectors, in the standardised software sector and in the provision of services to third parties. It will also continue its activities in the Internet market and promote new generation products and new information technology services. It is already active in Central and Eastern Europe and has laid the foundations for considerable and substantial growth. A main axis of its strategy is to expand further in the above regions and to gain access to Western European markets.

For the period ended on 30th September, 2002, Delta Singular posted a pre-tax profit of €12.9 million. Own funds as of the same date amounted to €196.09 million and total assets to €254.03 million. Delta Singular's shares are traded on the ASE. As of the same date, the market capitalisation of Delta Singular totalled €400.22 million.

The Bank currently holds, directly and indirectly, 37.63 per cent. of Delta Singular's issued share capital. Delta Singular's staff numbers 880 employees.

Alpha Astika Akinita ("AAA")

AAA, was founded by the Bank in 1942. In June 1999, its shares were listed on the ASE and subsequently the Bank's holding decreased to 51.79 per cent. of its issued share capital. Its market capitalisation on 30th September, 2002 amounted to €65.8 million.

AAA offers a full range of services in the real estate sector. It acts as a broker or representative during the sale and purchase of real estate property and manages, leases and maintains property of clients. It also prepares valuations and development studies of real estate property owned by third parties, individuals and welfare funds and other institutions. In the area of assessments, large project certification, real estate development studies and investment assessment, AAA is certified with the quality assurance system ISO 900.

It has a 29.17 per cent. stake in the incorporated real estate indices company Propindex (under formation). Its immediate objectives are to provide comprehensive services to Greek and foreign clients, in collaboration with Alpha Private Bank and the Group companies Alpha Asset Management and Alpha Finance US.

Prospects in real estate are considered positive, especially in the forthcoming years. Properties related to infrastructural projects and the Olympic Games have the best potential. With AAA at the frontline, the Group seeks to participate in development projects and to provide a large variety of services related to real estate management.

On 31st December, 2001, AAA had total assets €58.54 million, turnover €14.76 million and pre-tax profits €7.60 million, i.e. an annual increase of 35 per cent. For the period ended at 30th September, 2002, AAA posted a pre-tax profit of €6.85 million. Own funds as of the same date amounted to €52.72 million and total assets to €59.74 million.

The Bank currently holds, directly or indirectly, 52.86 per cent. of AAA's issued share capital. AAA's staff numbers 58 employees.

ICAP

Since 1964, ICAP has been a market leader in business information and financial services, consulting and market research. Its activities fall into two large categories:

1. Financial Information — Publications: ICAP manages one of the largest commercial and financial databases in Greece, with a wide coverage of Greek companies. Its has 4 branches in major Greek cities. For 36 consecutive years it publishes the unique "Greek Financial Guide" which is translated in English and distributed all around the world. ICAP is also a market leader in specialised business publications. In 2000, Financial Information and Publications accounted for 65.31 per cent. of total turnover.

2. Market Research — Business Consulting: It is one of the top five management consulting companies in Greece. Turnover from this particular sector accounted for 34.70 per cent. of total turnover.

On 31st December, 2001, ICAP's total assets amounted to €21 million, turnover to €18.44 million and pre-tax profits to €1.41 million. For the period ended on 30th September, 2002 the company posted a pre-tax profit of €1.1 million. Own funds as of the same date amounted to €15.53 million and total assets to €19.53 million.

In April 2001, the Bank transferred 20 per cent. of ICAP's share capital to Commercial Bank of Greece, but it still remains the largest shareholder with a participation of 26.96 per cent. Its staff numbers 340 employees.

Ionian Hotel Enterprises ("IHE")

Ionian Hotel Enterprises was established in 1957 with the aim of constructing and operating high-quality hotel units. IHE is listed on the ASE and its market capitalisation, on 30th September, 2002, amounted to €129.75 million. On the same date, the Bank held, directly and indirectly, 87.87 per cent. of IHE's issued share capital.

IHE owns the Athens Hilton and the Hilton Rhodes Resort. In June 2000, IHE concluded a new 10-year agreement with Hilton International to manage Athens Hilton, and an agreement to manage the Hilton Rhodes Resort. The Athens Hilton has been undergoing a full renovation since November 2001, which will be completed before the 2004 Olympic Games.

IHE reported a turnover of €13.82 million in 2001, as against €16.84 million in 2000, mainly due to the closing of the Athens Hilton for the renovation. For the same reason IHE posted losses in 2001 and in the first nine months of 2002 totalling €54.34 million. Own funds as of 30th September, 2002 amounted to €54.24 million and total assets to €127.11 million. The cash flow position of IHE is going to get much better by the time the Athens Hilton re-opens. IHE's staff numbers 266 employees.

Investment in Systems and Technology

Information Technology: In order to be able to deal with a large volume of transactions, new activities, and the new requirements created by the introduction of the single currency, the Bank made the required adaptations and increased the capacity of its central systems by 50 per cent. It also set in operation, with absolute success, the auxiliary standby system of the central computer. In addition, it expanded and upgraded its telecommunications network towards ensuring greater security, availability and speed.

The improvements and upgrades of the Central Systems concern: (a) the upgrade of software and hardware; (b) the completion of the systems management system and the enhancement of access capability; (c) the installation of a system enabling comprehensive management of work stations and the network; (d) the procurement and installation of the equipment serving the central system in the context of developing the new accounting system (SAP); and (e) technical and functional upgrades of systems indifferent of Divisions, Branches Abroad and Group Companies.

Alternative Electronic Channels: New applications were designed and developed to support the new products and services, in line with the Bank's orientation towards making increased used of alternative electronic networks. Considerable improvements were made and new services incorporated in the Alphaline, Alphaphone and Alpha Web Banking systems. The first stage of the creation of a uniform subscriber profile for use by all alternative channels was completed.

Internet / Intranet: New applications were developed and new capabilities were offered, such as support for holding General Meetings, distributing insurance products, telephone directory information,etc. The new risk management system applied via the Intranet is being pilot-tested in selected Branches. An "e-learning" system was installed and is being pilot-tested, and an application was developed to monitor mail traffic between Support Centres and Branches coming under their jurisdiction. The money order transfer system operating via the Bank's Intranet network was enriched with additional capabilities. Moreover, a new system taking advantage of the Intranet's capabilities for the distribution of Alpha Insurance Company's products via the Bank's Branch network was designed and developed.

Call Centre: The design of its functions and the development of a comprehensive information technology application to support the services provided to clients and the operation procedures were completed. The layout disposition was determined, the equipment was installed and set in operation, and the Call Centre has been staffed and is being pilot-tested; concurrently, the study for the requirements of the second stage has now been completed.

Proteus 21 Project: The alterations to the operating systems for banking activities were completed so that such activities may be served by Support Centres, for which a Disaster Site study was prepared. The Infokiosk, which allows customers to seek and find information in an easy and user-friendly way, was set in operation.

New Work Platform: Changes were made in branch infrastructures towards automating transactions further, enhancing the security of data, assigning new roles to branch officers (Customer Relationship Officers, Financial Planners) and collecting data regarding Commercial activities and Letters of Guarantee according to the requirements of the MIS (as defined below).

Management Information Systems ("MIS")

In 1994, the Bank began developing local MIS systems that consisted of separate but interrelated applications, involving costing, profitability analysis, and budgeting. The costing application was introduced at the end of 1997 and became fully operational in 1998. In June 1998, the Bank established the MIS Division to oversee the management information system. The system has enormously improved information for strategic management decisions, marketing of new products, pricing, cost reduction, etc.

Since June 2000, the profitability of the Bank has been monitored on a business unit basis, according to the new organisational chart, suggested by the Bank's business consultants, Mckinsey & Company, and adopted by the Bank, while at the same time the application for performance measurement of clients, for specific groups of clients, has started being developed.

The MIS Division is responsible for providing budgeting and actual results and also the profitability of the Group in the interests of achieving more accurate, precise and detailed reporting to the Management.

A team from the MIS Division cooperates with consultants from the SAP firm for the installation of the Controlling Module (CO) in the Bank.

The majority of MIS production is available on the Bank's Intranet for use by all branches, divisions and of course management, according to their needs.

Risk Management

Risk Management is responsible for measuring market, credit and liquidity risk, control limits and the risk adjusted returns on capital for the Group. It is also responsible for preparing the material for the Asset-Liability Committee, which meets once a month.

The Bank uses the Value at Risk ("VAR") methodology to measure market risk. Back-testing is performed on a daily basis in order to check the validity of the models. The Risk Management Division is responsible for controlling trading limits. Trading activity in the dealing rooms in Cyprus, Bulgaria, and Romania is limited. However, in the near future the Bank plans to integrate VAR methodology in all dealing rooms. From 2002, the Bank installed the Credit Risk Module of KVART and is able to measure accurately the Credit Risk associated with Treasury Products (Corporate Bonds, Interbank Placements, etc.).

For the banking book, the Division uses an in-house developed software in order to measure the effect of interest rate changes on net interest income. In 2001, the Bank purchased an asset liability management system.

For the measurement of credit risk, the Bank has set in operation a credit rating system, which assigns ratings to borrowers on the basis of financial data, previous payment behavior and various qualitative criteria. Moreover the Bank has instituted specific approval limits at every level of approval and a specific credit policy depending on credit risk assessments. Finally the Bank monitors continuously changes in credit worthiness of its borrowers and responds appropriately.

Internal Audit

The Bank has maintained an independent Internal Audit and Inspection Division. The main purpose of the division is to enable the General Management for adequacy, application and effectiveness of internal controls within the Bank and the Bank's Group as well. The Internal Audit and Inspection Division reports directly to the General Manager. At least once a year, the Internal Audit and Inspection Division reports to the Audit Committee for the Internal Controls mentioned above. The division carries out regular audits at each Branch basically every two years, although in practice the period between two consequences audits ranges from 18 to 36 months, and spot inspection visits are made without prior notice. The division has a sufficient number of auditors and five of them (including one superviser) are trained in auditing the electron data processing operations of the Bank.

Certain audits are conducted throughout the divisions and affiliate companies in Greece and abroad.

According to the Act N.2438/98 of Bank of Greece, the Division is responsible for evaluating the adequacy and quality of loan portfolio and the summary is reported to the Audit Committee. A copy of such report is submitted to the Bank of Greece.

Statistical Information

Information included in this section, except where otherwise specifically referenced as relating to the Group, relates to the Bank only and does not include the Bank's consolidated subsidiaries. In addition, where information is specified as referring to the Bank's domestic activities, such information excludes the activities of the Bank's foreign branches. As at 31st December, 2000, the Bank accounted for approximately 93.5 per cent. of the Group's total assets.

The statistical data presented below may differ from data included in the financial statements of the Group and of the Bank included elsewhere in this Offering Circular. In certain cases, the statistical data are derived from statutory reports and from statistical data reported in the forms prescribed by the Bank of Greece for regulatory purposes. Such data are compiled as part of the Bank's financial reporting and management information systems.

Custodian Services

The operations division of the Bank performs the custodian functions of the Alpha Bank Group. These services are offered to approximately 2,586 domestic and foreign institutional clients. The Bank holds approximately GRD 3,275.8 billion of portfolio value on behalf of its clients. Profits of the Bank attributable to the provision of custody services were GRD 3.5 billion in 2000. The Bank's principal customers for custodian services are mutual funds, including Alpha Mutual Fund Management which is the Bank's largest single custodial client.

Employment

The Group's workforce numbered 9,792 persons at 31st December, 2002. The number of employees of the Bank (7,994 at 31st December, 2001), declined by 3.7 per cent. since 31st December, 2000, mainly due to the continuous operational restructuring of the Group. During 2001, a programme offering retirement incentives was applied. The programme facilitated the employees who fulfilled specific criteria to depart and contributed to the forwarding of new executives, thus giving the Bank a new impetus. Currently, by upgrading specialised jobs and offering career opportunities, it has created a working environment that promotes creativity, personal effort and professionalism. The evolution in the structure of employment indicates that the number of women employees has increased in the last five years, constituting 47.8 per cent. of the workforce in 2001, compared to 43.5 per cent. in 1997.

The age pyramids depict the demographics of the Bank's human resources. The Bank enjoys a number of advantages in view of future developments:

- The pyramid is balanced and the different age groups combine.
- The entry of young people, although limited, modifies the effects from the increase in the age of personnel (the average age of personnel was 38.8 years in 2001).
- Regular retirements (forming the shape of the pyramid) allow for the renewal of the Personnel by new entries.
- The visible increase in the number of women in the middle age group depicts the trend shown by women to stay longer in the Bank's employment.

Training of the Bank's employees is an important objective, with a view to reinforcing middle management. In-house training includes seminars on professional areas of interest such as management, product knowledge and marketing. This training is held primarily at the Bank's training facilities in Athens. Employees are also offered an opportunity to attend external training courses both in Greece and abroad. E-learning has been recently introduced as a pilot programme in many Branches.

Almost all of the Bank's staff are members of one of the trade unions operating within the banking sector. Each of these trade unions falls under the umbrella of the general union of employees in the banking sector ("OTOE") and, ultimately, the General Confederation of Greek Workers. Collective bargaining arrangements are normally made on the basis of the Government's expectations for inflation between representatives of the Greek banks and OTOE and then implemented by each Bank in agreement with its own unions. Several topics are discussed and agreed between the involved parties every one or two years. The

Bank maintains good relations with its personnel unions and there have not been any industrial disputes affecting the Bank during the last ten years.

Employees of the Group working in Greece, including employees of the Bank, participate in the pension and welfare schemes operated by the Greek State. In addition, the Bank's employees contribute to welfare schemes for the provision of pensions health and childcare. The Bank has agreed to make up any shortfall in the fund. An actuarial study completed during March 2002 identified a €212 million (approximately €136 million after tax) obligation to the pension fund at the end of 2001 which is being provided for by approximately €44 million annually through payments to the pension fund.

The Group's Asset and Loan Portfolio

The following table shows a breakdown of the Group's assets:

	At 31st December,	
	2001	*2000*
	(Thousands of Euro)	
Assets		
Cash and balances with the Central Bank	2,511,409	2,516,337
Treasury bills and other eligible bills for refinancing with the Central Bank	50,654	36,500
Placements with, and loan and advances to, other banks	1,017,332	3,598,955
Government and other securities held for dealing purposes	513,355	7,514,741
Derivative and financial instruments	163,499	566,587
Loans and advances to customers, net	15,153,348	13,656,373
Available for sale securities	8,464,254	—
Investment securities	243,117	1,271,104
Investments in associates	186,541	82,170
Goodwill, net	1,051,479	1,113,773
Tangible assets, net	709,768	635,102
Deferred tax assets	108,737	117,385
Other assets	510,663	700,940
Total Assets	30,684,156	31,809,967

Funding

As at 31st December, 2001, total consolidated customers deposits amounted to EUR 24,983.66 million compared to EUR 21,717.88 million in the corresponding period in 2000 (an increase of 15 per cent.). Management estimates that the Group's total customer deposits in 2001 represented approximately 18.7 per cent. of the customer deposits of all commercial banks operating in Greece.

The following table shows a breakdown of the Group's deposits:

	At 31st December,	
	2001	*2000*
	(Millions of Euro)	
Current accounts	4,280.29	3,213.49
Savings accounts	7,634.27	6,822.15
Time deposits	6,129.13	7,100.67
Other amounts due	6,939.97	4,581.57
Total	24,983.66	21,717.88

As at 31st December, 2001, the Group's deposits, in currencies other than Greek drachma, amounted to €6,243.25 million (approximately 25 per cent. of total deposits). Deposits are subject to a 2 per cent. reserve requirement by the Bank of Greece.

Lending

The Bank offers a wide range of credit instruments to domestic and foreign businesses, the Greek State (which includes state and municipal corporations and central government) and households, including term loans, the discounting of commercial bills and the provision of overdraft facilities, guarantees and letters of credit.

The following table shows a breakdown of the Group's loan portfolio (excluding inter-bank loans) as a percentage of its total loan portfolio as at the dates indicated:

	At 31st December,	
	2001	*2000*
	(%)	*(%)*
Trade	24.1	23.9
Manufacturing	20.4	21.3
Individuals (consumer, credit cards, mortgages)	18.5	9.1
Government	6.9	8.5
Shipping	6.8	6.1
Tourism	5.2	3.9
Leasing	3.9	4.0
Other	14.2	23.2
Total	100.00	100.00

The Bank follows what it believes to be prudent lending policies based on a thorough evaluation of its customers' creditworthiness.

Depending on the size of the exposure, loan applications are examined by the branches, regional head offices, the Bank's Area Credit Committee and the Bank's Senior Credit Committee. The Bank also actively monitors the changing Greek economic environment in order to identify potential risks in its portfolio. A comprehensive credit analysis procedure is undertaken. The Bank is in the process of developing and implementing a more sophisticated asset and liability management system. The Bank has a non-performing loan book at 3.0 per cent., which is lower than many of its competitors, and has enjoyed a decline in bad loans as a proportion of the total loan portfolio. A new MIS is being developed to enhance the monitoring of credit risk.

The majority of the Bank's loans are still accounted for by euro lending. However, the share of foreign exchange loans has increased since the early 1990s and at present represents approximately 17 per cent. of the total loans outstanding. The Bank incurs limited foreign exchange risk from its foreign currency lending as it aims to match foreign currency funding and lending.

Despite increasing liberalisation of the consumer credit market since June 1996, the amount of credit that Greek banks in aggregate may grant to an individual is €24,000 per year per individual, and up to €3,000 advanced without limitation on use. The remainder of the limit may only be advanced for a specified purpose. These limits do not apply to house mortgage loans. Both mortgage and consumer lending, following increasing liberalisation of the market, are a small but growing aspect of the Bank's business.

Credit Analysis Procedures

The Bank follows a set procedure for the approval of new loans and the review of existing facilities. Branches, according to their size, enjoy discretion to authorise loans up to given limits of €0.6 million to €1.6 million. Above these limits, approval must be sought from one of the fourteen regional head offices, which may authorise loans up to €10 million.

Loan applications beyond the regional head office's discretion, are submitted to the appropriate Executive General Manager. If the actual or potential exposure to a customer is in excess of €5 million, the credit application must first be reviewed by the Bank's Credit Division before being submitted to the relevant authorisation level. The approval of all loan applications which give rise to an actual or potential exposure to a customer in excess of €30 million is subject to the confirmation of the Bank's Board of Directors.

Apart from reviewing large exposures in excess of €5 million, the role of the Credit Division is to report to the Bank's appropriate Committee (depending on the size of the Bank's potential exposure) on problematic issues or areas within each of the sectors in which the Bank undertakes credit risk. In addition, the Credit Division conducts creditworthiness reviews and analyses and reports on sectorial economic data relevant to the Bank's business.

Exposures to groups of interrelated counterparties are considered on a consolidated basis. Credit lines are reviewed once a year, or more frequently (semi-annually) depending on the loan's risk factor (as calculated by the Bank's internal risk measurement system).

Loan Loss Provisions and Experience

Problem Loans — Classification

For statutory purposes, the Bank's classification policy with regard to problem loans is as follows:

(a) *Non-performing loans*: If interest or principal on a loan has not been paid for up to three months, the relevant branch initiates collection procedures immediately by notifying the borrower that payment has not been made. These loans are classified as in arrears until payments on the loan have been overdue for more than three months. At this stage, the loan is referred to the Non-Performing Loans Division and thereafter classified as non-performing on the Bank's balance sheet. If, after further attempts by the Non-Performing Loan Division to recover outstanding arrears, the loan remains overdue, formal notice of default is given to the borrower, court proceedings are commenced and the whole loan becomes immediately due.

(b) *Bad debts*: After court proceedings are commenced, the Bank reviews the relevant loan and determines, having regard to the collateral available, the financial position of the borrower and any guarantor, the strength of the Bank's case and the amount of the loan which is likely to ultimately be recoverable. To the extent that all or part of the loan is considered unlikely to be recovered, or if the Bank considers that it will be unsuccessful in the relevant court proceedings, the loan (or relevant part thereof) is treated as a bad debt. Prior to the determination of court proceedings, the position in relation to each loan is reviewed on a regular basis and, in any case, at least annually.

Non-performing loans, subject to limits of between €30,000 and €250,000, are managed by the relevant branch depending on the size of the branch. The Non-Performing Loans Division has general discretion to manage non-performing loans greater than €250,000 but not exceeding €2 million, to initiate litigation for loans greater than €30,000 but not exceeding €2 million, and, to auction property for loans up to €800,000 or to enforce bankruptcy or insolvency proceedings for loans not exceeding €2 million. Members of the Non-Performing Loans Committee include an Executive General Manager, the acting principal officer and deputy of the Non-Performing Loans Division and representation from the Bank's legal department. Non-performing loans greater than €750,000 but not exceeding €5 million are managed by the Non-Performing Loans Committee headed by the Executive General Manager. Non-performing loans in excess of €5 million are considered by a committee which includes the Chairman or the General Manager. Non-performing loans in excess of €10 million are referred to the Board which reviews the position on the basis of the recommendations of the division.

Loan Loss Provisions

The Bank's usual practice has been to write-off semi-annually an amount approximating to the increase in bad debts in the relevant year. Any such writing off of bad debts has no effect on the profit and loss accounts of the Bank until the amounts written-off exceed available total loan loss provisions. In this event, additional provision would be made in the profit and loss account. The Bank has never had to make such an additional provision.

Banks in Greece are allowed, for tax purposes, to provide for loan losses of up to 1 per cent. of the average annual balance of their loan portfolio, except for loans guaranteed by the Greek State (primarily to entities owned by the Greek State). The Bank, consequently, for statutory purposes makes loan loss provisions on this basis by charging its Profit and Loss Account. In addition, the Bank follows the policy of writing off uncollectable balances during the year by reducing the loan loss reserves. At 31st December, 2001, the balance of loan loss reserves was €228.91 million. The management of the Bank considers this to be adequate to cover loan losses.

Non-performing loans are expected to increase in absolute terms as lending increases, although the Bank expects that non-performing loans will decrease as a proportion of the loan portfolio. As at 31st December, 2001, non-performing loans represented 2.83 per cent., and bad debts represented 0.2 per cent. of all loans, respectively. Bad debts expressed as a percentage of non-performing loans fell from 7 per cent. at 31st December, 2000 to 6.5 per cent. at 31st December, 2001, a trend which the Bank intends to maintain through the active daily involvement of the Non-Performing Loans Division in reviewing branch control procedures. Branch managers are encouraged to inform the Non-Performing Loans Division of any specific adverse factors affecting a borrower's ability to repay loans, even if the loans fall within the financial limits applicable to that particular branch and cannot be technically classified as non-performing.

The following table provides a breakdown of the Bank's non-consolidated loan loss provisions and amounts written off as at the dates and for the periods indicated:

	At 31st December,		
	2001	*2000*	*1999*
		(Millions of Euro)	
Loan Quality			
Total loans[1]	12,402.47	10,401.46	8,324.75
Non-performing loans	351.00	370.87	324.92
Of which bad debts	22.29	25.83	15.90
Total loan loss provisions	228.91	170.21	125.65
Addition to loan provisions during the year	115.61	94.20	70.42
Amounts written off during the year	57.33	49.64	136.75
		(%)	
Non-performing loans as a percentage of total loans[1]	2.83	3.57	3.9
Bad debts as a percentage of total loans[1]	0.2	0.2	0.2
Bad debts as a percentage of non-performing loans	6.5	7.0	4.8
Loan loss provisions as a percentage of total loans[1]	1.8	1.6	1.5
Loan loss provisions as a percentage of non-performing loans	62.2	45.9	38.7
Write-offs as a percentage of non-performing loans	16.3	13.4	42.1

(1) Loans to the public sector and guaranteed by the Greek State are not included.

The reduction in non-performing loans as a percentage of total loans since 1994 is primarily due to the improving Greek economy, the quality of the Bank's customers and the Bank's enhanced credit review and monitoring procedures.

Asset Liability and Management

The Bank's asset and liability management policy is designed to structure its balance sheet in order to control exposure to liquidity, interest rate and exchange rate risks, as well as to enable the Bank to take advantage of market opportunities which it believes may contribute to its profits. Overall responsibility resides with the general management of the Bank to determine its general asset and liability policy. The day-to-day asset and liability management is delegated to the Treasury Division. The positions that could be taken by each operating unit are, however, limited by specific guidelines established by the general management relating to interest rate, exchange rate and liquidity exposure.

Interest Rate Exposure

Exposure to interest rates arises where the Bank has a mismatch of assets and liabilities in which interest rates change from time to time. The Bank closely monitors overall exposure to interest rate risk and the impact that individual transactions may have on such exposure. The Bank's policy is to manage closely interest rate exposures and to limit the potentially adverse consequence of interest rate movements on profitability, while seeking to take advantage of opportunities presented by prevailing or expected trends in market interest rates.

The Bank principally uses a maturity gap analysis to measure interest rate risk, which measures shifts in the value of the Bank's assets as a result of a 1 per cent. change in interest rates.

Exchange Rate Exposure

The Bank's goal in managing exchange rate exposure is to minimise the effect of exchange rate movements on profitability. The Bank adheres to the Bank of Greece guidelines and endeavours to match its foreign currency denominated assets with liabilities denominated in those same currencies.

The following table sets out the Group's assets and liabilities by those denominated in Euro and those denominated in other currencies for the Group as at 31st December, 2001. Implied foreign exchange mismatches are covered through off-balance sheet transactions.

	At 31st December, 2001				
	EURO	*USD*	*JPY*	*Other Foreign Currencies*	*Total*
			(in million EUR)		
Assets					
Cash and due from Central Bank	2,141.31	165.00	0.12	204.98	2,511.41
Securities owned	8,680.67	402.48	109.66	265.11	9,457.92
Credit institutions, net	550.64	335.21	23.57	107.91	1,017.33
Customers Gross	11,764.70	1,499.39	506.10	1,383.16	15,153.35
All other assets	(87.84)	2,275.50	623.41	(266.95)	2,544.15
Total assets	23,049.48	4,677.58	1,262.89	1,694.21	30,684.16
Liabilities					
Credit institutions	845.35	508.54	(27.45)	174.24	1,500.68
Customer	12,420.68	2,610.46	1,898.82	1,458.20	18,388.17
Certificated deposits	6,634.29	0.11	0.00	0.00	6,634.41
Other liabilities	751.67	1,522.24	(597.09)	(190.97)	1,485.85
Total liabilities	20,651.99	4,641.35	1,274.28	1,441.47	28,009.09

Capital Adequacy

The capital adequacy ratios applicable to Greek banks conform to EU requirements, which in turn reflect the guidelines of the Basle Committee. See "Supervision" below. The Bank's tier 1 capital ratio at 31st December, 2001, calculated using Greek GAAP, was 7.7 per cent.

Supervision

The Greek banking system is supervised by the Bank of Greece, which is the country's central bank. The Governor and Deputy Governor of the Bank of Greece are currently nominated by the government, which is also able to influence the election of the remaining nine members of the Central Bank's general council. The Central Bank is responsible for: the issue of bank notes; the conduct of monetary policy; the licensing of new banks and the supervision of banking mergers and acquisitions; the authorisation of foreign banks wishing to establish branches in Greece; and the protection of bank depositors. Generally, the Central Bank is charged with ensuring the soundness of the banking system and serving as lender of last resort to banks.

In the conduct of monetary policy, the Bank of Greece has, as its main policy objective, to ensure the maintenance of price stability and balance of payments equilibrium. In order to do so, it sets reserve requirements for credit institutions (currently a minimum of 12 per cent. for commercial banks, of which one-half is remunerated at rates approximating to market levels), conducts open market operations and intervenes directly in the money markets.

The Bank of Greece is responsible generally for the continuing supervision of banks, which are in turn required to provide information on a regular basis which enables the Bank of Greece to assess the solvency and liquidity of each bank, as well as the adequacy of its internal controls. Specifically, the Bank of Greece requires each bank operating in Greece to submit to it on a monthly, quarterly, semi-annual and annual basis, detailed statements of such bank's general financial position, liquidity, loan portfolio, provisions, deposits, investments, foreign currency transactions, assets and certain other details.

Treasury

The Treasury Division is responsible for managing the Bank's assets and liabilities. Its goal is to maximise the Bank's income, according to certain established risk policies and limits and manage the liquidity requirements deriving from all the Bank's commercial and trading activities.

Interbank counterparty and trading limits are reviewed by the Board of Directors of the Bank at least annually. Internal procedures are in place to ensure adherence to the limits and processes. The Risk Management unit of the Bank is responsible for monitoring adherence and reports directly to the General Management. The Risk Management unit applies daily, sensitivity analysis methods and the value at risk methodology to measure the interest and foreign exchange exposures of the Bank and runs monthly stress testing scenarios. It produces management review reports and presents them to the Executive General Management and the Treasury Division.

The Asset and Liability Committee ("ALCO") which comprises the Executive General Management and the management of Treasury, Risk Management, Accounting and Economic Research divisions, meets on a monthly basis unless otherwise required. It reviews interest rate exposure, operational liquidity, pricing strategies, regulatory requirements and developments and capital adequacy directives and is responsible for the prudent planning and management of the on- and off-balance sheet of the Bank in order to optimise the Bank's overall performance.

Subsidiaries and Associates

In an effort to gain market share in financial services, the Bank's strategy is to create specialised subsidiaries operating within discrete niches within a sector or, in cases where the Bank seeks immediate exposure, to enter into new business areas by establishing strategic alliances with specialists in those new areas. The following table sets out certain details in relation to the participation of the Bank in its subsidiaries and affiliated companies:

The following table sets out certain details relation to the participation of the Bank in its principal subsidiaries and affiliated companies.

Financial data as of 30th September, 2002.

Name of Subsidiary/affiliated company	*Business activity*	*Direct[1] (%)*	*Indirect[1] (%)*	*Total (%)*	*Total Assets*	*Share-holders' Equity*	*Net Profit Before Tax (1.1.02-30.9.02)*
					(€ thousands)		
DIRECT AND INDIRECT HOLDING							
Listed on the ASE							
Alpha Leasing A.E.	Financial Leasing	75.39	1.09	76.48	477,797	251,400	12,048
Alpha Investments A.E.	Closed-end Investment Fund	38.09	0.25	38.34	439,414	430,237	8,720
Delta Singular AE	Specialised computer services	37.34	0.29	37.63	251,125	196,089	12,908
Alpha Astika Akinita A.A.	Management of Real Estate	52.86	0.00	52.86	59,744	51.101	6,851
Ionian Hotel Enterprises S.A.	Hotel Property management	87.58	0.29	87.87	127,112	54,239	(3,443)
Not Listed on the ASE							
Alpha Bank London Ltd	Banking	100.00	0.00	100.00	681,060	81,651	3,349
Alpha Bank Cyprus	Banking	100.00	0.00	100.00	1,917,491	160,942	12,422
Alpha Bank Romania S.A.	Banking	20.76	59.62	80.38	399,096	46,498	5,658
Alpha Bank AD Skopje	Banking	100.00	0.00	100.00	35,702	15,685	1,705
Alpha Romanian Holdings A.E.	Holding Company	80.00	0.00	80.00	15,939	13,679	12
Alpha Finance AXEPEY	Investment banking-brokerage	99.72	0.28	100.00	94,671	35,895	(1,977)
Alpha Mutual Fund Management A.E.	Mutual Fund Management	80.00	20.00	100.00	35,933	33,384	(1,418)
Alpha Ventures A.E.	Venture Capital	100.00	0.00	100.00	8,940	8,912	(256)
Alpha Asset Management	Asset Management	99.00	1.00	100.00	8,485	4,265	3,908
A.L.C. Novelle Investments Ltd	Private Equity Fund	33.33	0.00	33.33	10,355	10,673	(503)
Danube Fund Ltd[3]	Private Equity Fund	19.73	5.44	25.17	16,738	16,689	(163)
Messana Holdings S.A.	Holding Company	99.00	1.00	100.00	11,529	11,542	13
Alpha Insurance A.E.	Life and General Insurance	74.99	0.00	74.99	343,117	58,694	(4,679)
Alpha Insurance Agents A.E.	Insurance Agents	100.00	0.00	100.00	2,541	514	2,028
ABC Factors A.E.	Factoring	100.00	0.00	100.00	283,563	27,870	4,941
Icap A.E.	Consulting and Market research	26.96	0.00	26.96	19,531	15,534	1,100
Ionian Holdings A.E.	Holding Company	100.00	0.00	100.00	356,636	339,486	13,014
Fact Hellas S.A.	Factoring	100.00	0.00	100.00	3,978	1,738	58
Emporiki Diaxirisis S.A.	Asset-Liability Management	30.39	0.00	30.39	6,192	6,744	(730)
Alpha Credit Group PLC	Special Purpose Vehicle	100.00	0.00	100.00	603,700	427	319
Okeanos A.T.O.E.E.	Real Estate	100.00	0.00	100.00	14,736	9,206	(57)
Alpha Finance US Corporation	Investment banking-brokerage	100.00	0.00	100.00	1,355	4,900	(628)
Alpha Finance Romania S.A.	Investment banking-brokerage	45.68	49.47	95.15	1,865	1,338	60
Alpha Leasing Romania S.A.	Financial Leasing	12.94	35.55	48.49	28,111	2,874	1,443
C.B. Interleasing South Eastern Ltd	Financial Leasing	50.00	6.29	56.29	519	458	15
Alpha Insurance Romania S.A.	Life and General Insurance	65.00	27.33	92.33	748	910	(162)
Gaiognomon A.E.	Real Estate	20.00	0.00	20.00	2,083	2,000	(69)
Alpha Investment Services E.P.E.Y.	Private Banking	99.00	1.00	100.00	2,065	4,545	(4,066)
Alpha Eppagelmatika Akinita A.E.[4]	Real Estate Investment Fund	60.00	0.00	60.00	—	30,000	—
Alpha Equity Fund	Venture Capital	99.00	1.00	100.000	7,797	7,754	38
INDIRECT HOLDING ONLY							
Alpha Insurance Brokers	Insurance Brokers		71.24	71.24	7,332	59	418
Alpha Bank Jersey Ltd	Banking		100.00	100.00	195,900	9,778	486
ABL Independent Financial Advisers Ltd	Advisory Services		100.00	100.00	752	527	90
Alpha Asset Finance Cyprus	Financial Leasing		100.00	100.00	47,997	6,344	249
Alpha Trustees Ltd	Trustees services		100.00	100.00	206	(5)	(101)
Alpha Insurance Cyprus Ltd	Life and General Insurance		74.85	74.85	25,061	4,562	(1,010)
Alpha Finance Cyprus Ltd	Investment Banking-brokerage		100.00	100.00	2,683	2,990	(316)
Alpha Bank London Nominees Ltd	Nominee services		100.00	100.00	—	0.08	—
Singular International AE	Software		37.64	37.64	34,440	18,358	281

Notes

1. The Bank's participating rates on group companies are based on portfolio data as of 30th September, 2002
2. Profit/Loss for the period 1st January, 2002 — 30th September, 2002 is not included in Shareholders' Equity
3. Financial data of Danube Fund as of 30th April, 2002
4. Alpha Epaggelmatika Akinita had started operations in October 2002. Share capital amounts to €30 million.

Average Balances and Interest Rates

The following table sets forth IAS Consolidated average balances of the assets and liabilities of the Bank for the years ended 31st December, 2001 and 2000 for interest-earning assets and interest-bearing liabilities and provides the amount of interest earned or paid and the average rate of such interest for such asset or liability as applicable.

	At 31st December,					
	2001			*2000*		
	Average Balance	*Interest*	*Average Rate*	*Average Balance*	*Interest*	*Average Rate*
	(Millions of Euro)	*(Millions of Euro)*	*(%)*	*(Millions of Euro)*	*(Millions of Euro)*	*(%)*
Assets						
Interest Earning Assets						
Treasury bills, trading portfolio and investment securities	10,092.20	549.93	5.45	11,391.78	683.51	6.00
Loans and advances	14,223.57	1,050.92	7.39	12,147.96	908.09	7.48
Other	3,978.60	270.02	6.79	2,258.44	156.40	6.93
Non Interest bearing Assets	2,952.69	0.00	0.00	2,653.08	0.00	0.00
Total Assets	31,247.06	1,870.86	5.99	28,451.26	1,748.01	6.14
Liabilities						
Interest bearing liabilities						
Due to customers	23,044.67	791.00	3.43	20,182.39	1,050.35	5.20
Due to Banks	7,250.14	328.43	4.53	3,642.10	93.19	2.56
Other	20.09	0.60	3.00	1,576.09	50.51	3.20
Non interest bearing	932.16	0.00	0.00	3,050.68	0.00	0.00
Total Liabilities and Shareholder's Equity	31,247.06	1,120.03	3.58	28,451.26	1,194.05	4.20
Net Interest Income		750.83			553.96	

Interest Earning Assets: Margin and Spread

The following table shows the levels of average interest-earnings assets and net interest income of the Bank and the comparative gross yields, net interest margin and yield spread obtained for each of the periods indicated. These data are derived from the table of average balance and interest rates above.

	At 31st December,	
	2001	*2000*
	(Millions of Euro)	
Average interest earning assets	28,294.37	25,798.17
Interest Income	1,870.86	1,748.01
Net interest income	750.83	553.96
	(%)	
Gross yield(1)	6.61	6.78
Net interest margin(2)	2.65	2.15
Spread(3)	2.92	2.07

Notes:

(1) Gross yield represents interest income as a percentage of average interest-earning assets.

(2) Net interest margin represents net interest income as a percentage of average interest-earning assets.

(3) Spread represents the difference between gross yield (interest income as a percentage of average interest earning assets) less interest expenses divided by interest-bearing liabilities.

Securities by maturity

The following table sets forth the book value of the Bank's debt securities by maturity at 31st December, 2001 and the weighted average yield for each maturity category:

	Less than 1 Year[1]	*1 Year to 5 Years*	*5 Years to 10 Years*	*After 10 Years*	*Total*
			(Thousands of Euro)		
Total	1,626,833	5,498,769	820,805	496,360	8,442,767
Weighted average yield	3.54%	3.89%	5.00%	5.17%	4.00%

Loan Portfolio

Loans to Customers

The following table provides details on the basic components of the Group's loans to customers analysed by economic and geographic sector risk concentrations as of 31st December, 2001 and 2000 calculated in accordance with IAS:

	At 31st December,			
	2001		*2000*	
	(Millions of Euro)	*(%)*	*(Millions of Euro)*	*(%)*
Trade	3,719.47	24.1	3,312.20	23.9
Manufacturing	3,138.43	20.4	2,952.39	21.3
Individuals (consumer, credit cards, mortgages)	2,845.34	18.5	1,248.11	9.0
Government	1,057.54	6.9	1,178.25	8.5
Shipping	1,040.78	6.8	852.39	6.1
Tourism	805.68	5.2	546.84	3.9
Leasing	595.26	3.9	558.86	4.0
Other	2,200.36	14.3	3,221.88	23.2
Gross Loans	15,402.88	100.0	13,870.93	100.0
Greece	12,411.48	80.6	11,772.21	84.9
UK (primarily clients controlled from Greece)	1,480.84	9.6	988.70	7.1
Other countries	1,510.56	9.8	1,110.02	8.0
	15,402.88	100.0	13,870.93	100.0

Loan Maturities

The following table sets forth the Bank's loans and advances to customers and banks by time remaining until maturity as at 31st December, 2001:

	At 31st December, 2001
	(Millions of Euro)
1 year or less	6,997.80
1 year to 5 years	3,509.19
After 5 years	2,658.32
Total	13,165.31

Risk Elements

Non-Accrual

The following table sets forth management's estimate, without giving effect to available security or related specific provisions, of the related amounts of its loan portfolio.

	For the years ended 31st December,	
	2001	2000
	(Millions of Euro)	
Loans not accruing interest	199.07	188.62

Summary of Loan Loss Experience

Analysis of the Allowance for Loan Losses

The following table provides details of changes in the aggregate amount of the Bank's reserves for possible loan losses at 31st December, 2001 and 2000:

	For the years ended 31st December,	
	2001	2000
	(Millions of Euro)	
Starting balance	370.87	183.42
Transfer from Ionian Bank	0.00	138.52
Additions:		
New non-performing loans	164.14	208.13
Accrued interest	56.36	54.29
Total	220.50	262.42
Subtractions:		
Recoveries	(155.99)	(150.73)
Rescheduling	(27.70)	(13.12)
Write off	(57.33)	(49.64)
Total	(241.02)	(213.49)
Ending balance	350.35	370.87
Amount likely to be recovered	328.06	345.04
Bad debts	22.29	25.83
Net write-off/average loans	0.47	0.66

Allocation of the Allowance for Loans Losses

Banks in Greece are allowed, for tax purposes, to provide for loan losses up to one per cent. of the average annual balance of their loan portfolio, except for loans extended to state-owned organisations or loans guaranteed by the Greek state. The Bank's loan loss provision at the end of 2001 was €228.91 million, which is considered adequate to cover any likely future bad debt. The following shows the movement of the provision for bad debts for the Bank, for the years 2001 and 2000, in relation with the annual loan balances:

	At 31st December,	
	2001	*2000*
	(Millions of Euro)	
Annual loans	13,112.87	11,286.38
Loan loss provision (at the beginning of the year)	170.21	88.04
Write offs during the year	57.33	49.64
Additional provisions during the year	115.61	94.20
Transfer from Ionian Bank Reserves due to merger	—	37.56
Loan loss provision (at the end of the year)	228.91	170.21

DIRECTORS AND MANAGEMENT

The Bank is managed by a Board of Directors comprising a minimum of nine and a maximum of 15 members elected by the shareholders in General Meeting. Directors hold office for a term of five years and may be re-elected by the shareholders in General Meeting. Directors hold office for a term of five years and may be re-elected. The absence of a Director, from Board meetings for a period exceeding six consecutive months may be considered by the Board as constituting his resignation. The Board must elect its Chairman and Vice Chairman from among its members.

The Board resolves all matters concerning management and administration of the Bank except those which, under the Articles of Incorporation or under applicable law, are the sole prerogative of shareholders in General Meeting. Following a request by at least two Directors, the Chairman is obliged to summon a Board meeting.

Resolutions are adopted by an absolute majority of Directors present or represented, except in the case of share capital increases. A Director can only be represented in person by another Director. No Director can have more than two votes. To form a quorum, more than half of the Directors must be present in person and the number of Directors present in person in no case may be less than six.

A Director may not vote on, or be counted in the quorum in relation to, any resolution concerning any contract or arrangement in which he, or certain of his relatives, is or are interested, directly or indirectly. The Bank is prohibited absolutely from making loans to Directors or guaranteeing their obligations; any other contract with a Director may only be entered into if such contract is approved by a General Meeting of the Shareholders of the Bank.

The current Board was elected at the General Meeting held on 28th March, 2000. The business address of the Chairman and the Executive Directors is 40 Stadiou Street, 102 52 Athens, Greece. The Board of Directors, while retaining responsibility for approving general policy and overall responsibility for significant decisions affecting the Bank, delegates day-to-day management to the Chairman and Managing Director and or/the General Managers of the Bank. Details concerning the members of the Board and General Managers are set out below.

BOARD OF DIRECTORS

Chairman and Managing Director

Yannis S. Costopoulos

Yannis S. Costopoulos is Chairman and Managing Director of the Bank and Head of the Group. He is the grandson of the founder and joined the bank in 1963. In 1973 he became Managing Director and in 1984 Chairman of the Board of Directors and General Manager. He is also Chairman of Alpha Bank London Limited and Chairman of Ionian Hotel Enterprises S.A. Mr. Costopoulos is currently Vice Chairman of the Board of Directors of the Hellenic Banks Association, Director of the Institute of International Finance and a member of the Institut International d'Etudes Bancaires. He is also Chairman of the J.F. Costopoulos Foundation, member of the Board of the Eustathia Costopoulos Foundation, Vice Chairman of the Board of Trustees of the Benaki Museum of Athens, member of the Board of the Nicholas P. Goulandris Foundation-Museum of Cycladic Art and an Honorary Trustee of the Metropolitan Museum of Art of New York.

Executive Director and General Manager

Constantine A. Kyriacopoulos

Mr. Kyriacopoulos has served as Executive Director of the Board of Directors and General Manager of the Bank since 1997 and has been a member of the Board since 1995. He joined the Bank in 1982 as Deputy General Manager having held a number of senior positions at Commercial Bank of Greece. He has been, since 1982, Chairman, Managing Director or Member of the subsidiaries of the Group. He is also Vice Chairman of Ionian Hotel Enterprises, a member of the Executive Committee of the Hellenic Banks Association, a member of the Board of Directors of Interbanking Systems DIAS and a member of the Board of Directors and the Executive Committee of the Foundation of Economic and Industrial Research.

Executive Director and General Manager

Demetrios P. Mantzounis

Mr. Mantzounis was appointed General Manager of the Bank in 2002 after serving as Executive General Manager since 1987. He joined the Bank in 1973. He is also Chairman of the Board of Alpha Astika Akinita and a member of the Board of Directors of the Bank and J. F. Costopoulos as well as Managing Director of Ionian Hotel Enterprises Foundation. In addition, he is a Board Member of the European Banking Foundation.

Non-executive Directors

Vice Chairman

Andreas L. Canellopoulos

Chairman, Titan Cement Company S.A.

Other Non-executive Directors

*Anastasios M. Averoff***

*George E. Agouridis***

Lawyer

Photis P. Costopoulos

Lawyer, Chairman, Alpha Insurance Company A.E.

*John G. Goumas**

President, J.G. Goumas (Shipping) Co. S.A.

*Xenophon J. Kantonias **

Managing Director , Albio Biokarpet A.E.

*Paul G. Karakostas**

Financier

*Leonidas D. Marinopoulos ***

Chairman, Marinopoulos Bros.A.E.

Thanos M. Veremis

Professor, Athens University

Secretary

Hector P. Verykios

Manager, Alpha Bank A.E.

* Member of the Audit Committee

** Member of the Remuneration Committee

Marinos S. Yannopoulos

Marinos S. Yannopoulos, Executive General Manager and Chief Financial Officer of Alpha Bank, also heads the Asset Management and Private Banking operations of the Group. Prior to joining the Bank in 1994 (from 1991 to 1993), he was the General Manager of Ionian and Popular Bank. Before returning to Greece, he worked from 1983 to 1991 for Chase Manhattan Bank in New York, London, Milan and Frankfurt. From 1978 to 1983, he also worked for Exxon in London, Rome and Athens. Mr. Yannopoulos is also Chairman of Messana Holding and Alpha Investments Services, Vice Chairman and Managing Director of Alpha Asset Management,Vice-Chairman of the board of Directors of Delta Singular and a member of Alpha Bank Jersey, Alpha Bank Limited and Alpha Asset Finance Ltd. He is a graduate of

Athens College and holds degrees in Economics (MA University of Sussex) and Business (MBA Manchester Business School).

Spyros N. Filaretos

Spyros N. Filaretos has served as Executive General Manager of the Bank since December 1997. Prior to his appointment as Executive General Manager, he served the Bank in various managerial/executive positions, including Branch Manager, Assistant Manager in the Personnel Division and Assistant Manager in the Treasury Division. He first joined the Bank in 1985 as a Credit Officer. Mr. Filaretos is also President of the Board of Directors of Alpha Bank a.d.Skopje, Vice Chairman of Messana Holding, a member of the Board of Directors of Alpha Asset Finance, Alpha Finance U.S. Corporation, Alpha Bank Limited, Alpha Bank London Limited, Alpha Bank Jersey Limited and President of the Board of Directors of the Danube Fund.

Artemis Ch. Theodoridis

Artemis Ch. Theodoridis is an Executive General Manager of Alpha Bank since 2002. He is also Chairman and Managing Director of Alpha Finance. He has worked with the Merrill Lynch Capital Markets Group in New York and London from 1983 to 1985. Since 1986, he has been active in the Athens Stock Exchange, first with the independent firm of Theodoridis ss and then with Alpha Brokerage. He is Chairman of Alpha Finance U.S. Corporation, Alpha Ventures and Alpha Equity Fund as well as Vice Chairman of Alpha Finance Romania S.A.

Chief Economist

George A. Provopoulos

George A. Provopoulos has been the Bank's Chief Economist since 1994. He has been an Associate Professor of Economics at the University of Athens, since 1979. He is also Chairman of the Board of ICAP, Chairman of Alpha Mutual Fund Management Co., Chairman of Alpha Investment, Chairman of Ionian Holdings, Member of the Board of the Foundation of Economic and Industrial Research and Member of the Board of Titan Cement, Member of the Board of Hellenic Centre for Investment. He is also Chairman of the Scientific Committee of the Hellenic Banks Association. He was Deputy Governor of the Bank of Greece from October 1990 to November 1993, General Director of the Foundation of Economic and Industrial Research from December 1993 to August 1997 and Chairman of the Council of Economic Advisers, from July to November 1989 and from April to October 1990. He served as Chairman of the Board of Directors of the Economic Planning and Research Centre from September 1989 to September 1990.

THE BANKING SECTOR IN GREECE

Structure of the market

Owing to the Greek legal framework, which historically required the establishment of specialised institutions for the provision of specific financial services, the majority of Greek banks had until recently created subsidiaries for the provision of specific categories of financial services. As a consequence, the market was dominated by groups of companies each established around a principal bank.

The banking sector has expanded rapidly in recent years as a result of deregulation and modernisation, as well as entry into the Eurozone. In the past 6 years restructuring has led to higher concentration. Six state-controlled banks and four private banks changed ownership, while some new banks have entered the market. However, the five biggest banks (National Bank of Greece, Alpha Bank, Commercial Bank of Greece, Eurobank, and Piraeus Bank) had a 75.2 per cent. share in the market at the end of 2001, compared with a 60.7 per cent. share in 1997.

The domestic banks can be grouped into two principal categories, namely commercial banks and specialised credit institutions. However, most specialised institutions are recently either absorbed by other commercial banks (e.g. The Hellenic Industrial Development Bank or ETBABank) or transformed into full-scale commercial banks (e.g. Agricultural Bank of Greece).

Commercial banks

There are currently four commercial banks, which are still controlled directly or indirectly by the Greek State. These banks include the National Bank of Greece, Commercial Bank of Greece, the General Hellenic Bank and the Bank of Attica. There are also three big private commercial banking groups, Alpha Bank, EFG Eurobank Ergasias and Bank of Piraeus. Most specialised credit institutions, like Agricultural Bank of Greece have been transformed into commercial banks (listed in the Athens Stock Exchange) following increased liberalisation of the Greek market. Traditionally, commercial banks are the dominant group among all categories of deposit and credit institutions operating in the Greek financial market.

Foreign Banks

There are 19 foreign-owned or incorporated credit institutions, which are still operating through branches in the Greek banking market. Principal participants include Citibank, HSBC and Societe Generale. Overall, foreign banks have made limited inroads into the Greek retail market.

Specialised Credit Institutions

Today, the major specialised credit institutions are the National Investment Bank for Industrial Development (which is in the process of merging with its parent National Bank of Greece), the Aspis Bank (which is a private mortgage bank), the Deposits and Loans Fund (under the Ministry of Finance) and the Postal Savings Bank. The role of specialised credit institutions has been decreasing significantly in the last few years.

Economic environment

Greek banks operate in a rather stable economic environment with the economy growing at high rates and with good prospects for strong growth in the following years. Entry into the Eurozone (implying monetary stability and low interest rates), and the substantial investment programme of infrastructure projects associated with the Olympic Games of 2004 and the Community Support Framework III (CSF III), have contributed to the achievement of high rates of growth of more than 4 per cent. in the last three years and provide for the maintenance of good prospects for the economy to grow in the following 3-4 years at growth rates well above 3.5 per cent. As a consequence, Greek banks have the opportunity to expand their activities given the low bank intermediation in relation to Greek GDP when compared with their European peers. Greece's entry into the Eurozone has redefined the strategic goals and the activities of domestic financial institutions as soon as the rapid technological developments and the integration of the financial and capital markets pose a whole range of new challenges.

In order to face these challenges, Greek banks have made substantial investments in IT projects and in the modernisation of products and services they provide. On the other hand, during the previous years a significant number of mergers and acquisitions have taken place as a result of the transformation of the Greek banking system to the new European environment. At the same time, Greek banks increased their presence in the Southeastern Europe either through the acquisition of local credit institutions or through the establishment of representative offices and branches. The expansion in the Balkans follows the significant expansion and presence in this area of Greek business and utility firms, which have made significant investments in the area.

The growth prospects of the Greek market for financial products and services seem rather positive when compared to the other markets in the Eurozone. The outstanding balances of housing and consumer loans as a percentage of GDP were 13.09 per cent. and 6.24 per cent. respectively in the first half of 2002, while in the other markets in the Eurozone the corresponding figures were 30.17 per cent. and 15.85 per cent. respectively. This suggests there is significant potential for the further growth of this retail banking business in the next few years.

Apart from the retail banking business, there are also very important prospects for expansion in the area of Investment Banking and Asset management services, such as pension fund management and private banking as well as in bank assurance.

It is also important to note that although competition in the Greek market has intensified during the recent years, the net interest margin of the Greek banks remain at satisfactory levels due to the major restructuring of the asset side of their balance sheets, which now include more profitable asset categories, in particular mortgage and consumer lending, as well as lending to small and medium firms.

Another important development characteristic of the Greek banking system is the gradual improvement of the quality of the Greek Banks assets, following substantial clean up operations in the previous years, in combination with the strength of the economy and the lack of major credit exposures, either to the business or to the individual sectors. For Alpha Bank, specifically, non-performing loans do not exceed 2.7 per cent. of the total loan portfolio.

Market Share of the Five Largest Banks

As a Percentage of Total

	Assets	*Lending*	*Deposits*
1998	63.4	62.3	69.7
1999	67.1	70.9	73.6
2000	65.2	68.8	71.8
2001	66.0	68.7	71.3

Source: Bank of Greece

Market share of the principal commercial banks in Greece at 31st December, 2001

Bank	*Assets*	*Loans*	*Deposits*
National Bank of Greece	26.2%	19.4%	28.4%
Alpha Bank	15.3%	15.6%	16.0%
Efg Eurobank	9.6%	12.5%	10.1%
Commercial Bank of Greece	9.7%	10.3%	9.3%
Piraeus Bank	6.4%	6.9%	6.4%
Other	32.8%	35.3%	29.8%

FINANCIAL STATEMENTS OF ALPHA BANK GROUP

Consolidated Capitalisation and Indebtedness of the Bank

The following table sets out the consolidated capitalisation and indebtedness of the Bank, as at 30th September, 2002, 30th June, 2002, 31st December, 2001 and 31st December, 2000. The information below was extracted from the audited consolidated financial statements of the Bank as at 31st December, 2001 and 2000 and the unaudited consolidated financial statements of the Bank for the six months ended 30th June, 2002, all prepared in accordance with International Accounting Standards (IAS) and the unaudited consolidated financial statements of the Bank for the nine months ended 30th September, 2002, prepared in accordance with Greek GAAP.

Account Description	*30th September, 2002*	*30th June, 2002*	*31st December, 2001*	*31st December, 2000*
		(Thousands of Euro)		
Share Capital (ordinary shares)	768,462	768,462	760,793	744,577
Share premium	443,373	1,038,396	1,038,683	867,161
Treasury Stock	(378,640)	(164,087)	(158,638)	(70,170)
Reserves	877,909	945,558	974,036	877,797
Available for sale securities Revaluation Reserve	—	(62,440)	(36,452)	—
Derivatives fair value revaluation reserve	—	(4,693)	(3,965)	—
Cumulative Translation adjustment	—	(17,003)	(11,412)	13,805
Retained Earnings/(Deficit)	(87,095)	(438,503)	(333,772)	(269,099)
Minority interest	398,658	435,021	445,777	693,577
Total Shareholders' Equity	2,022,667	2,500,711	2,675,050	2,857,648
Shareholders' Equity	2,022,667	2,500,711	2,675,050	2,857,648
Due to other banks	1,697,404	1,691,733	1,539,612	5,005,619
Due to customers	24,334,175	23,339,152	24,983,650	21,717,885
Derivative financial instruments	—	223,643	139,389	638,752
Other liabilities	1,274,372	1,445,577	1,100,465	1,299,080
Provisions for liabilities	34,758	423,012	245,991	290,983
Total Shareholders' Equity and Liabilities	29,363,376	29,623,828	30,684,157	31,809,967

Note:
There has been no material change in the consolidated capitalisation or indebtedness of the Bank since 30th September, 2002.

Consolidated income statements of the Bank

	30th June,	*31st December,*	
	2002	*2001*	*2000*
	(Thousands of Euro)		
Interest and similar income	702,271	1,870,863	1,748,005
Interest expense and similar charges	(327,653)	(1,120,033)	(1,194,049)
Net interest income	374,618	750,830	553,956
Fee and commission income	153,152	237,161	297,921
Fee and commission expense	(26,043)	(37,007)	(38,029)
Net fee and commission income	127,109	200,154	259,892
Dividend income	9,125	12,633	17,743
Net trading income/(loss)	(20,753)	(13,570)	42,669
Other operating income	39,670	107,799	168,883
Income from negative Goodwill	1,288	12,392	—
Operating income	531,057	1,070,238	1,043,143
General administrative and other operating expenses	(379,433)	(661,381)	(687,289)
Amortisation of Goodwill (including impairment loss)	(34,706)	(175,047)	(60,493)
Provision for loans and advances	(59,138)	(111,338)	(107,697)
Profit from operations	57,780	122,472	187,664
Income from associates	(1,558)	10,698	3,332
Profit before tax	56,222	133,170	190,996
Income tax expense (current and deferred)	(44,656)	(148,699)	(146,462)
Profit/(loss) after tax	11,566	(15,529)	44,534
Minority interest	15,825	16,018	86,338
Profit/(loss) for the period	27,391	489	130,872
Basic earnings per share in Euro	0.165	0.003	0.816
Diluted earnings per share in Euro	0.165	0.003	0.816

Consolidated balance sheets of the Bank

	30th June,	31st December,	
	2002	2001	2000
	(Thousands of Euro)		
Assets			
Cash and balances with Central Bank	1,699,136	2,511,409	2,516,337
Treasury bills and other eligible bills for refinancing with the Central Bank	24,065	50,654	36,500
Placements with, and loans and advances to, other banks	1,738,968	1,017,332	3,598,955
Government and other securities held for dealing purposes	222,554	513,355	7,514,741
Derivative financial instruments	258,411	163,499	566,587
Loans and advances to customers, net	16,531,798	15,153,348	13,656,373
Available for sale securities	6,390,109	8,464,254	—[(1)]
Investment securities	305,209	243,117	1,271,104
Investments in associates	130,792	186,541	82,170
Goodwill, net	1,032,126	1,051,479	1,113,773
Tangible assets, net	740,601	709,768	635,102
Deferred tax assets	120,580	108,737	117,385
Other assets	429,479	510,664	700,940
Total Assets	29,623,828	30,684,157	31,809,967
Liabilities			
Deposits from other banks	1,691,733	1,539,612	5,005,619
Derivative financial instruments	223,643	139,389	638,752
Due to customers	23,339,152	24,983,650	21,717,885
Deferred tax liabilities	139,739	133,554	198,231
Other liabilities, including tax liabilities	780,800	691,881	825,835
Provisions for liabilities and charges	423,012	245,991	290,983
Subordinated debt	525,038	275,030	275,014
Total Liabilities	27,123,117	28,009,107	28,952,319
Minority interest	435,021	445,777	693,577
Shareholders' equity			
Share capital	768,462	760,793	744,577
Share premium	1,038,396	1,038,683	867,161
Less: treasury shares	(164,087)	(158,638)	(70,170)
Reserves	844,061	864,912	796,221
Property revaluation reserve, net	101,497	109,124	81,576
Gains/(losses) recognised directly in equity	(84,136)	(51,829)	13,805
Retained Earnings/ (Deficit)	(438,503)	(333,772)	(269,099)
Total shareholders' equity	2,065,690	2,229,273	2,164,071
Total Equity and Liabilities	29,623,828	30,684,157	31,809,967

(1) Effective 1st January, 2002, the Bank adopted ISA 39 and classified its investment portfolio also into available for sale securities.

Consolidated Statements of changes in Shareholders' Equity of the Bank

	For the years ended 31st December,	
	2001	*2000*
	(Thousands of Euro)	
Share Capital		
Balance at the beginning of the year	744,577	435,804
Capitalisation of share premium	—	—
Increase in share capital in cash	—	—
Shares issued in connection with the acquisition of the remaining 49% and merger with Ionian Bank	—	60,403
Share capital increase through capitalisation of reserves and increase in the nominal value of shares (EUR 178.06)	—	248,370
Acquisition of the remaining 22% and merger with Alpha Finance	14,967	—
Share capital increase through capitalisation of reserves	1,249	—
Balance at the end of the year	760,793	744,577
Share Premium		
Balance at the beginning of the year	867,161	616,581
Capitalisation of share premium	—	(248,192)
Increase in share capital in cash	—	—
Shares issued in connection with the acquisition of the remaining 49% and merger with Ionian Bank		498,772
Acquisition of the remaining 22% and merger with Alpha Finance	171,522	—
Balance at the end of the year	1,038,683	867,161
Gains/losses recognised directly in equity		
— Foreign currency translation		
Balance at the beginning of the year	13,805	17,102
Movement during the year	(25,217)	(3,297)
Balance at the end of the year	(11,412)	13,805
— Unrealised gains/losses in available for sale investments, net of taxes		
Balance at the beginning of the year	—	—
Transfer of remaining unrealised gain from the transition adjustment of IAS 39	9,202	—
Net unrealised gains/(losses) in available for sale investments	(45,654)	—
Balance at the end of the year	(36,452)	—
— Change in fair value of derivative instruments designated as cash flow hedges, net of taxes		
Balance at the beginning of the year	—	—
Net unrealised gains/(losses) on the revaluation of cash flow hedges, net of tax	(3,965)	—
Balance at the end of the year	(3,965)	—
Property Revaluation Reserve		
Balance at the beginning of the year	81,576	77,858
Movement during of the year, net of taxes	27,548	3,718
Balance at the end of the year	109,124	81,576
Legal and other General reserves		
Balance at the beginning of the year	796,221	666,784
Movement during of the year	68,691	129,437
Balance at the end of the year	864,912	796,221

Consolidated Statements of changes in Shareholders' Equity of the Bank (continued)

	For the years ended 31st December,	
	2001	*2000*
	(Thousands of Euro)	
Retained Earnings/(Deficit)		
Balance at the beginning of the year	(269,099)	(154,046)
Transition adjustments to reflect the adoption of IAS 39	15,690	
Opening Retained Earnings as restated	(253,409)	(154,046)
Transfer to income statement from Available for Sale reserve, net of tax	(13,354)	—
Transfer to income statement from Derivatives Revaluation reserve, net of tax	6,877	—
Transfer of remaining unrealised gain from the transition adjustment of IAS 39 in Available for Sale securities	(9,202)	
Foreign exchange hedging effect	24,156	—
Release of deferred tax on tax-free reserves	90,110	—
Acquisition of the remaining 49% and merger with Ionian Bank	—	15,130
Net profit of the year	489	130,872
Dividends paid	(147,582)	(127,836)
Movement during the year (primarily transfers to reserves)	(31,857)	(133,219)
Balance at the end of the year	(333,772)	(269,099)
Treasury Shares, at cost		
Balance at the beginning of the year	(70,170)	(10,221)
Acquisition (equity portion of shares)	(103,733)	—
Acquisitions in Cash	(1,340)	(59,949)
Disposals	7,679	—
Owned by subsidiaries not fully consolidated this year	8,926	—
Balance at the end of the year	(158,638)	(70,170)
Total Shareholders' equity	2,229,273	2,164,071

Consolidated cash flow statements of the Bank

	For the years ended 31st December,	
	2001	*2000*
	(Thousands of Euro)	
Cash flows from operating activities		
Profit before tax and minority interest	133,171	190,994
Adjustments to reconcile to cash used in operating activities:		
Provisions on loans and advances	111,338	107,697
Depreciation and amortisation	263,298	131,904
Provisions for liabilities	24,689	67,450
Income from associates	(10,698)	(571)
Gains from disposal of investment	(20,204)	(13,643)
Unrealised (profit)/loss on trading securities	88,853	224,402
Income from negative goodwill	(12,392)	—
Unrealised (profit)/loss on exchange rate	(51,608)	(49,312)
Interest and similar income	(1,870,863)	(1,748,005)
Interest and similar expense	1,120,033	1,194,049
Operating profit before working capital changes	(224,383)	104,965
Net (increase)/decrease in operating assets:		
Treasury bills and other eligible bills for refinancing	(14,154)	(27,782)
Placements with, and loans and advances to other banks	2,590,923	(2,259,508)
Trading and Available for sale securities	(1,749,601)	(230,943)
Derivative financial instruments (assets)	566,587	(418,597)
Loans and advances to customers, net	(1,600,483)	(2,890,104)
Other assets	91,852	(65,185)
Net increase/(decrease) in operating liabilities:		
Deposits from other banks	(3,466,189)	2,629,036
Derivative financial instruments (liabilities)	(638,752)	416,979
Due to customers	3,265,765	2,796,661
Other liabilities	(35,607)	132,206
Provisions for liabilities and charges	(59,564)	(77,265)
Interest received	1,961,003	1,676,840
Interest paid	(1,168,171)	(1,080,034)
Income and other taxes paid	(186,771)	(215,016)
Net cash flow from (used in) operating activities	(667,545)	492,253
Cash flow from investing activities		
Investment securities	1,027,986	(588,960)
Investments in subsidiaries and associates, including goodwill	(81,452)	(360,159)
Cash from disposal of investments	21,268	19,006
Tangible assets, net	(125,078)	(133,941)
Net cash flow from (used in) investing activities	842,724	(1,064,054)
Cash flow from financing activities		
Share capital increase (by parent subsidiary)	3,668	—
Other borrowed funds (subordinated debt)	16	105,354
Dividends paid	(147,582)	(127,836)
Payment of dividends to minority	(51,468)	(92,651)
Acquisition/Disposal of treasury shares, net	7,524	(59,949)
	(187,842)	(175,082)
Restricted funds with Central Bank of Greece	950,864	(1,333,702)
Net cash flow from (used in) financing activities	763,022	(1,508,784)
Effect of exchange rate changes on cash and cash equivalents	22,733	49,610
Net increase/(decrease) in Cash and balances with Central Bank	960,934	(2,030,971)
Cash and balances with Central Bank, at beginning of the year	1,227,192	3,258,876
Cash and balances with Central Bank, at end of the year	2,188,125	1,227,905

Consolidated Interim Financial Statements of the Bank — 30th September, 2002

The consolidated balance sheet of the Bank as at 30th September, 2002 and the consolidated profit and loss account of the Bank for the nine months ended 30th September, 2002 set out below were prepared in accordance with Greek GAAP.

Consolidated Balance Sheet of the Bank as at 30th September, 2002

	30th September, 2002		30th September, 2001	
	(Thousands of Euro)			
Assets				
Cash and balances with the Central Bank		1,428,993		1,637,368
Treasury bills and other securities eligible for Refinancing with the Central Bank		3,168,241		8,036,093
Interbank deposits and loans:				
– Deposits	526,854		492,072	
– Reverse repos	3,245,532	3,772,386	708,811	1,200,883
Loans and advances to customers:				
– Loans and advances	16,398,680		14,128,185	
– Other receivables	95,376		188,695	
	16,494,056		14,316,880	
Less: Allowances for credit losses	361,627	16,132,429	275,583	14,041,297
Securities	2,503,002		2,037,100	
Investments	249,884		234,066	
Intangible assets:				
– Goodwill	667,955		667,955	
Less: Amortisation till 30.9	112,998	554,957	81,379	586,576
– Other intangible assets	256,390		200,000	
Less: Amortisation till 30.9	174,355	82,035	132,971	67,029
Tangible assets	1,418,075		1,304,848	
Less: Depreciation till 30.9	636,147	781,928	587,763	717,085
Other assets		358,935		907,205
Prepayments and accrued income		330,586		448,449
Total Assets		29,363,376		29,913,151
Off Balance Sheet Accounts		49,975,772		45,855,799

	30th September, 2002		30th September, 2001	
	(Thousands of Euro)			
Liabilities				
Due to credit institutions:				
– Deposits	1,091,618		1,971,171	
– Commitments arising out of sale and Repurchase transactions	605,786	1,697,404	815,710	2,786,881
Customer amounts:				
– Deposits	18,381,511		16,162,715	
– Commitments arising out of sale and Repurchase transactions	5,767,184		7,501,982	
	24,148,695		23,664,697	
– Cheques and orders payable	185,480	24,334,175	159,548	23,824,245
Other liabilities		468,743		446,662
Accruals and deferred income	213,560		247,314	
Provisions:				
– Provisions for staff retirement indemnities	21,607		17,946	
– Other provisions	13,151	34,758	67,374	85,320
Subordinated Debts	592,069		275,026	
Capital and Reserves:				
Share capital	768,462		760,793	
Reserves	1,360,142		1,352,173	
	2,128,604		2,112,966	
Less: Consolidation differences	240,246		198,125	
Less: Treasury shares	378,640	1,509,718	375,614	1,539,227
Minority interests		398,658		499,544
Net profit for the period 1.1 – 30.9		114,291		208,932
Total Liabilities		29,363,376		29,913,151
Off Balance Sheet Accounts		49,975,772		45,855,799

Consolidated Profit and Loss Account of the Bank for the nine months ended 30th September, 2002

	30th September, 2002		*30th September, 2001*	
	(Thousands of Euro)			
Interest income and similar income	1,032,502		1,387,264	
Less: Interest expense and similar charges	494,499	538,003	859,681	527,583
Dividend income		10,409		11,239
Net commissions		212,995		209,866
Net profit on financial operations		69,408		136,111
Other operating income		117,800		107,691
Surplus value from participation in companies not consolidated		(5,279)		8,910
Gross operating results		943,336		1,001,400
Less: Staff costs	281,438		267,066	
General expenses and taxes	164,240	445,678	148,291	415,357
Depreciation and amortisation expenses	180,026		158,458	
General provision for credit risk	113,847		95,590	
Provisions for staff retirement indemnities	2,650		1,459	
Other provisions	8,675	305,198	18,579	274,086
Total operating results		192,460		311,957
Extraordinary income		2,810		23,188
Extraordinary charges		(2,043)		(3,370)
Extraordinary profit or loss		2,731		4,590
Net profit (before tax)		195,958		336,365
Less: Income tax (provision)		71,021		106,590
Net profit after tax		124,937		229,775
Less: Minority shareholders share		10,646		20,843
Net profit for the period after tax		114,291		208,932

Notes:

1. The Group companies of the financial services sector that have been consolidated with the full consolidation method, excluding 'ALPHA BANK' are: 1. Alpha Bank London Ltd., 2. Alpha Bank Romania S.A., 3. Alpha Bank Jersey Ltd., 4. Alpha Bank Limited, 5. Alpha Bank AD Skopje, 6. Alpha Leasing A.E., 7. Alpha Investments A.E., 8. Alpha Finance A.X.E.P.E.Y, 9. Alpha Private Investment Services A.E.P.E.Y., 10.Alpha Romanian Holdings Company A.E., 11. Alpha Mutual Fund Management A.E., 12. Alpha Ventures A.E., 13. Alpha Astika Akinita A.E., 14. Alpha Asset Finance Ltd., 15. Alpha Credit Group Plc., 16. Alpha Finance U.S. Corporation, 17. Alpha Finance Ltd Cyprus, 18. Alpha Asset Management A.E.P.E.Y., 19. Alpha Finance Romania S.A., 20. Alpha Leasing Romania S.A., 21. Alpha Trustees Ltd., 22.Alpha Equity Fund A.E., 23. ABC Factors A.E., 24. Ionian Holdings A.E., 25. Fact Hellas A.E., 26. CB Interleasing Southeastern Ltd., 27. Messana Holdings S.A.
2. The Euro 667.96 million "Goodwill" account resulted from the merger of former Ionian Bank in the financial year 2000 and is amortised over 20 years instead of 5 years as required by Company Law 2190/1920.
3. Based on a recent actuarial study and after an additional contribution of Euro 34.10 million charged against the results of the nine month period, it has been estimated that an amount of approximately Euro 136 million (on an after tax basis) will be required to fully cover the Bank's liability due to its employees for the auxiliary pension fund.
4. In the consolidated interim financial statements the investment and securities portfolio are stated at cost, which is higher than the market value, as calculated in accordance with the provisions of article 43 of Company Law 2190/1920, by approximately Euro 140 million, out of which, approximately Euro 68.5 million relates to the consolidated results of the Group .
5. The majority of the consolidated companies have been audited by the Tax Authorities until the financial year 1999.
6. No fixed assets have been pledged.
7. There are no legal issues pending before national or arbitral courts or decisions of national or arbitral courts which may have an important effect on the financial position or operation of the Group.
8. The Group's employees on 30th September, 2002 numbered 9,763.
9. Certain financial statement items for 2001 have been restated and the corresponding amounts have been accordingly adjusted for comparison purposes.

10. The basic accounting principles followed by the Group companies for the preparation of the interim financial statements are similar to the ones followed for the preparation of the financial statements as at 31st December, 2001 and are in accordance with the relevant provisions of Company Law 2190/1920.

Athens, 31st October, 2002

The Chairman of the Board of Directors and Managing Director	The Executive Director and General Manager	The Manager of the Finance Division
YANNIS S. COSTOPOULOS	CONSTANTINE A. KYRIACOPOULOS	GEORGE N. KONTOS

TAXATION

General

The summaries below are of a general nature based on current law and practice in each jurisdiction referred to. They relate only to the position of persons who are the owners of their Preferred Securities and may not apply to certain classes of persons such as dealers. These summaries do not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Any Holders who are in doubt as to their personal tax position should consult their professional advisers.

Greek Tax

Under Greek tax laws as of the date hereof, no Greek withholding tax shall be imposed on payments of the par value or Preferred Dividends from the Issuer in respect of the Preferred Securities, should the Holder of such Preferred Securities not be a resident of Greece for tax purposes.

Given that the Preferred Securities constitute hybrid innovative securities, under Greek tax laws as at the date hereof and to the extent that the Preferred Securities shall be considered to constitute debt instruments, no Greek withholding tax shall be imposed on payments representing Preferred Dividends. Should the Preferred Securities be considered to constitute equity, then a withholding tax of 20 per cent., which does not exhaust the tax liability of the Holder, shall be imposed on Holders who are tax resident in Greece and on Holders who maintain, for tax purposes, a permanent establishment in Greece, and a withholding tax of 35 per cent, which exhausts the tax liability of a Holder, shall be imposed on Holders who are companies or legal entities and who are not resident in Greece and do not maintain a permanent establishment in Greece, in relation to payments made to such Holders by a Paying and Transfer Agent of the Issuer, located in Greece, or by the Bank under the Guarantee, which payments represent Preferred Dividends, deriving from the Preferred Securities.

Notwithstanding the above, payments of Preferred Dividends effected outside Greece shall not be subject to any Greek withholding tax.

However, if a Holder is a resident of a country with which Greece has executed a bilateral treaty for the avoidance of double taxation, then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax laws and shall apply, provided that such Holder presents a "tax residence certificate" issued at a date not later than one year before such certificate is presented.

Jersey Tax

The Issuer shall have "exempt company" status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended 31st December, 2002. The Issuer will be required to pay an annual exempt company charge which is currently £600 in respect of each subsequent calendar year during which it wishes to continue to have "exempt company" status. The retention of "exempt company" status is conditional upon the Comptroller of Income Tax being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax, and disclosure of beneficial ownership being made to the Financial Services Commission.

As an "exempt company", the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as the Issuer is an "exempt company", payments in respect of the Preferred Securities will not be subject to any taxation in Jersey (unless the Holder of Preferred Securities is resident in Jersey) and no withholding in respect of taxation will be required on such payments to any Holder of Preferred Securities.

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Preferred Securities. In the event of the death of an individual sole Holder of Preferred Securities, duty at rates of up to 0.75 per cent. of the value of the Preferred Securities held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Preferred Securities held by the deceased individual sole Holder of Preferred Securities.

Proposed EU Savings Directive

On 13th December, 2001, the Council of the European Union published a revised draft directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain individual Member States (currently Austria, Belgium and Luxembourg) to opt instead for a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final, and may be subject to further amendment and/or clarification.

SUBSCRIPTION AND SALE

Credit Suisse First Boston (Europe) Limited, Morgan Stanley & Co. International Limited, Agricultural Bank of Greece S.A., Bank of Cyprus Limited, BCP Investimento - Banco Comercial Português de Investimento, S.A., Deutsche Bank AG London, General Bank of Greece S.A., Investment Bank of Greece S.A., National Bank of Greece S.A., Omega Bank S.A. and Piraeus Bank S.A. (the ''Managers'') have, pursuant to a Subscription Agreement (the ''Subscription Agreement'') dated 4th December, 2002, jointly and severally agreed to subscribe or procure subscribers for the Preferred Securities at the issue price of 100 per cent. of the principal amount of Preferred Securities, less a combined selling concession and management and underwriting commission of 1.00 per cent. of the principal amount of the Preferred Securities. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Preferred Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Preferred Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement:

(i) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the ''FSMA'')) received by it in connection with the issue or sale of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Bank; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

Greece

Each Manager has represented and agreed that it has not publicly offered or sold and will not publicly offer or sell any Preferred Securities, in, or to persons in, the Hellenic Republic, or engage in advertisements, notices, statements or other actions in the Hellenic Republic, with a view to attracting resident investors in the Hellenic Republic to acquire Preferred Securities. All applicable provisions of law 876/1979 and Presidential Decree 52/1992, as now in force, must be complied with in respect of anything done with regard to the public offering of Preferred Securities in, from or otherwise involving the Hellenic Republic.

The reference in the preceding clause to the prohibition on, and the related formalities of, public sales and offers of securities in the Hellenic Republic do not apply where the purchasers or offerees are persons dealing in securities in the ordinary course of their business

Jersey

Each Manager has agreed that the Preferred Securities may not be (a) offered to, sold to or held by, or for the account of persons (other than financial institutions in the ordinary course of business) resident for income tax purposes in Jersey; or (b) transferred to a person resident for income tax purposes in Jersey (other than financial institutions in the ordinary course of business) unless the Registrar is satisfied that the beneficial owner thereof is not resident in Jersey for income tax purposes.

General

No action has been taken by the Issuer, the Bank or any of the Managers that would, or is intended to, permit a public offer of the Preferred Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Preferred Securities or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Preferred Securities by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

1. The issue of the Preferred Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 27th November, 2002 and the giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Bank dated 21st November, 2002.

Listing

2. Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange. A legal notice relating to the issue of the Preferred Securities and the constitutional documents of the Issuer are being lodged with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents may be examined and copies obtained.

Clearing Systems

3. The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0159153823 and the Common Code is 015915382.

No significant change

4. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Group since 30th June, 2002 and there has been no material adverse change in the financial position or prospects of the Group since 31st December, 2001.

Litigation

5. Neither the Issuer nor the Bank is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Bank is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer or the Bank.

Accounts

6. The auditors of the Issuer are KPMG, 45 Esplanade, St. Helier, Jersey JE4 9WQ.

The auditors of the Bank are KPMG, 3 Stratigou Tombra Street, Aghia Paraskevi GR-15342, Athens (who were appointed for the first time on 2nd April, 2002) and Sol AE, Athens.

The consolidated financial statements of the Bank for the three financial years ended 31st December, 1999, 2000 and 2001 prepared in accordance with international accounting standards ("IAS") and the consolidated and non-consolidated financial statements of the Bank for the three financial years ended 31st December, 1999, 2000 and 2001 prepared in accordance with generally accepted accounting principles in Greece ("Greek GAAP") were audited by Arthur Andersen S.A., Athens (the previous auditors of the Bank) and by Sol AE. KPMG have been appointed to audit the IAS consolidated financial statements of the Bank and the Greek GAAP consolidated and non-consolidated financial statements of the Bank for the financial year ended 31st December, 2002. Sol AE are also appointed to audit the Greek GAAP consolidated and non-consolidated financial statements of the Bank for the financial year ended 31st December, 2002.

The Issuer was incorporated on 21st November, 2002 and has not yet published any accounts. It is currently intended that the Issuer will prepare audited non-consolidated accounts on an annual basis and will not prepare any interim accounts.

On an annual basis, the Bank currently prepares audited consolidated financial statements in accordance with IAS and audited consolidated and non-consolidated financial statements in accordance with Greek GAAP. On a semi-annual basis, the Bank currently prepares unaudited consolidated financial statements in accordance with IAS and unaudited (but reviewed) consolidated and non-consolidated financial statements in accordance with Greek GAAP. On a quarterly basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with Greek GAAP.

Documents

7. Copies of the following documents will be available free of charge from the specified office of the Paying and Transfer Agent for the time being in Luxembourg so long as any of the Preferred Securities remains outstanding:

(a) the Articles of Association of the Issuer and the constitutional documents (with an English translation thereof) of the Bank;

(b) the IAS audited consolidated financial statements of the Bank and the Greek GAAP audited consolidated and non-consolidated financial statements of the Bank, each in respect of the financial years ended 31st December, 2000 and 31st December, 2001 (with an English translation thereof);

(c) the most recently published audited annual financial statements of the Issuer and the Bank (when available) and the most recently published unaudited interim financial statements (if any) of the Issuer and the Bank (with an English translation thereof); and

(d) the Subscription Agreement, the Agency Agreement and the Guarantee.

THE ISSUER

Alpha Group Jersey Limited
Whiteley Chambers
Don Street
St. Helier
Jersey JE4 9WG
Channel Islands

THE BANK

Alpha Bank AE
40 Stadiou Street
GR-102 52 Athens
Greece

PRINCIPAL PAYING AND TRANSFER AGENT

Citibank, N.A.
5 Carmelite Street
London EC4Y 0PA
England

REGISTRAR

Citibank AG
Neue Mainzer Strasse 75
D-60311 Frankfurt am Main
Germany

PAYING AND TRANSFER AGENT

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
PO Box 1108
L-2955 Luxembourg
Luxembourg

LEGAL ADVISERS

To the Issuer and the Bank as to Greek law

T.J. Koutalidis
4, Valaoritou Street
GR-106 71 Athens
Greece

To the Issuer and the Bank as to Jersey law

Ogier & Le Masurier
Whiteley Chambers
Don Street
St. Helier
Jersey JE4 9WG
Channel Islands

To the Managers as to English law

Allen & Overy
One New Change
London EC4M 9QQ
England

AUDITORS

To the Bank

KPMG
3 Stratigou Tombra Street
Aghia Paraskevi
GR-15342 Athens
Greece

To the Issuer

KPMG
45 Esplanade
St. Helier
Jersey JE4 8WQ
Channel Islands

LUXEMBOURG LISTING AGENT

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
PO Box 1108
L-2955 Luxembourg
Luxembourg

Printed by greenaways, a member of the ormolu group
London, Edinburgh, Leeds, Manchester, New York, Paris, Hong Kong, Singapore, Tokyo. S140527