ALPHA BANK

BUSINESS REVIEW **2007**

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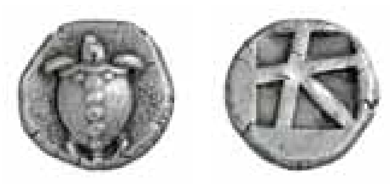
Alpha Bank owns one of the most complete collections of ancient Greek coins with more than 10,000 items from the entire ancient Greek world. In 2007, the Bank organised, for the first time since its foundation, the exhibition "Hellenic Coinage: the Alpha Bank Collection" at the Benaki Museum. In the exhibition, which was viewed by more than 11,000 visitors, 500 ancient coins were shown, minted in regions ranging from the current Great Britain to India and from Ukraine to Africa, among which many unique ones.
For this reason, it was decided to illustrate the Business Review of the Bank, for the year 2007, with some of the masterpieces and the rarities of the Alpha Bank Numismatic Collection.



Aegina. Silver stater, 479-456 BC

O: Turtle.
R: Incuse square, divided into five compartments (skew pattern).

The first city-state in Greece to struck its own coins was Aegina around 560 BC. The iconographic type distinctive of the staters of Aegina, from the beginning to the end of its coinage is the turtle. On the reverse of the early Aeginetan coins is an irregular incuse square, which as time passed acquired a definite shape, divided by cross-arms into quadrants. The schematic reverse type of these first coins in Greece has been the Alpha Bank logo since 1972.

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BRIEF HISTORY

Alpha Bank's history goes back to the commercial business founded in 1879 in Kalamata by Ioannis F. Costopoulos. The business soon branched out into banking activities, with a particular focus on the foreign exchange market. In 1918 the banking section of the I. F. Costopoulos business was renamed Kalamon Bank. In 1924, when its registered seat was moved to Athens, the Bank was named Greek Commercial Credit Bank. In 1947 the name was changed to Hellenic Credit Bank, in 1972 to Credit Bank, and in March 1994 to Alpha Credit Bank. Having grown rapidly in recent decades, the Bank has moved beyond offering standard banking services and products and has evolved into a full-blown financial services Group. In 1999 it acquired a 51% stake in the Ionian Bank, and on April 11, 2000 the merger of the Ionian Bank through absorption by Alpha Credit Bank was approved. The new, enlarged Bank, which resulted from the merger now operates under the abbreviated title Alpha Bank.

The registered seat of Alpha Bank S.A. is at 40 Stadiou Street, Athens, and the Bank is recorded in the Register of Incorporated Companies (Sociétés Anonymes) under no. 6066/06/B/86/05. Its term has been set to the year 2100, and can be extended by decision of the General Meeting of Shareholders.

Alpha Bank offers a wide range of financial services to individuals and corporations both in Greece and abroad, and currently serving approximately 4 million customers. It is active in most of the markets of Southeastern Europe (Romania, Serbia, Bulgaria, FYROM, Albania, Cyprus) and also has a presence in London and New York.

KEY INDICATORS

(in million Euro)	**Change %**	**2007**	**2006**
BALANCE SHEET			
Total Assets	9.8%	54,684	49,800
Loans and advances to Customers	30.6%	42,072	32,223
Due to Customers	11.8%	34,665	31,015
Total Equity	18.8%	4,291	3,614
PROFIT AND LOSS ACCOUNT			
Total Income	15.2%	2,237	1,942
Total Expenses	15.5%	1,025	887
Net Profit	54.0%	850	552
Earnings per Share (in Euro)	50.0%	2.10	1.40
Dividend per Share (in Euro)	20.0%	0.90	0.75
INDICES			
Net Interest Margin (*)		2.7%	2.5%
Return on Equity		28.1%	23.8%
Cost to Income Ratio		45.8%	45.7%
Total Capital Adequacy Ratio		12.5%	12.9%
TIER I Capital Adequacy Ratio		9.6%	10.2%
CREDIT RATINGS			
Moody’s		A1	
Standard & Poor’s		A-	
Fitch Ratings		A-	

(*) Net of impairment losses

ALPHA BANK'S SHARE

The market capitalisation of Alpha Bank, which has been listed on the Athens Stock Exchange since 1925, stood at Euro 10.2 billion on the last day of 2007, and the Bank is ranked as the fifth largest company listed on the Athens Stock Exchange.

At the end of 2007 the Bank's market capitalisation accounted for 7.3% and 14.9% of the ASE Composite Share Price Index and the Banking Index respectively, with a weighting of 9.6% in the FTSE/ATHEX 20 Index. Since February 2004, the share was added to the FTSE Eurofirst 300 Index, which includes the 300 largest European companies. The share is also included in other important international indices, such as S&P Europe 350, FTSE Med 100, MSCI Europe, DJ Euro Stoxx, and FTSE4Good.

On December 31, 2007 the number of total shares outstanding stood at 410,976,652 and the number of the Bank's Shareholders stood at around 111,000, of which 1,925 were institutional investors holding 54% of shares (Greek: 9%, Foreign: 45%).

The Ordinary General Meeting of the Bank's Shareholders, held on April 3, 2007, approved a share buy-back scheme for up to 3% of the outstanding share capital paid up each time, at a price between a minimum of Euro 3.90 and a maximum of Euro 32.00. Following the successful sale on 20.12.2007, through private placement, of 10,970,634 shares representing 2.67% of the Bank's paid up share capital, the Bank on 31.12.2007 did not hold any shares.

The continuing expansion of the Group's activities and the share's consistently high dividend yields contribute to attracting domestic and foreign investors, driving the share's average daily volume for 2007 to 1,307,691 units, and the average daily value of transactions to Euro 31 million.

For its consistency towards its Shareholders and for its contribution to the institutional development of the Greek Stock Exchange, the Bank was presented in 2006 with an Award by the Athens Stock Exchange as the only listed company with a record of being profitable and paying a dividend uninterruptedly since 1948.

In addition to the Greek equity market, the Bank is also listed on the London Stock Exchange in the form of Global Depositary Receipts (GDRs), and is traded over-the-counter (OTC) in New York in the form of American Depositary Receipts (ADRs).

MESSAGE FROM THE CHAIRMAN

To our Shareholders,
Customers and Staff

The successful progress of the Bank continued into 2007. For yet another year, we have achieved high profitability and growth. Our good performance confirms that we are moving in the right direction as we apply our strategy consistently and effectively.

We continue to develop our activities in a region with strong growth dynamics that are expected to remain for the coming years, in spite of the current difficulties in the financial markets and the likely slowdown of global growth.

Alpha Bank is expanding at a fast pace and is evolving into a major regional player in South-eastern Europe. The Bank has made significant gains in market share which opens up opportunities for further dynamic and sustainable growth. These prospects are based, among others, on the favourable developments in the Greek economy, but also in the economies of the countries in the wider region.

The prevailing environment in conjunction with sustained high oil prices, will inevitably impact the Greek economy. This makes all the more urgent the need for structural reforms, especially in the social security system. It also requires decisive steps to be taken for promoting investments in crucial sectors, such as energy, which may provide renewed growth impetus.

Greece will continue to grow fast, with GDP per capita exceeding the European Union average over the next one to two years. We must preserve this growth momentum. We must avoid setting ourselves obstacles to the growth process in our country. It is unrealistic to expect our incomes to increase at a faster pace than productivity and to expect that our pensions will be high without the corresponding savings towards retirement.

With regard to the countries of Southeastern Europe, despite the difficulties in the global financial markets and the continuing increase in oil prices, growth has not been affected to any significant extent. Nevertheless, inevitable problems arising from the increase in inflation and the deficit of their current account should be addressed with greater resolve. The macroeconomic stability of these economies is necessary for their successful convergence within the European unification process, of which we are confident they can achieve. EU Member States such as Bulgaria and Romania have been already attaining impressive growth performance in recent years, while preparing their economies for joining the Eurozone.

The dynamic growth of Alpha Bank is evidenced by the expansion of its market share in the Greek market as well as in the markets of Southeastern Europe, despite the intensification in competition. Indicative examples are our leading position in business lending as well as our position as one of the strongest banks in the mortgage, consumer credit and mutual funds sectors in Greece. In Cyprus, Romania and Albania, Alpha Bank is ranked among the five largest banks, while in Bulgaria, Serbia and FYROM it is already ranked among the top ten banks.

We are working diligently to carry out our business growth plan. In several areas, we have exceeded our targets in the last two years. As a result we have already updated our Agenda 2010 Business Plan, setting more ambitious growth targets.

The dynamic growth of our business volumes in Greece and in the other countries of Southeastern Europe transformed Alpha Bank into a major regional bank. By the end of this decade, we will operate more than 1,500 Branches, employ a total of 19,000 people and generate profits in excess of Euro 1,400 million in the area.

Swift penetration of the markets of Southeastern Europe is pivotal to our strategy aiming not only to accelerate the growth of our business volumes but also to diversify the sources of our profitability.

Thus, taking into consideration the positive prospects in the markets where we operate, we are confident that we can face future challenges with success. We have built our operations on strong foundations, we have a sound capital position and we have improved steadily our internal control and risk management systems across the entire range of our activities based on the best international practices. The combination of these will allow us to be confident that we will succeed in implementing our growth plan. Of course, the problems in the financial markets and the climate of uncertainty that prevails globally require us to be on the alert.

The inclusion of the Alpha Bank Personnel in the newly established Auxiliary Pension Fund for Bank Employees (ETAT) was concluded during 2007. This development is of particular significance, as it establishes conditions of equal treatment and competition for the Bank, while the pension rights of Employees are secured under the guarantee of the State. Furthermore, we have already announced the third pillar of insurance, complementing the main and auxiliary pensions.

To the 13,000 Employees of Alpha Bank, we express our thanks for their commitment to the work being carried out to expand our business activities.

To our 3,500,000 Customers, we express our gratitude for the confidence they have shown in us, and we promise that we will continue in the future to support them in the achievement of their financial plans and goals.

Finally, to our more than 110,000 Shareholders, we reiterate our confidence that Alpha Bank will continue to grow with steady and carefully planned steps, always safeguarding their interests while securing robust returns.

Taking into consideration the continuing improvement in profitability and the effectiveness with which we have attained our targets, the Board of Directors has decided to recommend to the Annual General Meeting of the Shareholders the distribution of a dividend of Euro 0.90 per share, a 20% increase on the dividend of Euro 0.75 per share paid out last year.

Athens, April 3, 2008

Yannis S. Costopoulos

MESSAGE FROM THE MANAGING DIRECTOR

To our Shareholders,
Customers and Staff

Last year was another year of high profitability, dynamic growth and gains in market share, both in Greece and in the wider region of Southeastern Europe. In the second half of the year growth continued despite the uncertainty in the international markets.

Net earnings in 2007 grew by 54% to Euro 850 million, up from Euro 552 million in 2006. Adjusted to account for the substantial donations to the areas that were stricken by the extensive fires in the summer of last year and the newly introduced tax levied on reserves, earnings stood at Euro 875 million against a targeted result of Euro 830 million. Earnings per share posted a commensurate growth of 50% and stood at Euro 2.10, versus Euro 1.40 in 2006.

Net interest income after impairment losses grew by 18.5% to Euro 1.4 billion, as a result of the particularly high growth of our loans by 29%. Net interest margin rose to 2.7% from 2.5% in 2006, due to the dynamic expansion of the more remunerative activities. Fee and commission income also grew significantly by 16%, with income from credit cards and capital markets posting the highest growth rates, 28% and 36% respectively.

On the cost side, operating costs grew by 15.5%, driven mainly by our accelerating expansion not only in Southeastern Europe but also in Greece. Expenses for 2007 include the cost of our financial assistance to the fire-stricken areas, which amounted to Euro 24.6 million. On a comparable basis, excluding this cost, the increase in operating costs is limited to 12.8%. This further improves the cost-to-income ratio to 44.7%, down from 45.7% in 2006, despite our rapid growth, thus confirming the effectiveness of our cost control policy.

The improvement in the operating efficiency of Alpha Bank is largely due to the extensive restructuring plan applied in recent years. The key directions of this plan during 2007 were the transformation of the Branches into sales units focusing on the needs of consumers and small businesses; the establishment of uniform procedures at group level; the completion of the project for the centralisation of related activities under specialist central units for product and service support as well as the upgrading of IT infrastructure and systems. Furthermore, Alpha Bank is constantly expanding and improving its alternative distribution channels and, as a result, in 2007 46% of customer transactions were conducted via these channels.

The increase in the Bank’s capital by 22.9% was equally important and helped sustain the Bank’s capital adequacy at high levels. The capital adequacy ratio currently stands at 12.5%, significantly above the 8% minimum limit set by the Bank of Greece, thus allowing the Bank to cover sufficiently the expansion of its activities across all sectors.

Apart from its strong capital adequacy, the Bank’s liquidity was not affected by the turbulence in the international money markets, thus demonstrating that it has in place an effective asset/liability management policy. The timely and accurate coverage of our funding requirements, during the first half of the year, contributed to the sustained high expansion rate of our activities.

In this environment, customer funds under management grew by 13.4% to Euro 46.7 billion, of which Euro 2.3 billion represent new deposits attracted during the last quarter of the year, a development of particular significance since it was achieved without any adjustments to our pricing policy. A contribution to this increase was made possible by the expansion of our range of products, the receptiveness of customers for Alpha Bank products, and the development of the Alpha Prime programme, under which selected Branches act as advisors for promoting investment opportunities to our mass - affluent segment of our clientele.

In Private Banking, customer assets under management grew by 17%, while in the Mutual Funds sector we managed to expand our share of the market significantly by 5.5 percentage points to 23.1%, with assets standing at Euro 5.6 billion. Furthermore, 2007 was yet another year during which Alpha Bank Mutual Funds achieved yields that ranked them in the top positions of their respective classes. It should be noted that Alpha Bank was selected among Greek and foreign banks as the administrator for the very first Exchange Traded Fund listed in the Athens Stock Exchange, enhancing our product offer to the investors.

Loans reached Euro 43 billion, up by 29% from last year, mainly driven by our high credit expansion by 88% in Southeastern Europe, but also due to the satisfactory increase by 19.4% in the more mature and competitive Greek market.

In Greece, in order to consolidate our position in retail banking we expanded our Branch Network, by opening twenty new Branches during 2007, with another fifty Branches scheduled to come into operation in 2008, thus improving our geographical coverage. In parallel, an extensive renovation, expansion and relocation programme for our Branches and support units is also being implemented.

In terms of the various loan categories in Greece, consumer loans grew by a significant 35%, increasing our market share by 0.8 percentage points to 13.1%. Growth in loans to very small businesses also increased considerably to 21%. The Bank's mortgage lending grew by 17.5% despite strong competitive pressures throughout the year. This performance enabled us to maintain our ranking as the market's second largest player. Finally, our presence in the small business segment was strengthened further by organisational and operational changes, with a number of our Branches focusing on loans up to Euro 150,000, and by the promotion of tailor-made products addressing the requirements of every individual customer category.

In medium and large corporate lending, we have been occupying the top position in the market for many years. During 2007, we achieved further growth of our business volumes by 21% while, at the same time, we improved the quality of our portfolio. In particular, 2007 was a year of operational redesign for our business activities for medium-sized businesses, so that centralised management of operations also applied to this sector. In this context, we established seven Business Centres, to be soon followed by another three, bringing their number up to the planned total of ten. These Centres will assume the management of relationships with all medium-sized business customers. Large corporate lending grew by a significant 26%, with special mention due to shipping, where loan balances reached Euro 1.4 billion, up by 75% from last year, despite the adverse effects of the rise of the Euro against the US Dollar on largely US Dollar-denominated balances.

Additionally, in compliance with the new regulatory framework which calls for the separation of the credit approval and credit decision responsibilities, we established a Group Credit Unit, responsible for managing credit risk in Greece and abroad. The redesign of credit procedures and of the mechanisms for collection of debts are already producing results and, owning to the improvement in credit conditions in Greece and Cyprus, allowed us to reduce considerably impairment losses for 2007, as a percent of average loans, to 0.6% down from 0.83% in 2006. Accumulated loan impairments, amounting to Euro 841 million, account for 2% of total loans. The further improvement of our lending portfolio quality is also reflected by a significant decline of the non-performing loans ratio to 3.7%, down from 5.1% in December 2006, with coverage through provisions and collaterals standing at a very high 130%.

Our performance and prospects are also confirmed by the major international rating agencies. Standard & Poor's recently upgraded our credit rating to "A-". As mentioned in their report, in upgrading the credit rating of Alpha Bank they took into consideration the undertaking of initiatives for the improvement of credit control and debt collections procedures, and the adoption of a more centralised credit risk management system. They also noted that the reserves formed by Alpha Bank as coverage against credit risk are adequate, with our strong profitability providing further comfort.

Our aim is to establish Alpha Bank as a leading financial institution in the wider region of Southeastern Europe. To this end during 2007 we strengthened our Network in Southeastern Europe with 133 new Branches, and we created more than 1,000 new jobs. Thus, by the end of 2007, our Network in the Region consisted of 403 Branches with 5,000 Employees. Despite the limited time during which the new Branches have been in operation, their performance in terms of business volumes and results is already satisfactory. Loans grew by 88%, twice the market growth rate, driving our market share up to 7.3%, from 5.7% in 2006. It should also be noted that of the total value of Euro 2.6 billion which corresponds to the increase of total loans during the last quarter of 2007, almost half has been derived from Southeastern Europe, a development confirming our expectations that our expansion in this region will accelerate the growth dynamics of our business operations. Deposits grew by 46% due to the visibility of the Bank's franchise as our presence in the region expands. Profits before tax grew by 67% to Euro

117 million, already accounting for 14% of our total profits. The marketing of products which were successfully received in Greece coupled with the application of our know-how and its adaptation to the environment of Southeastern Europe contributed to the growth of our international activities.
In Cyprus, with a loan growth of 59% we have gained third place with a market share in excess of 12%, while profits before tax rose to Euro 72 million, up by 80%.
In Romania, our presence was significantly strengthened with the establishment of 55 new Branches during 2007, bringing the total number of Branches to 125 from 70 Branches in 2006. Loans grew by 126%, establishing Alpha Bank as one the country's five largest banks with a market share of 6.5%. Special mention should also be made to loans to private individuals which tripled, driving our share of the mortgage market up to 8.5%. By 2010, our Network in Romania will number 380 Branches.
In Bulgaria, by opening 35 new Branches we increased our Network to 80 Branches from 45 last year. Moreover, we have tripled our business volumes and are now established as one of the country's ten largest banks in terms of loans.
In Serbia, where we operate with a Network of 130 Branches, having added 27 new Branches from 2006, we hold a significant market share of 5.7% and we have plans for further expansion, by establishing 60 additional Branches within 2008.
In Albania, our Network of 20 profitable Branches places us in fifth place in the market and generates Euro 13.1 million of profits before tax.
Finally, in FYROM we have achieved a growth of 79% in loans, and we are planning further expansion.

The dynamic outward-looking orientation of Alpha Bank is of the utmost strategic importance for accelerating our growth. We are fully committed to implement successfully our Agenda 2010 Business Plan, according to which by 2010 30% of our profits will be generated from Southeastern Europe where we will be operating with a total of 1,000 Branches, twice the number of Branches in Greece.

The Bank has a heightened sense of responsibility with respect to philanthropic, environmental, cultural and athletic affairs. Starting from this year, we are issuing our Social Responsibility Report in a separate volume. This will better highlight our contribution to the community as a whole including our continued focus on the needs and aspirations of Bank's Personnel.

The Bank attaches high priority to the continuous education and training of its Personnel. To this end, we have created a model Training Centre capable of responding to the increased and diverse education and training requirements of the Group.

Finally, I must stress with particular emphasis that our Personnel has been instrumental in achieving the excellent results so far and is totally committed to the success of our plans for the future. I would like once again to thank all Employees for their significant contribution.

Athens, April 3, 2008

Demetrios P. Mantzounis

THE WORLD AND THE GREEK ECONOMY IN 2007 AND PROSPECTS FOR 2008

Athens. Silver decadrachm, after 465 BC

O: Head of Athena in crested Athenian helmet decorated with olive-leaves.
R: ΑΘΕ. Owl with opened wings. Left, olive branch.

The Athenian decadrachm is one of the most important coins from a historical perspective. For the only time in her history, Athens issued such a large coin, after her resounding victory in the battle of the Eurymedon river, in 465 BC. She used for it the types of the tetradrachm, except that the owl is represented here in frontal pose with outspread wings, thanks to which image these coins resemble medals.

THE WORLD AND THE GREEK ECONOMY IN 2007 AND PROSPECTS FOR 2008

The World Economy

Global economic growth remained satisfactory in 2007, despite the crisis in the US securitised high-risk mortgages market which commenced in August 2007, expanding thereafter to other markets and still continuing in early 2008. In particular, according to IMF estimates, the rate of increase of the global Gross Domestic Product (GDP) slowed moderately to 4.9% in 2007 from 5.0% in 2006, with a more significant decline to 4.1% expected for 2008. The global economy continues to benefit from the dynamism of emerging market economies, especially those of China, India and Latin America, as well as from the subsequent considerable increase of international trade. Illustrative of this fact is that in 2007, for the first time ever, China's contribution to global growth exceeded that of the US, while the contribution of the Eurozone was equivalent to that of the US due to the favourable juncture and the structural reforms of recent years.

The most important international economic developments in 2007 were the following: (a) The expansion of the foreign currency reserves of the developing economies to US$ 3.8 trillion, through interventions by the Central Banks of these countries in the foreign currency markets aimed at maintaining the exchange rates of their currencies at competitive levels. This development led to the emergence of Sovereign Wealth Funds (SWFs) that manage part of these reserves, and to the acquisition by these Funds of significant stakes in large companies and banks in developed economies. (b) The increase in the profitability of the non-financial sector businesses and the further decrease of unemployment in almost all economic areas of the world. In the OECD countries, the unemployment rate declined from 5.9% in 2006 to 5.4% in 2007. In parallel, inflation, which was influenced by the large increases in oil prices and rose to levels exceeding 2.0% in the US and Europe, did not experience second-round effects arising from either the rise in oil prices or the rise of unit labour costs in certain countries.

In detail, developments in the key areas were as follows:

In the Eurozone, GDP grew by 2.7% in 2007 versus 2.8% in 2006. Investments posted a high increase rate (2007: 7.4%, 2006: 7.9%), due to the sound financial position of the business sector and to its favourable estimates regarding the evolution of demand. Domestic demand was driven by the high employment growth rate (2007: 1.8%, 2006: 1.5%), which contributed to the decline of the unemployment rate to 7.4% in 2007, down from 7.9% in 2006. Moreover, consumer confidence remained at satisfactory levels in 2007 as compared to 2006. Domestic consumption, however, rose at a lower rate (2007: 1.6% versus 1.9% in 2006). In contrast, net exports had a considerable positive impact on economic growth, as exports of goods and services in 2007 grew by 5.7% (2006: 8.2%), while imports grew by 5.4% (2006: 7.8%). Nevertheless, the trade balance for goods and services continued to show a surplus for the Eurozone, mainly due to the steady increase of the respective surplus for Germany and the Netherlands. For the other countries this balance shows a deficit, as the deficit increased in 2007 driven by the appreciated Euro. Inflation stood at low levels until August 2007 but increased considerably during the fourth quarter of 2007 as a result of the large increase in oil prices, to finally stand at an average of 2.1% in 2007 versus 2.2% in 2006. The fiscal situation improved, as the deficit of the general government dropped to 0.7% of GDP in 2007 from 1.6% in 2006.

Prospects for the Eurozone remain positive, despite the fact that the expected deceleration of global economic growth in 2008 will also impact negatively on growth of the Eurozone economies. GDP is now estimated to increase to 1.6% in 2008 versus 2.7% in 2007, due to the lower contribution from net exports. In addition, investment growth is expected to be limited to 2.1%, down from 4.4% in 2007, with potential negative developments in housing investment, especially in countries such as Spain. Finally, much will depend on the evolution of private consumption in 2007, which could increase driven by the relatively high percentage of savings in the Eurozone (2007: 23.8% of GDP) but must nevertheless increase in order for the growth rates of both the Eurozone and of the global economy to remain satisfactory. For this purpose, the European Central Bank (ECB) is expected to contribute to the restoration of normal financial conditions in the Eurozone economies by reducing the interest rates spreads and in general by maintaining the cost of capital for businesses at productive levels.

In the USA, after three years of rapid growth, 2007 saw the rate of increase of GDP slowing to 2.2%, from 2.9% in 2006. This deceleration was mainly due to the decline in economic activity and investment in the housing sector, which reduced the increase of GDP by one percentage point (from -0.3 percentage points in 2006). However, net exports made a positive contribution of 0.55 percentage points to GDP growth, brought about by the gradual devaluation of the US Dollar against the Euro (2007: -10.5%, 2006: -12.3%), which boosted US exports and helped reduce the deficit on the current account balance to 5.6% of GDP in 2007, down from 6.2% in 2006. Moreover, the increase of private consumption remained satisfactory in 2007, even during the last quarter of 2007, reaching 2.0% on an annual basis, thus contributing significantly to the positive increase of GDP. Developments in this area however, are not expected to be as positive during the first half of 2008, with markets are already anticipating a decrease in private consumption with the US economy slipping into a recession. The financial authorities have already taken steps to prevent this risk from occurring, firstly through successive interest rate reductions by the FED, with rates having declined to 3.0%, from 5.25%, and secondly through the adoption of a significant package of fiscal spending aimed at stimulating domestic demand. As such, the US economy is expected to recover from mid-2008 onwards, pushing the growth rate for this year to around 1.5%.

In Japan, the rate of increase of GDP slowed down to 2.1% in 2007 from 2.4% in 2006 due to the stagnation in total investment and to the negative rate of increase (-9.5%) of investment in housing. In addition, private consumption growth remained weak (+1.4%), despite the extremely expansionary monetary policy followed by the Bank of Japan. On the other hand, net exports remained the key growth driver in 2007, as the Yen remained undervalued versus the US Dollar and the Euro for most of the year. Thus, half of the GDP increase in 2007 was due to the increase of net exports. The re-emergence of deflation is still very much an issue, with core inflation remaining in negative territory since 1998. Forecasts for 2008 expect GDP growth to slow to 1.6%, as the appreciation of the Yen versus the Euro and the US Dollar since January 2008 is expected to reduce the rate of increase of exports.

In China, the economy continues to grow at an explosive rate, with GDP increasing by 11.4% in 2007 compared to 11.1% in 2006, driven by the large increases in exports and investment. The surplus on the current account balance expanded further, reaching 11.2% of GDP in 2007(versus 9.4% in 2006)and was almost double that of Japan. This, in combination with the net capital inflows, led to a new impressive increase of foreign currency reserves, which exceeded US$ 1.5 trillion at the end of 2007. The accumulation of this excessive surplus which is the result of continuous interventions by the central bank of China in the foreign currency market aimed at absorbing appreciation pressures on the domestic currency (Renminbi) is a cause of global macro-economic imbalances which still characterise the global economy. The emergence of considerable inflationary pressures in China's economy in 2007, in combination with the deceleration of global economic growth in 2008, are significant factors which are expected to contribute to a faster appreciation of the Renminbi in 2008 and to China's growth being driven, in 2008 and in the following years, by domestic demand rather than by net exports.

The economies of the Southeastern European countries, lag somewhat behind the growth dynamism of the developing economies. The rate of increase of their GDP remains high, varying between 5.0% and 7.5% during 2007, continuing similar growth patterns as in 2006. Maintenance of these high growth rates is due to the large capital inflows from abroad, especially in the form of foreign direct investment, while Romania and Bulgaria, through their accession to the European Union, have become beneficiaries of considerable funds available under the EU Development Funds. Foreign direct investment contributes to the continuous improvement of productivity; however, in combination with the overall net capital inflows, it also contributes to the rapid increase of domestic demand and of the deficit on the current account balance. The considerable adverse impact of net exports on GDP growth is a typical characteristic of these countries. Nevertheless, the privatisation drive continues unimpeded, with present indications pointing to an increase in Foreign Direct Investment through new investments undertaken by international business groups. In general, substantial progress has been made concerning the expansion and modernisation of the productive base of these countries. The competitiveness of the countries of SE Europe will in the coming years continue to be driven by the considerable difference in the level of salaries and of the unit labour cost as compared to the high levels prevailing in the neighbouring developed economies. In addition, these countries also offer significant tax advantages, which more than compensates for their drawbacks.

The Greek Economy

The Greek economy remained on course of dynamic growth during 2007, achieving a growth rate of 4.0% in 2007, after an entire decade for which it posted an average annual growth rate of 4.2%, and continues to be one of the fastest growing economies in the EU, thus making further progress towards real convergence. Greece's per capita GDP (expressed in purchasing power parity, or PPP, units) rose to 98.3% of the EU-27 average in 2007, up from 97.8% in 2006 and 84.4% in 2000. Additionally, according to the Human Development Index of the UN (which includes, in addition to GDP, non-economic indices that accurately reflect economic prosperity and quality of life), Greece is ranked 24th, two places behind Germany, in the list of countries with the highest growth.

The key figures of the Greek economy are as follows:

Domestic demand, spearheaded by business investment which contributed 2.22 percentage points to the increase of the GDP from the previous year (2006: 1.99 percentage points) was the key growth driver of the Greek economy. Investment in equipment also grew by a considerable 10% (2006: 6.5%), while private investment (non-housing) in general grew by 22.1% (2006: 16.3%), boosting the economy's productive potential. In contrast, the rate of increase of investment in housing dropped steeply (2007: -5.0%, 2006: 21.5%), a fact attributed mainly to the large increase of the stock of houses and to the fulfilment of a large part of the housing demand of households in the aftermath of a period of intense building activity. Growth in public investment also made a positive contribution to GDP growth, with growth having accelerated to 4.7% up from 3.6% in 2006. Despite the fact that in 2007 growth of Private consumption slowed (2007: 3.2%, 2006: 4.2%), it still contributed 2.33 percentage points to the increase of GDP, and continues to be driven by the increase of household disposable income (2007: 3.4%) and the strong expansion of consumer credit (2007: 22.5%). The real external balance impacted negatively on GDP growth, subtracting -1.39 percentage points in 2007, albeit lower than the -1.97 percentage points in 2006. The limited increase in the exports of goods and services was counterbalanced by the deceleration in imports, thereby minimising the adverse impact on GDP to a level below that seen in 2006. Finally, the impact from the growth in employment has improved in recent years, causing the unemployment rate to drop to 7.9% in 2007, down from 8.6% in 2006 and 9.5% in 2005.

Average inflation declined to 2.9% in 2007, down from 3.2% in 2006, while in December 2007 the rate of inflation stood at 3.9%, due largely to the increase in oil prices during the last quarter of 2007. Average core inflation rose to 3.1% in 2007 from 2.9% in 2006, reflecting the large increase of aggregate domestic demand, on the one hand, and the high rate of increase of unit labour costs on the other. However, the inflation gap between Greece and the Eurozone, based on the average harmonised consumer price index, was reduced to 0.9 percentage points in 2007, down from 1.1 points in 2006 and 1.3 points in 2005.

The general government deficit stood at 2.7% in 2007, well below the reference level (3% of GDP). However, primary expenditure under the original budget continued to grow at a pronounced rate, because of the high rates of increase in subsidies to Social Security Funds as well as extraordinary expenditures such as the transfer of payments to members of the population residing in the fire-stricken areas and the settlement of Olympic Airways debts etc. The improvement in fiscal management is also reflected by the establishment of a primary surplus amounting to 1.2% of GDP in 2007, versus a surplus of 1.6% of GDP in 2006, thus contributing to the reduction of public debt to 93.4% of GDP in 2007, down from 95.3% in 2006. Such fiscal adjustment must continue in order to balance the State Budget by the 2010, in line with the Government's medium-term goals of achieving considerable surpluses so as to reduce public debt by 2015, when expenditure on pensions and healthcare are expected to be considerably higher than the 17.2% of GDP in 2007 and 16.6% of GDP in 2006. The population's general ageing trend, in combination with the anti-economical and anti-social parameters of the Greek Social Security System are the source of a key imbalance in the Greek fiscal system. If they are not corrected soon, they will lead inevitably to drastic future adjustments in the social security system and to the economy, with negative impacts, especially on the lower-income groups of the population.

On the external front, the deficit on the current account balance and on payments transfer reached 12.2% of GDP in 2007, up from 9.6% of GDP in 2006. The fact that this deficit has reached such high levels and is financed by capital inflows from abroad has weakened the country's net international investment position, which reflects the net foreign liabilities of both the public and private sectors, to almost 100% of GDP in 2007, up from 92.2% in 2006 and 51.1% in 2001. Evidently, the considerable drop in domestic savings to 15.8% in recent years versus 23.8% in the Eurozone is not justifiable for a country who's per capita GDP is equal to the EU-27 average. Domestic savings by the public and private sector must be boosted in the coming years, in combination with improvements in the country's competitiveness as measured by the unit labour cost, also taking into account the stronger Euro. This may lead to an improvement in the deficit on Greece's current account balance while at the same time sustaining the economy's high growth rate.

Of course, in assessing the deficit of the country's current account balance, consideration should be given to the fact that to a significant extent this is due to the large increase of net payments for the purchase of ships, driven by fleet-upgrades undertaken by Greek-owned fleets operating in the global market, and to the rapid increase in net payments for interest, dividends and earnings, due to the payment of earnings arising from investments in Greece made by foreign residents.

With regard to the capital account, which posted a significant surplus, the following points are highlighted: (a) The increase in net outflows for direct investments by businesses located abroad, thus enhancing their international competitiveness; (b) the considerable capital outflows by local residents, directed towards portfolio investments abroad; and (c) the steep increase in capital inflows from non-local residents, directed to investments in the Athens Exchange, which for 2007 reached 5% of GDP.

Tangible progress is also being made in structural reforms. The privatisation process, aimed at stimulating competition, continues to contribute considerably to the revenues of the State. Revenues from the Privatisation Programme 2004-2007 reached Euro 6.2 billion, of which 75% represented foreign capital inflows. The year 2007 saw the following key developments:

(a) A new series of privatisation were initiated. To date 10.7% of the shares of OTE (the Hellenic Telecommunications Organisation) and 20% of the shares of the Postal Savings Bank have been offered to the investing public.

(b) The new revised Bankruptcy Law was passed, offering companies a second opportunity to undertake business ventures, tax rates for businesses were significantly reduced, and the taxation regime for real estate property was simplified.

(c) The new Investment Incentives Law was passed, opening up new opportunities to the private sector, as it is adapted to the EU Regional Aid Maps 2007-2013, and securing substantial financial aid rates by as much as 60% for small businesses.

(d) Implementation of investments in the energy sector were accelerated, together with the launch of already approved projects carried out through Public-Private Partnership (PPP) arrangements that ensure more social infrastructure services of a higher quality at a low fiscal cost.

(e) Community funds have been utilised more effectively, with the absorption rate of funds from the Third Community Support Framework having intensified, reaching 74% in February 2008, up from 57.3% in 2006, while steps have been taken to ensure trouble-free utilisation of the funds under the National Strategic Reference Framework (NSRF) 2007-2013.

(f) The auxiliary pension element of the social security issue for bank employees was resolved, while the entire Greek social security system is undergoing radical reassessment with the aim to solve chronic weaknesses.

As regards to the credit system, 2007 saw the transposition into Greek law of directives strengthening transparency in the provision of information to the investing public and safeguarding the capital base of banks.

Greece's digital convergence with the EU and the introduction of new technologies also show impressive results, as evidenced by the following: (a) Broadband connections as a percentage of the population grew to 6.8% in 2007, up from 0.8% in 2005 (EU-27, 2007: 18.2%, 2005: 12%); (b) large businesses with broadband Internet connections grew to 92% in 2007, up from 77% in 2005 (EU-27, 2007: 95%, 2005: 91%); and (c) households with Internet access grew to 27% in 2007, up from 22% in 2005 (EU-27, 2007: 54%, 2005: 48%), while those with broadband access grew to 7%, up from 1% in 2005 (EU-27, 2007: 42%, 2005: 23%).

Favourable developments in the banking system continued into 2007, influenced by the accession of Bulgaria and Romania to the EU and by the continuous progress made in the expansion activities of Greek banks abroad, primarily in the countries of Southeastern Europe, Turkey and, recently, Egypt. An encouraging fact is that Greek banks were not directly exposed to products related to the US subprime mortgage market, as they have been focusing their efforts on taking advantage of the opportunities, still quite significant, to expand their activities in Greece, on the one hand, and on expanding their operations in neighbouring Southeastern European economies with high growth potential on the other. The satisfactory profitability and the high capital adequacy of the banks, in combination with the continuous improvements in the risk management systems that these apply, contribute to the robustness of the Greek financial system, which is a key growth driver of the Greek economy. This positive development was also due to the high rates of economic growth and credit expansion, the satisfactory performance of the stock market, the differentiation in the income sources of commercial banks and the containment of their operating costs.

The growth of the banking system is also evidenced by the increase of the percentage share of GDP of the commercial banks' assets, which rose to 157.7% in 2007, up from 141.8% in 2006. At the same time, demand for banking services, as measured by GDP per branch, strengthened, reaching Euro 61.4 million in 2007, up from Euro 58.8 million and Euro 56.1 million in 2006 and 2005, respectively. Furthermore, the profitability of Greek banks further improved, while their capital adequacy remained satisfactory. Moreover, the cost/income ratio improved to 49.9% in 2007, versus 51.6% in 2006, positive development that was driven by the continuous maturity of investments abroad that led to higher income. After-tax return on equity in 2007 reached 24.4%, up from 18% in 2006. The increase of 12.6% in net interest income made a major contribution to the increased profitability of the banks.

Net interest income, representing 2/3 of the total income of banks, and the rise in the net interest rate margin (2007: 3.4%, 2006: 3%) were boosted: (a) By the sustained high rate of credit expansion to the private sector (Dec-07: 20%, Dec-06: 19.7%), which was the result of the boost in the growth rate in business loans (Dec-07: 18.9%, Dec-06: 15.5%) and the slight decline in loans to households (Dec-07: 21.2%, Dec-06: 24.7%), including both in housing loans (Dec-07: 21.4%, Dec-06: 25.8%) and in consumer credit (Dec-07: 20.1%, Dec-06: 21.9); and (b) by the expansion (primarily organic) of banks in Southeastern Europe and Turkey. The capital adequacy ratio decreased to 10.7% in 2007, versus 12.2% in 2006, but nevertheless remained satisfactory.

The percentage share of business loans in arrears also improved, as it declined to 5.5% in 2007, down from 6% in 2006. Finally, competition in the banking sector intensified, resulting in improvements in the quality and range of banking services and in the narrowing of the gap between loan and deposit rates. Indicative of this is the fact that, despite the rigidity of the ECB base rate, the interest rate margin in the Greek banking system was reduced at the end of 2007 to 4.01 percentage points, down from 4.33 percentage points in December 2006.

The growth of the Greek economy is quite strong and is inextricably linked to the structural and institutional changes that portend its continuation at sustained high rates during the next two years as well as in the medium-to-long term. In particular, the impending reform of the Social Security System is expected to lay the foundations for the medium-to-long term viability of the country's fiscal system. The issue of utmost importance is to ensure a healthier basis for this System and to put an end to the current large loss of tax revenues and social funds to social security coverage for highly-paid employees. In addition, greater efforts are required to address the issues, that result in our country being ranked 100th out of a total of 170 countries in terms of its attractiveness as a business location. Entrepreneurship and constructive competition should be supported rather than persecuted and/or vilified. Our country has endless opportunities for growth; in the absence of entrepreneurship, however, growth will be limited, with extremely negative impacts on the lower-income groups of the population. There are certainly uncertainties and risks, as is usually the case, for entrepreneurs as well as for employees. However, the dynamic growth of the Greek economy, built gradually over the years and especially after joining the Eurozone, allows it to absorb external economic shocks. Year 2008 is a turning point for the Greek economy in terms of economic infrastructure, as the distribution of very significant funds made available under the National Strategic Reference Framework (NSRF) 2007-2013 will begin. More radical measures are therefore required, aimed at eliminating structural weaknesses in order to facilitate the effort for growth.

BUSINESS UNITS

Alexander I, Macedonia. Silver octadrachm, 498-454 BC

O: Horseman holding two spears. Below horse, dog.
R: ΑΛΕΞΑΝΔΡΟ inscribed around an incuse square.

The octadrachm of Alexander I, the first king of Macedonia, is one of the three known coins of this type and the only one in Greece, as the remaining two are located in Paris and Brussels respectively.

BUSINESS UNITS

Retail Banking in Greece

Mortgages and consumer credit, together with small business financing, continue to grow at a high rate (21%) in Greece and, despite their declining trend, prospects for the coming years remain positive. Growth rate and prospects for retail banking are of course much higher in the countries of Southeastern Europe, where the Bank is also active together with other Greek banks. Our aim is to take advantage of these positive prospects in the most effective way, and in recent years we have focused our efforts on the constant expansion of our activities in this sector.

On a consolidated basis, the value of our retail banking portfolio reached Euro 21.9 billion, up by 27% from 2006. This development was driven by loans to private individuals and small businesses in Southeastern Europe, whose volume, although it has more than doubled, is still relatively low and is expected to grow rapidly in the coming years. But also in the more mature and competitive Greek market, we achieved significant results, with retail banking loans increasing by 19%.

The importance of retail banking for our Bank stems from the fact that we seek to ensure the continuous increase of their participation in total income on a consolidated basis. In 2007, profit before tax from this sector grew to Euro 508 million, representing an increase by 33.4% from 2006 and accounting for 52% of Group profit before tax.

These results are due primarily to the Bank's strong corporate image, its large and stable customer base, the effectiveness of its Network, the quality of its products and the provision of customised services to its customers.

Mortgages

For yet another year, the mortgage market in Greece was characterised by high growth rates which exceeded 21%. At the same time, the intensely competitive conditions established in 2006 continued into 2007, with aggressive product offers and extensive advertising from the majority of banks. Competition resulted in margins being squeezed and in increased mobility of customers between banks.

Alpha Bank, with the second largest mortgage portfolio in the Greek market, succeeded in increasing by Euro 1.5 billion its housing loan balances, which on 31.12.2007 stood at Euro 9.85, despite aggressive product offers mainly by new entrants targeting the market for loan transfers from other Banks. Of course, the housing loans that we granted in Southeastern Europe grew by a much higher rate of 127%, bringing the growth rate of housing loans on a consolidated basis up to 26.3% in 2007.

In June 2007, the Bank was the first to launch to the market the **"Preferential Rate Housing Loan"**. This product offered a low fixed rate for the first one or two years, to allay the borrowers' feeling of insecurity caused by the repeated increases of interest rates by the ECB. This move by Alpha Bank was soon imitated by other banks, establishing once more Alpha Bank as a pioneering market player offering products and services that meet customer needs.

In addition, the Bank continued to offer the **"Alpha Fixed Rate"** housing loan, with an option of fixed rates for durations up to 15 years, and the **"Alpha Protection"** programme, with a predetermined cap of two percentage points over the initial variable rate and a preferential fixed rate for the first three years of the loan. Fixed-rate products proved again in 2007 to be the most popular ones (accounting for 80% of new loans), confirming the customers' interest in stability during periods of uncertainty in the interest rate market.

With the aim of supporting housing loan sales, but having also in mind the interests of its existing customers, the Bank in 2007 continued with the implementation of a series of promotional activities and offers with more favourable terms specially tailored to the needs of each customer category. The offer of the **"Alpha Housing Euro Rate"** and **"Alpha Home Repair Loan"** products at competitive pricing terms was continued.

In parallel, improvements were made to the terms of the "Transfer of Housing Loans from Other Banks" programme, which offers exemption of the borrowers from the loan charges, the refund of the prenotation expenses and the option for additional financing with preferential terms. The Bank offered this product at an appropriate time, which was characterised by increasing interest rates, and for this reason the response to it was very positive.

Finally, the year 2007 saw the completion of the integration of all Branches into the centralised procedure for approval and operational support of housing loans. Centralisation of these operations was a crucial and important project for the Bank, representing the key means to achieve uniform and effective management of housing loans, mitigation of operational and credit risk, and simplified procedures at the Branch level.

For the year 2008, the Bank aims at even better results in the mortgage sector, further consolidating its market position by improving and enhancing its product mix and by sustaining its competitiveness, with sales supported by suitable promotional activities and further mobilisation of the alternative distribution channels, as well as of the associations with networks of third parties, such as construction companies and real estate agencies.

Consumer Loans

In a dynamic and intensely competitive environment, the Bank succeeded in achieving an increase of its consumer loan balances by 34.8%, a rate which throughout the year was consistently higher than that of the Greek market (31.12.2007: 26.8%). As a result, our market share increased by 0.8 percentage points, now standing at 13.1%. The growth that we have shown in the recent years in consumer loans is also portrayed by the significant increase of new disbursals, standing at 43% or Euro 1.8 billion. It should be noted that the high growth rate of these figures is achieved in parallel with the Bank's firm commitment to maintaining the high quality of its portfolio.

The launch to the market of new pioneering products and the successful promotion of existing ones were key to the achievement of these satisfactory results. In particular, the successful **"Alpha All in 1"** programme for the transfer of consumer loans and credit card balances, which Alpha Bank first introduced to the Greek market setting new standards in consumer credit, grew by 56% from 2006. The new **"Alpha Revolving Loan (Epilogi)"** product, placed on the market as a branded product targeted at the primary market of consumer loans and offering unique features and flexibility, met with an equally positive response. This product offers a variety of options to the consumer not only at the time when the loan is granted but also throughout its duration as a revolving credit, thus fulfilling our customers' wishes and adapting to their financial capabilities. The balances of this product posted a growth by 72% from 2006.

We also created a new range of consumer products that allows customers access to flexible forms of financing at a low cost by taking advantage of their real estate property. The **"Alpha House Expenses Loan"** is such a product: an open, pre-approved loan for customers who also have an approved housing loan with the Bank. The available balance of the consumer loan is increased gradually, by automatic amounts equal to the amount redeemed on the housing loan to which the consumer loan is linked, without registration of an additional prenotation and without further procedures or additional charges to the customer.

The Bank's policy of offering comprehensive solutions and products to all of its deposit account customers is also confirmed through the **"Alpha 'Epipleon' Overdraft"** programme, which complements the deposit account services offered to customers and whose balances in 2007 grew by 117% from 2006.

Furthermore, special emphasis was given in 2007 to continuing the development of associations in the car and motorcycle leasing sector by promoting consumer loans at points of sale. This approach allows the Bank to attract new customers and to penetrate secondary segments of the market with the aim, beyond increasing the volume of its consumer credit business, of also promoting other Bank products via cross-selling.
As a result, car and motorcycle leasing activities via associated firms increased considerably, with balances growing by 50%. This development was due to:

- The reinforcement of the sales team in Thessaloniki, and the creation of two new sales offices in Heraklion (Crete) and Patras.
- The coordinated presence throughout the country (the number of applications from areas outside Attica increased by 150%).
- The capability of offering products adapted to the needs and commercial policy of every associated firm.

The specialist sales team established to support car and motorcycle dealerships, as well as Branches of the Bank, made more than 5,500 visits throughout the country.
Celebrating three years of activity in this sector, the Bank has now been established as one of the

major options available to businesses for partnership in car and motorcycle leasing, with a focus on new cars (85% of the portfolio).

Finally, the promotion of consumer loans through alternative distribution channels was successfully continued in 2007. As a result, 40% of new disbursements originated from alternative distribution channels, such as phone sales, direct mailings to selected population groups, and the SMS Gate service, through which our customers are provided with information on the features of consumer loans.

Cards

Alpha Bank is the only issuer and acquirer in Greece of cards of all three major international payment systems -Visa, MasterCard and American Express- with a leading position in the market. It offers a comprehensive range of cards addressing the needs of modern consumers (debit, charge, credit, pre-paid, company etc.), as well as four reward programmes (Dynamic Visa cash refund, Membership Rewards for American Express cards, Gold Alpha Bank Visa Reward Programme, and Bonus Programme).

The debit balance of the Bank's cards grew by 16.4% in 2007, a rate considerably higher than the market (6.4%). As a result, our position in the market improved further, driving our share to 13%, up from 11.9% in 2006. With over 1.1 million credit cards and 1.7 million debit cards, the Bank's portfolio of issued cards is one of the largest in the market (representing a market share of 20%).

In acquiring, with a network of more than 115,000 associated firms in 50,000 of which POS terminals have been deployed, the Bank continues to be the market leader, with a market share of 28%. Turnover in 2007 grew by 19% and stood at Euro 2.1 billion, confirming the Bank's leading position in this sector. Moreover, the development of a single electronic terminals (POS) network in collaboration with EFG Eurobank and Citibank has ensured better service quality for both consumers and associated firms. In addition, through this collaboration the Bank's POS network supports all major international brands (Visa, MasterCard, American Express, Diners). With the aim of exploiting the significant opportunities for dynamic growth, 50% of the promotion of the Bank's cards takes place via the Branch Network, 30% via alternative distribution channels, where we develop special know-how and effective operations, and 20% via the network of associated firms.

With the view that cards are regarded as financial management tools by our customers, in 2007 we focused on two major policy strands. In particular, we focused on the development of the Bonus programme, aimed at providing cardholders with an incentive for using this particular card instead of using cash or other cards issued by the competition. Additionally, we focused on the development of a range of features that make transactions easier and more convenient (competitive interest rate for the balance transfer, Plus Cash service for cash withdrawals, increases in card limits, pilot introduction of the innovative facility to make cash withdrawals charged to the card at AB Vassilopoulos cashiers etc.).

We offer four reward programmes that have met with very positive response from the market. The **"Bonus Programme"** is a pioneering reward scheme based on "smart chip" card technology, awarding points that can be exchanged with products and services of associated firms. The first major associates are WIND, AB Vassilopoulos and Aegean Airlines, while during 2007 BP, Hertz and the Fokas stores joined the programme. Thus, more than 2000 commercial shops throughout Greece participate in the programme, which is constantly expanded with new associations from all sectors (supermarkets, mobile telephony, footwear, books, travel, jewellery, electronics etc.). The growth of the "Bonus Programme" is also evidenced by the increase in the use of Bonus cards by 17%. This was due, among others, to the conversion to Bonus cards of all Visa and American Express cards issued by the Bank. In addition, the growth of the programme was driven by the continuous improvements to its technology platform, one of the most advanced in the Greek as well as in the international markets. Finally, the development of the WIND Bonus card sales was equally important.

The **"Membership Rewards"** programme was designed exclusively for cardholders of American Express Green and Gold cards, and of BLUE cards from American Express. It is the only reward program in Greece that includes associations with airlines, hotel chains and car rental firms. The **"Gold Alpha Bank Visa Reward Programme"** is a continuation of the very successful program developed in the context of the Bank's sponsorship of the Athens 2004 Olympic Games.
Finally, the **"Dynamic Card Cash Refund"** programme is a reward programme for Dynamic cards, consisting in cash refunds in the form of gift cheques on all purchases made by the cardholder. At the time when it was first introduced to the market, 11 years ago, this programme was a pioneering one, and remains to this day one of the most successful ones, leading cardholders to increased use and loyalty.

Of particular importance is the fact that the Bank has retained ownership of the "Dynamic" card name and portfolio, as our 12-year long association with Carrefour has expired. The Dynamic card has been the most successful co-branded card in the Greek market and a product that pioneered reward programmes, a legacy on which that we intend to invest in the future.

In line with our efforts to sustain the dynamic growth in all sectors related to plastic money and to improve customer service, our aim is for all of our credit cards to be replaced by EMV technology cards ("smart chip" cards) within 2008. The replacement of conventional cards by "smart chip" cards offers significant benefits to cardholders, such as enhanced security in transactions and the capability to participate in advanced reward programmes.

Small Business Loans

During 2007, despite the ongoing restructuring of financing operations, loan balances to small businesses (turnover up to Euro 2.5 million or credit limit up to Euro 1.0 million) stood at Euro 3.8 billion, up by 12.4%. However, financing to very small businesses (credit limit up to Euro 90,000), on which particular emphasis is placed, grew by a considerable 20.8%

The growth of activities in the sector of small businesses and self-employed professionals was achieved mainly via the sales of modern products covering the entire range of needs of small businesses, such as **"Alpha Open Line of Credit"**, **"Alpha Fixed-Rate Business Loan"**, **"Alpha Cash Management"**, **"Alpha Development"**, **"Alpha Commercial Mortgage"** and **"Alpha Equipment"**. In parallel, new products and services in the energy and health sectors were launched in 2007. To support business activities in the energy sector, a new financing product, **"Alpha Energy"**, was developed. This product finances installation and equipment expenses of investment plans subsidised under the Investment Incentives Law for the installation and use of photovoltaic power systems up to 150 kW. With the "Alpha Energy" loan, businesses benefit from a competitive variable interest rate based on the 1-month or 3-month Euribor, long repayment periods (up to 10 years) and no loan approval expenses. The creation of this new loan is fully in line with the Bank's strong interest in the protection of the environment, by supporting the diffusion of environment-friendly technologies for reduction of pollutant emissions through the use of renewable energy sources.
For the health sector, a new comprehensive programme of products and services was developed - **"Alpha Health Business Solutions"**. This programme, addressing exclusively Doctors, Dentists and Pharmacists, features a broad range of products and services ("Alpha Equipment Leasing", "Alpha Open Line of Credit", "Gold Alpha Bank Visa Card", "Alpha Premier Deposit Account", "Alternative Channel Services") available with particularly attractive terms and features.
In addition, the promotional offer of the **"Pre-Approved Business Loan"** to selected customers of the Bank as a reward for their good transaction behaviour, met with very positive response. In order to further increase sales, emphasis was also given on the establishment of high-quality associations with third-party networks acting as intermediaries (network of selected accounting firms, tax advisors, financial consultancies), with the aim of marketing business loans through them.

The year 2007 also saw the continuation of the collaboration with the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME), and the Bank's successful activities in the management of EU programmes for supporting small and medium-sized businesses. In the framework of the Third Community Support Framework (Cycle D), and in particular in response to calls under the business support programme in the "Commerce and Service Provision" sector, a total of 31,464 investment proposals were submitted to all Banks. Of these, 4,785 (or 15.12%) were received by Alpha Bank.

As regards the organisational and operational framework, the decision taken by the Bank to gear the specialisation of a number of its Branches towards loans up to Euro 150,000 was crucial in helping the faster growth of our activities targeted at small businesses. These Branches will provide a personalised service and will directly market products and services to small businesses and self-employed professionals. The operation of the new Branch model, accompanied by the creation of the Business Centres and the transfer to them of the customer relationship management tasks for all small businesses, and the implementation of the project for centralised management of approval procedures, will free valuable time from point-of-sale activities, which will then be used to improve response times to customer requests and the quality of service offered.

Finally, during 2007 Alpha Bank was at the forefront of the campaign in aid of the fire-stricken areas. Thus, to support businesses and professionals in the country's fire-stricken regions, the Bank offered an additional interest rate subsidy in Working Capital loans to be granted in line with Ministerial Decisions 36579/B.1666/27.8.2007 and 2/54310/0025/13.9.2007.

Deposit Products

The Bank has a strong deposit base that numbers some 3,500,000 customers, both individuals and businesses, and is continuously expanding. Deposit balances, including retail bonds, stood at Euro 34.7 billion on 31.12.2007 growing by Euro 3.7 billion or by 11.8% from 2006.

Of these funds, Euro 29 billion represent deposits by our customers in Greece (7.3% increase), where the liquidity conditions prevailing in the market led Banks to offer high returns in order to attract medium-to-long term funds. As a result, a significant shift in savings was observed mainly towards time deposits, with sight and savings deposits taking the blow. It should be noted that in 2007, for the first time ever in Greece, the balance of savings deposits stood at a level lower than the level of time deposits. Nevertheless, in Alpha Bank the traditional categories of sight and savings deposits remained virtually unchanged, in stark contrast to their negative change throughout the year for the total market, a situation that led to the increase of the Bank's market share.

The enhancement of our range of deposit products with new ones, and the re-positioning of certain products in the market after considerable improvement, contributed to the increase in deposits. In particular, the creation of the new **"Alpha Plus"** products, which combine high-return time deposits with preselected mutual funds, helped draw considerable funds directed in time deposits. The promotion of the **"Alpha 1|2|3"** series of products, which comprise of banking products and services that are offered at preferential terms and are able to evolve and adapt to the needs of children, teenagers, young people and their families in each phase of their lives, brought the balances of the product's accounts up by 27% and the number of these accounts up by 15%. The **"Alpha Payroll"** current account, offering preferential interest rates scaled depending on the balance of the account and other competitive benefits, continued to do well in the market.

A significant contribution to the attraction of customer funds was also made by the operation of the **"Alpha Prime"** programme, now in its second year, which is targeted at the "mass affluent" segment of the market (with funds from Euro 60,000 to Euro 300,000). According to the "Alpha Prime" programme, modelled on Private Banking practices, specialist executives (Alpha Prime Officers) are placed in selected Branches to act as advisors in marketing integrated investment solutions. The programme also involves the use of a special-purpose Call Centre. To this day, a total of 60 Alpha Prime Officers have been place in an equal number of Branches, the number of Alpha Prime agreements exceeds 1600, and funds amounting to around Euro 500 million have been attracted. Our aim by 2010 is to have 370 Alpha Prime Officers in the Branches and a number of customers close to 62.000.

Our overall policy is focused on further strengthening our long-term relationships with customers and their confidence in our products, with the aim of achieving satisfactory growth of savings funds and of improving our efficiency via cross-sales, as well as via the necessary structural and organisational changes.

A significant contribution to the implementation of this policy is made by the newly-established specialist Deposit and Investment Products Division, tasked with formulating a uniform deposit and investment product strategy for all distribution channels, attracting customer funds, developing a broad range of asset management products, and putting together a comprehensive recommendation for the management of retail banking customers. The communication campaign for the products offered, built on the key concepts of the pioneering nature of the products, their lasting performance and the fundamental values of Alpha Bank, intensified during the year and also contributed to the above results.

Southeastern Europe

The policy of reforms pursued by the countries of Southeastern Europe in recent years, in combination with the implementation of major infrastructure and modernisation projects, resulted in sustained high growth rates for the local economies. The dynamics of the Romanian and Bulgarian economies were also boosted significantly from their full accession to the European Union on January 1, 2007.

In particular, the significant scope for development of the financial sector, given the low level of penetration of financial products and services, renders it particularly attractive for banking organisations of the other European countries. This drove the major Greek banks to expand to the countries of this region, either through acquisitions or by establishing Branches locally investing considerable funds in the process.

In 2007, the market share of Greek banks in the region of Southeastern Europe is nearly 25% and continues to grow rapidly, despite the presence of strong competition from major European financial groups, such as Société Générale, Raiffeisen International, Unicredit, Erste Bank etc. It should be noted that the reach of Greek banks is now extending beyond this region, to countries such as Turkey, Ukraine, Russia and Egypt.

For Alpha Bank, its dynamic expansion to the countries of Southeastern Europe is a top priority aimed at establishing the Bank as a key player in the region. In line with this strategy, the Bank in 2007 strengthened its presence in the area by establishing 133 new Branches, exceeding the targets set at the beginning of the year. Thus, on 31.12.2007 our Network in Southeastern Europe comprised 403 Branches in total, with Personnel numbering close to 5,000 employees. Our plans for 2008 are to strengthen the Network by establishing even more Branches, with the ultimate goal of successfully implementing our revised "Agenda 2010" business plan which sets a target for a network of more than 1000 Branches in the region, double the number of Branches we will have in Greece at that time.

Although the new Branches have not yet attained their expected performance and results, as they have been operational only for a limited time during 2007, their performance is already impressive. Profits from operations in the region reached Euro 117 million, up by 67% from 2006. Loans grew by 88%, more than twice the market growth rate, and stood at Euro 7.6 billion, accounting for nearly 18% of the Group's loans on a consolidated basis. Deposits also posted a significant increase, growing by 46% to reach Euro 5.3 billion and accounting for 15% of total deposits for the Group. As the Branches we opened during the previous years continue to mature and their number grows in the coming years, our performance is expected to continue to rise. This will also be driven by our higher penetration of the region, which will increase the visibility of our brand and the confidence of customers in the Alpha Bank name. Retail banking especially will continue to grow at higher rates, from a low starting point, with customers attracted by the promotion of new products and the high quality of the services provided.

Our goal is to consolidate our position and attain the size that will establish us among the top-ranking players in the market. The impressive increase of our business volumes in 2007 led to the expansion of our market share in Southeastern Europe from 5.7% in 2006 to 7.3% in 2007. This result shows that we are on the right track for achieving a market share of over 12% by the year 2010, which is the target that we have set in our revised "Agenda 2010" business plan.

Beyond the dynamic expansion of our Branch Network, during 2007 we also pursued other, equally important, actions aimed at strengthening our position in the local markets by providing our customers with comprehensive products and services whose quality is on a par with that available in Greece. In retail banking, particularly, a considerable number of new products were introduced to the local markets. Many of these products have already been launched in the Greek market, thus enabling us to transfer successfully the know-how and experience gained in the meantime. Furthermore, we continued the programme for installation of ATMs in our Branches, as the usage of credit and debit cards continued to grow strongly into 2007. The services offered via alternative distribution channels, such as web-banking, phone banking, etc., also continued to increase at a fast rate.

In parallel, the project for the development of a uniform model for the infrastructure of the IT systems of the Bank's Units in the region was continued. Our overall approach consists in applying uniform systems and policies in all key operations (risk management, internal audit etc.). These are built on the standards applicable to domestic operations, and are then adapted to the regulatory and legal framework in each country and to the specific local conditions. Our intention is for our Branches to operate from day one according to the Alpha Bank standards that apply in Greece, so that they become profitable in a short time-frame.

Romania

The Bank has a strong interest in the Romanian market, a fact also demonstrated by its uninterrupted presence in the country for thirteen years now, as it was the first foreign Bank to enter the local market. Today, Alpha Bank Romania, with significant presence in the country's major cities, operates 125 Branches (70 Branches at the end of 2006), and its Personnel numbers 1,757 employees. In addition to the traditional type of Branches, Alpha Bank Romania is also actively promoting **"Alpha Point"**, a new type of Branch selling specific retail banking products. These Branches are created mainly inside shopping malls, offering customers immediate access to financial products and services in a more familiar environment.

In 2007 Alpha Bank Romania achieved exceptionally good results. Loans grew by 126% from 2006, more than twice the market growth rate. The Bank's market share expanded to 6.5%, up from 4.3% in 2006, establishing Alpha Bank Romania as one of the five largest banks in the country while retaining its leading position in terms of efficiency in the sector as measured by the ratio loans per Branch. From the individual loan categories, particularly impressive was the growth in consumer credit that stood at 246%. Moreover, housing loans grew by 189% from 2006, driving our share of the market to 8.5%, up from 4.9% in 2006. The Bank's ability to offer flexible products and services addressing the needs of home buyers and constructors alike contributed significantly to the intense growth of activities in the mortgage sector. During 2007, we financed the construction of ten residential developments in Bucharest.
Our performance in deposit products was also very good, as we achieved an increase by 43%, almost twice the market growth rate.

The promotion of new loan and deposit products during the year contributed to this excellent performance. In particular, the new **"Alpha Open"** personal loan was introduced to the market, allowing customers to borrow at any time any amount within a personalised credit limit. The successful **"Alpha All in 1"** consumer loan for the transfer of credit card and loan balances was also introduced to the Romanian market. In the cards sector, the **"Alpha Club"** programme was created - the first reward programme for private individuals in Romania. Finally, the **"Alpha Dream"** deposit product, the first savings account for children, was launched to the market in October 2007.

Beyond the banking sector, the activities of Alpha Bank Romania also extend through its subsidiaries to leasing, investment banking, brokerage and financial consulting services. In particular, Alpha Leasing Romania was the first leasing company in Romania to be registered with the central bank for supervision as a non-banking financial institution, in accordance with the country's new legislative framework. The aim of the company is to be established as a market leader in the Romanian leasing market, while at the same time offering the best possible solutions to its customers.

The strong position of Alpha Bank Romania in the domestic market is also evidenced by the considerable number of distinctions it has gained during the year. Thus, it was chosen as the "Best Greek Success Story" by the "Diplomat" magazine, in collaboration with the Greek Embassy in Romania, for its innovative contribution to the financial sector development. Its "Alpha Dream" deposit product was named "Best Banking Product of the Year" by the authoritative economic financial magazine "Piata Financiara Magazine". Finally, the "Bucharest Business Week" magazine awarded to Alpha Bank Romania the title of "Best Corporate Bank of the Year".

The Bank's growth during 2008 will be driven by the ongoing expansion of its Branch Network in all Romanian major cities, the increase of the number of POS terminals, the new products planned, and the dynamic advertising campaign for their promotion.
The Bank's interest in the Romanian market, but also in the wider region of Southeastern Europe, is also confirmed by the fact that it chose Bucharest as the location in which to present its "Agenda 2010" Business Plan, in a highly successful Capital Markets Day held in April 2007. This Business Plan has already been brought up to date, and is forecasted to accelerate our activities in Romania and further strengthen our local presence, with a targeted number of 380 Branches in operation by the end of 2010.

Bulgaria

The Bank has been present in Bulgaria since 1995, and in 2007 it strengthened its presence significantly by establishing 35 new Branches. Thus, at the end of the year our Branch Network in the country comprised 80 Branches covering all cities with a population over 20,000 inhabitants, and Personnel numbered 550 employees. Our expansion in Bulgaria is planned to continue at even higher rates in the coming years, towards a target of 230 Branches in operation by the end of the year 2010.

Our dynamic expansion to the full range of banking activities led to an impressive increase in loans and deposits, with loans growing by 213% and deposit balances growing by 135%. Our market share in loans expanded to 3.4%, up by 1.6 percentage points from 2006.

The Bank offers a broad range of products and services geared to businesses in the Bulgarian market, while also placing particular emphasis on developing an equally comprehensive range of products for individuals, in collaboration with the parent Bank in Greece. In particular, in the mortgage sector we improved the terms and the quality of four of our products in order to make them more competitive, and we also developed the **"Repair Loan"**. In the consumer loans sector, we modified the features of the **"Alpha Vacation Loan"** product with a view to offering a better service to our customers, and we introduced to the Bulgarian market our highly successful **"Alpha All in 1"** consumer loan for collecting debt balances from cards and consumer loans from other banks. Finally, in the deposits sector, November and December 2007 saw the roll-out of the advertising and promotional campaign for the **"Alpha Future"** deposit account for children and young people up to 18 years of age. The promotion of our products had excellent results. Thus, during the fourth quarter 2007, we gave out 3.231 consumer loans; triple the number of the previous quarter. Moreover, the number of deposit accounts at the last quarter of 2007 stood at 65.000 increased by 50% compared to the third quarter of the same year.

Serbia

Our presence in Serbia dates back to 2002, a time when we were operating with three Branches. However, the turning point for the growth of our activities in the country was 2005, when Alpha Bank acquired Jubanka, the country's seventh largest bank, which was renamed Alpha Bank Beograd and later Alpha Bank Srbija. During 2007 we continued with the implementation of an extensive programme involving the renovation or relocation of most of the Branches and the Headquarter Services of Alpha Bank Srbija, while at the same time expanding our network by establishing 27 new Branches. Thus our network now comprises 130 Branches in total, with Personnel numbering 1,450 employees, who have attended a total of 15,000 hours of training programmes on banking operations and management.

Our business volumes picked up during 2007, with growth rates exceeding those of the market. Total assets grew by 76%, loan balances by 78% and deposits by 64%. It is worth pointing out here that these increases in performance were achieved while at the same time maintaining the excellent quality of the loan portfolio, always in line with the Bank's uniform risk management policy. Additionally, the number of retail banking customers increased by more than 30%, while that of corporate customers by 87%, with the corresponding numbers pushing up to 265,000 individuals, 23,500 self-employed professionals and 12,500 businesses. The significant share of the domestic market for loans held by the Bank, currently standing at 5.7%, up by 1.2 percentage points from the previous year, keeps the Bank among the top market players.

Alpha Bank Srbija offers an extensive range of products and services, including personal and company cards and brokerage services. The Bank is one of the major issuers of Visa cards in Serbia, has an extensive ATM and POS network, and also offers Web Banking services. During 2007 the Bank redesigned several of its banking products, primarily in the mortgage, car loans and credit cards sectors, with the aim to better take advantage of the considerable growth of the loans market and to meet the expanding needs of consumers.

The key aim of the Bank for 2008 is to pursue its dynamic growth in all sectors of financial products and services. This will be achieved by creating more synergies between retail banking and medium and large corporate banking, and by expanding our activities in the sectors of leasing, factoring, asset management, insurance agent operations and fund transfers. In order to exploit the opportunities opened up by the rapidly growing real estate property market in Serbia, Alpha Real Estate, a local subsidiary, was established in August 2006.

In line with our strategy for dynamic expansion of our network in the country, our Business Plan provides for the number of Branches to double by the year 2010, a development expected to lead to a corresponding expansion of our market share.

Albania

The Bank is present in Albania with 20 Branches, supported by an equal number of ATMs and covering all major cities in the country. With a share of the loans market standing at around 11%, our business volumes continue to grow at high annual rates. Thus, in 2007 total loans grew by 53%, with loans to individuals, which now account for 50% of our portfolio, posting an even more significant increase by 72%. Equally impressive was the increase in profitability to Euro 13.1 million, up by 35% from 2006.

These business volumes, especially so in the mortgage and consumer credit sectors, are the result of a systematic effort supported by new, modern products and services of a high quality. Thus, during 2007 we presented two new student loans, **"Alpha Undergraduate Student Loan"** and **"Alpha Graduate Student Loan"**. We also created the **"Adjustable Rate Mortgage"** product, which offers the choice between fixed or variable rate. Furthermore we continued the promotion of the Visa debit and credit cards, and have already reached an exclusive agreement with American Express for issuing cards and clearing transactions in the local market.

Deposits posted an increase similar to that of loans, with an annual rate of 55%, confirming the customers' positive response to our new deposit products and their confidence in them. During 2007 we introduced to the market, among others, the **"Indexed Time Deposits"**, **"Time Depo Monthly Income"** and **"Time Depo in Advance"** time deposit products, and the **"Alpha Savings Plus"** and **"Alpha Premier"** accounts. The **"Alpha Premier"** account, especially, which has been available in the local market since April 2007, met with extremely positive response from the customers, and 10,000 such accounts have already been opened. Our efforts for yet greater penetration, mainly in the retail banking sector, are continuing in 2008, with the development of the **"Alpha Transfer"** package of services targeted at economic migrants in Greece, and of the new **"Student Account"** product for students.

Sales were of course supported by more intensive advertising of the products and services that we offer in Albania. Indicative such actions included the promotion of our products in the new Tirana airport, the distribution of information leaflets about the new "Alpha Transfer" deposit product in the Greek-Albanian border stations and its promotion through the Bank's network in Greece, and our participation with a dedicated stand in the Inter-Korca 2007 Exhibition.

FYROM

Alpha Bank entered the market of FYROM in 2000 with the acquisition of Kreditna Banka AD Skopje, which was renamed Alpha Bank Skopje. With 15 Branches, 14 ATMs and 189 employees, Alpha Bank Skopje today is one of the country's mid-sized banks, ranked 5th in terms of loans, with a market share over 4%.

During 2007 the loan portfolio of Alpha Bank Skopje posted a growth rate of 79%, twice that of the market. This increase was the result of a number of important initiatives deployed during the year mainly in retail banking, as a result of which housing loan and consumer credit balances more than doubled. Thus, consumer and mortgage products were enhanced and adjusted to the conditions prevailing in the market and in the competition, while at the same time new products were introduced. These included the **"Alpha All in 1"** consumer loan for collecting balances from cards and consumer loans of other banks, the **"Alpha Used Car Loan"** for the purchase of used cars, which is marketed by associated firms, and the **"Fast"** consumer loan, offering immediate approval of amounts up to Euro 500. In the cards sector, promotional events were held and sponsorships were secured during the year in connection with the launch to the market of the American Express card.

An important project during 2007 was the upgrade of the Bank's IT systems and their adaptations to allow installation of the new Flexcube system, which will also be used in the other countries where we are present, and the installation of a system to monitor local payments.

Cyprus

The presence of Alpha Bank in Cyprus began in 1998 with the acquisition of the Lombard NatWest Bank, which was renamed Alpha Bank Limited and recently Alpha Bank Cyprus Ltd. On 31.12.2007 Alpha Bank Cyprus Ltd was employing 700 people, and was operating a modern network of 33 Branches covering all cities in Cyprus. The Branch Network is complemented effectively by the operation of alternative distribution channels offering ATM and Internet Banking services, as well as SMS Banking providing customers with access to account information via their mobile phones.

Although the Cypriot market is considered to be a mature market with strong competition, Alpha Bank Cyprus Ltd succeeded again in 2007 in increasing its business volumes at rates significantly higher than the market ones, both in loans (up by 59% from 2006) and in deposits (up by 42% from 2006). Thus, loan balances reached Euro 3.4 billion, expanding our market share by

2.1 percentage points, from 10.2% in 2006 to 12.3% in 2007. With this share, Alpha Bank Cyprus Ltd is ranked third in the Cypriot market. The mortgage sector contributed significantly to these excellent results, with housing loan balances growing by 108%, versus a growth rate of 42% for the market, and expanding our market share to 18%. In parallel with the increase in business volumes, Alpha Bank Cyprus improved its efficiency, leading to an increase by 73% in pre-tax profits which stood at Euro 77 million.

Entry of the Cypriot economy in the Euro Zone on 1.1.2008 justifies our policy of strengthening our activities in the country. It should be noted that during 2007 the Bank played a leading role in providing its customers with information on the introduction of the Euro, by organising relevant information events in all major cities which were attended by members of the Government and of the Central Bank, and by the Local Authorities.

The immediate priorities of Alpha Bank Cyprus Ltd for 2008 include the exploitation of opportunities in international operations with the aim of attracting deposits, the increase in commissions by expanding the role of the Bank's Representative Office in Moscow, and the leverage of the Group's international presence in order to channel business activities to Cyprus. In parallel, in the mortgage sector our aim is to take advantage of the demand by pensioners from other European countries, mainly for the purchase of country homes.

Medium and Large Corporates

The medium-sized and large corporates sector is one in which Alpha Bank has held the top position in the market for many years. This has been the result of our standing policy, which consists in the provision of services of a high and constantly improving quality, but also of forging long-term relationships based on confidence with this very demanding market segment.
The experience and the comparative advantages that we have gained in the course of these years, in combination with the favourable business environment that prevailed during 2007, led to the further increase of our business volumes and associated income, but also to the upgrade in the quality of the portfolio of loans to medium-sized and large corporates.

In more detail, financing of large businesses (without leasing and factoring) stood at Euro 9.2 billion in 2007, up by a sizeable 26.3% from 2006. This increase helped the Bank substantially to maintain its leading position in the business credit sector, with a market share of 16.8%.
In parallel, the quality of the credit portfolio remained high, and its profitability improved due to the increase of income through synergies and by achieving cross-sales of products and services (retail banking, leasing, factory, treasury etc.).
The management and coordination of the Bank's relationships with large business groups (with turnover in excess of Euro 75 million) in Greece and abroad is handled with great success by the Corporate Banking Division, which now services

180 private and public sector Business Groups comprising more than 1,700 companies which are active in the domestic and/or international markets. Selection of customers is based on a system of quantitative and qualitative criteria, resulting in the creation of a strong financing portfolio that combines low credit risk over time with satisfactory profitability.
In addition, the Corporate Banking Division, together with the other jointly responsible Units, plays an active part in underwriting and/or participation in major syndicated loans and new bond issues for large businesses in the Greek market. As a result, new bond issues and syndicated loans account for an increasing part of financing activities, thus establishing the Bank as a leading player in this market as well.

Regarding our activities geared towards medium-sized businesses, during 2007 we redesigned our operations so that a centralised customer relationship management system could be applied to this sector as well.
In line with the new organisational structure, we established the Medium-Sized Business Product Division and two Business Centres Divisions, to supervise and coordinate the activities of the Business Centres that will manage relationships with all medium-sized corporates that are customers of the Bank.
By introducing these organisational changes in the medium-sized business sector, our intention is not only to improve the level of service that we offer to our customers, but also to ensure compliance with the regulatory framework which calls for the separation of the approval and transaction procedures.
The balance of our portfolio on 31.12.2007 stood at Euro 5.2 billion, comprising 5,050 active customers out of a total of approximately 10,000 medium-sized businesses active in the Greek market. Of these customers, around 50% has been allocated to the three Business Centres that are already operating with great success. Within 2008, seven more Business Centres are expected commence operations, thus bringing the total number of Business Centres up to the foreseen total of ten.
The Business Centres are staffed with fully trained personnel offering a comprehensive range of modern products and services aimed at meeting all of our customers’ needs. Particular attention is given to providing Business Centre officers with training on sales, communication, customer relationship management, and credit rating. Our aim is to increase the Bank’s business volumes and revenues by managing proactively the existing customer base, approaching new customers, and developing cross-sales with a focus on financial, leasing and factoring products. At the same time we are safeguarding and further improving the quality of the portfolio by assessing constantly the customers’ credit rating, identifying promptly any problems, and ensuring that they are resolved swiftly.

Shipping

In the last ten years, the Bank has been successfully active in the field of financing the Greek controlled shipping groups as well as providing the full spectrum of specialised banking products and services (remittances, F/X transactions, interest and currency Swaps and other). In 2007, the volume of financing to the shipping sector grew considerably, by expanding further its bilateral relationships by selective adding new customers to the Bank's portfolio, which now numbers 150 Groups. The Bank also developed further its cooperation with other Greek and foreign banks in the underwriting and participation of syndicated loans, thus retaining its leading position among the banks financing Greek-owned shipping.

Specifically, on 31.12.2007 total loan balances stood at Euro 1.4 billion, increasing by an impressive 75% on an annual basis, despite the negative impact from the rise of the Euro versus the US Dollar and the increased loan redemptions by shipping groups due to their increased liquidity. Of the above total balance, 66% refers to bilateral financing and 34% to underwriting and/or participation in syndicated loans. The allocation of the portfolio in terms of the type of ships financed is as follows: Bulk carriers 46%, Tankers 35%, Container Vessels 11%, and Yachts 2%, with the remaining 6% referring to loans to the largest Greek coastal shipping firms.

It should be noted that the shipping portfolio of Alpha Bank consists of high quality loans and the ships financed are in their majority modern or newly-built ones. The increase in deposits with the Shipping Branch was equally important to that of loans to the shipping sector, and amounted to approximately Euro 1.0 billion. Parallel business activities also posted a similar development, with emphasis also placed on cross-sales (Private Banking, Project Finance, mortgages, yacht loans).

In its plans for the future the Bank aims to maximise its response to customer requests as bank lending remains the key source of funding available to the shipping industry.

Leasing

Our leasing activities remain oriented towards profitable and low-risk sectors, securing high margins and limiting considerably portfolio risks in the medium-term. Alpha Leasing is characterised by its large capital base and the high performance of its lending portfolio, and has the healthiest capital structure compared to the competition.

In 2007 the Company's activities continued to expand at a high rate, and were further strengthened by the application of a more competitive and prudent pricing policy, and of systematic corporate promotion and advertising. With a total of 7,500 leasing contracts with over 3,700 customers, claims from leasing grew by 21% and on 31.12.2007 stood at Euro 1.2 billion. Interest income grew by 37%, with net profits after tax posting an even more impressive increase by 85%, reaching Euro 13.4 million. The low cost/income ratio, which for 2007 stood at 18.1%, is evidence of the efficiency of our operation in this sector.

Our satisfactory performance in 2007 is the result of a number of successful initiatives, which will continue into 2008 and will form the key guidelines of our policy in this sector. The most important of these are:

- Launch of associations with selected suppliers

via programmes for financing sales (vendor leasing), and with investment plan advisors, franchisers and real estate agents.
- Design of new products, such as fixed-rental equipment leasing for the health sector **"Alpha Health"** and for photovoltaic stations and parks **"Alpha Energy"**, and fixed- and variable-rental leasing for equipment and real estate property for medium-sized businesses and professionals.
- Refinancing of existing real estate lease contracts.
- More aggressive advertising campaign and intensified sales promotion through the Bank's Branch Network.

The company also plans to expand its leasing operations to economic activity sectors that are expected to be characterised by significant growth in the coming years, such as alternative forms of energy, environmental technology, transport and infrastructure projects, and, of course, real estate leasing, which has been growing at increasingly high rates during recent years, a trend expected to continue into 2008. Finally, in May 2007 the public offer by Alpha Leasing for the acquisition of 100% of its shares by the Bank and for delisting of its stock from the Athens Exchange was completed.

Factoring

Demand by Greek businesses for factoring operations increased during 2007, driven by their need to restructure their commercial network under difficult market conditions. Thus, the factoring market in Greece posted an annual growth of 29%, with total turnover close to Euro 6.4 billion. The market was most notably characterised by, amongst others, the development of activities by the factoring companies of large foreign credit institutions in the Greek market, the differentiation in the factoring services offered as a modern form of financing that also combines coverage against credit risk, the development of international Factoring, and the intensification of the business activities of Greek banking Groups in Southeastern Europe and Turkey.

The performance of ABC Factors in 2007 exceeded that of the market, with turnover and average annual advance payments growing by 42.2% and 35.4%, respectively. As a result, the company's top position in the Greek market was further strengthened, with its market share expanding to 38%, up from 35% in 2006.

ABC Factors, a member of Factors Chain International (FCI) since 1995, succeeded in expanding its international Factoring activities by 32% in 2007. It is the first Greek factoring company to operate remotely (i.e. without being established locally) in Cyprus, Bulgaria and Romania, offering export factoring services to local businesses. For 2008, the company plans to explore the other markets of Southeastern Europe regarding the feasibility of operating a Representative Office (local establishment) and the provision of factoring and forfaiting services in every country where the Bank is also present. Furthermore, as part of its full expansion into Commercial Finance services, the company in 2006 became a member of the International

Forfaiting Association (IFA) for the provision of international Forfaiting services.

The adoption of new, composite factoring products, which represent modern tools for managing the assets of Greek businesses, have created the conditions for further dynamic growth of the company's activities, both in the Greek market and abroad. For 2008, the company aims to maintain its leading position in the sector, by developing international Factoring, penetrating new sectors, further expanding its activities to Southeastern Europe, and strengthening its collaboration with the network of its parent Bank.

Asset Management and Insurance

Mutual Funds

During 2007, mainly during the second half of the year, the limited liquidity in the market and the resulting increase in interest rates drove a large volume of assets to shift to time deposits and to money market mutual funds, with correspondingly significant liquidations primarily by domestic equity funds but also by bond funds. Thus, for yet another year in a row, the total assets of Greek mutual funds posted a decline, dropping to Euro 21.7 billion from Euro 23.9 billion in 2006. In this difficult environment, Alpha Asset Management A.E.D.A.K. achieved its highest asset and profitability levels since 2002 and expanded its market share by a significant 5.5 percentage points to 23.1%. Net asset inflows to Alpha mutual funds reached Euro 1.4 billion, driven mainly by money market funds (Foreign Money Market Funds, Euro 2 billion as a result of favourable tax legislation) and the Defensive Strategy line of products (Euro 233 million). Thus, total Assets in 2007 reached Euro 5.6 billion, up by 34% from the previous year.

In particular, we maintained our top market position in Greek equity mutual funds, and we continued with great success to issue and market the new-generation mutual funds, the "Fund of Funds" class, but also the modern structured mutual funds, thus offering a broad range of investment options. The **"Alpha Defensive Strategy"** line of cutting-edge, high value-added products was expanded with the introduction of the new **"Alpha THYREOS Defensive Strategy Domestic Balanced Fund"** - the first mutual fund to invest in the largest companies traded on the Athens Exchange, offering 85% protection of the invested capital. We also created two new sector-specific mutual funds with pioneering features for the Greek market: the **"Alpha Shipping Foreign Equities Fund"**, designed to take advantage of the growth in mercantile shipping by investing in stocks of selected shipping companies, and the **"Alpha Cosmos Stars GAIA Real Estate Foreign Balanced Fund of Funds"**, which invests in stocks of companies active in the broader real estate sector via a portfolio of geographically diversified investments, primarily in the European markets and secondarily in the US and Asian ones. The **"Alpha Plus"** product, which combines a high-rate time deposit with investment in preselected portfolios of Alpha Mutual Funds, was also continued with great success. The

"Alpha Plus" line was expanded with additional mutual funds offering portfolios to match every investment profile, thereby improving the coverage of our customers' requirements and contributing an additional asset inflow of over Euro 300 million to our mutual funds in 2007. Great emphasis was also placed on the **"Alpha Dimiourgo"** Wealth Creation Programme operating on the basis of regular contributions via standing order, as this offers the most effective means for long-term asset growth, effectively replacing retirement plans. This programme is characterised by particularly low liquidation rates and fosters an investment culture in customers, by promoting a philosophy of ongoing placements irrespective of market developments. The number of **"Alpha Dimiourgo"** investment accounts grew tenfold during 2007, securing for the Bank a fixed annual inflow of Euro 12 million.

In the Bancassurance sector, we created **"Alpha Ano"**, our first investment-pension plan which invests 92% of assets under management in units of the **"Alpha Ano Foreign Bonds Fund"** replicating the performance of the Dow Jones Eurostoxx 50 index, while the remaining 8% of assets covers the insurance part of the product. This programme is a long-term investment to cover future needs or secure a lifelong additional income upon retirement, while at the same time providing insurance protection.

Another addition was the **"Alpha Romania Foreign Balanced Fund"**, the largest foreign mutual fund investing in the Romanian market. Growth in the countries of Southeastern Europe creates expectations of high returns from their money markets in the medium-to-long term and of significant market penetration potential for financial products. For this reason, the promotion of mutual funds in the countries where the Bank is active and their sale in the Greek market is a top priority for us. As a result the procedure for putting to the market units of selected mutual funds via the Branches of Alpha Bank Romania has already begun.

Thus, with the new investment products created in 2007, we have now in place a comprehensive range of 33 mutual funds addressing a broad spectrum of investment requirements.
Beyond this, however, 2007 was one more year in which Alpha Mutual Funds achieved returns placing them in the top positions of their respective classes in terms of one-year yields. For example, the **"Alpha Aggressive Strategy Domestic Equity Fund"** was ranked second in its class, the **"Alpha Foreign Money Market Fund"** was ranked first, the **"Alpha Monthly Income Foreign Bonds Fund"** was ranked third among 33 foreign bonds funds, and the **"Alpha Cosmos Stars Silk Route Asia Equity Fund of Funds"**, with a yield of 33.58%, was ranked first in its class.

Additionally, emphasis was also given to sales promotion activities via the Branch Network of the Bank and to ensuring systematic communication for our products. The new Alpha Asset Management A.E.D.A.K. website, launched in September 2007, will continue to be upgraded and to offer integrated investment solutions with options and portfolio construction tools for specific investment milestones in peoples' lives (retirement, education, car purchase etc.). The website was designed with the aim of functioning as a valuable tool for use by the Branch Network of the Bank, providing substantial support to the sales of Alpha Mutual Funds.

Finally, it should be noted that Alpha Bank was selected amongst Greek and foreign banks as the administrator of the very first Exchange Trade Fund (ETF) listed in the Athens Stock Exchange, enhancing our product offer to the investing public. ETFs are mutual funds whose shares are traded on the stock market just like stocks. Trading of the **"Alpha ETF FTSE Athex 20 Domestic Equities Fund"** on the Athens Exchange commenced on January 24, 2008. Thus Alpha Bank, in cooperation with the Athens Exchange and FTSE International Ltd, provides investors with the opportunity to invest in the 20 Greek Blue Chips via a product that offers low cost, liquidity and direct comparability with the performance of the benchmark it replicates.

Private Banking

In the Private Banking sector, we have been providing comprehensive investment and banking services to high-income private customers in Greece since 1993. Alpha Private Bank customers have at their disposal a flexible framework of services under which they may select their preferred service combination for part or all of their portfolio. Thus, by taking advantage of the specialisation available by each individual service, customers are able to secure the best response to their diverse requirements, depending on the level of their participation in the decision-making process concerning their investments.

Within this framework, we offer three methods of association, which may also be combined:

- **Discretionary Management**, under which we assume full management of the customer's portfolio.
- **Advisory Management**, under which we provide active management advice to customers who make the final investment decisions themselves.
- **Execution only**, under which we execute the orders of customers who wish to monitor and manage their portfolio themselves.

Assets under management by our Private Banking services grew by 17% to Euro 5.6 billion by the end of December 2007, with the total number of Alpha Private Bank customer accounts standing at 7,700. A commensurate growth was posted by assets under advisory management posted, which reached Euro 1.62 billion, contributing to the increase in income from management fees and establishing us as the leader in the Greek market. Total income grew by 14% compared to 2006, while the breakdown of income from management fees and income from transactions and interest stood at 32% to 68% respectively. The increase in loans to customers was also impressive, with average balances up by nearly 67% from 2006.

The comparative advantage of Alpha Private Bank is its integrated organisational structure that establishes it as a pioneer in the provision of Private Banking services. This consists of four key Units whose exclusive purpose is to provide high-quality services:

I. The extensive network of 15 Alpha Private Bank Customer Service Centres throughout Greece, staffed by certified and experienced officers, forms a strong team of investment advisors whose exclusive task is to provide advisory management services relating to the customers' liquid assets.

II. The investment support team is the key entity responsible for formulating investment strategies and suggestions, by assessing the Greek and international money and capital markets in collaboration with the Group’s subsidiaries Alpha Asset Management and Alpha Finance, and with the Bank's Treasury Division.

III. The business operations development team participates in the preparation of the Business Plan, in setting the targets for the Network and in monitoring business activities.

IV. The business operations support team processes the orders placed and deals with potential problems in customer portfolios in a swift and flexible manner, with the aim of improving the level of service provided.

Our growth plan for Private Banking services is based on principles that adopt a customer-centred approach and help forge long-term relationships with customers. We attach great importance to promoting high value added services and innovative products, not only of the Bank but also of third parties, with the ultimate aim of enabling flexibility and independence in investment options. Thus, we constantly exploit our relationships with international financial companies who are market leaders in the investment sector and specialise in the global markets, so that our customers may have at their disposal an extensive range of products and solutions that cover all investment categories.

In the context of expanding the range of services and products that we provide, we are focusing on the following key priorities for development:

1. Activation of Discretionary and Advisory Management for theme-linked portfolios focusing on specific investment categories, on the basis of geographical or sector-geared criteria, under the name of **“Focus Portfolios”**. The **“Green Portfolio”** and the **“Greek Equities Focus Portfolio”** were already created and promoted in 2007.

2. Development of relationships with Alpha Bank London, Alpha Bank Jersey and other Group subsidiaries abroad, with the aim of providing a more comprehensive service to customers with asset management requirements in these countries.

3. Further promotion of the Open Architecture concept and of the sale of third-party products, mainly in the form of mutual funds, by developing new relationships with investment firms abroad.

4. Promotion of Financing products, to which particular emphasis will be given and which will be treated as a main service for customer asset growth.

5. Design of a non-investment package of banking products that will include a deposit account, cheque book, credit card, free-of-charge use of standing orders and detailed monthly account statement.

To enhance sales support, we have launched an extensive programme of promotional activities that comprises of a targeted advertising campaign for our products and services, the organisation of special events in all Greek cities where the Bank is present, and the distribution of information material. In parallel, sales support will be further strengthened with the creation of a dedicated website via which the **Alpha Private Web** service will be offered, allowing customers to have access to electronic updates on the performance of their portfolios, to information on money and capital markets, and to investment suggestions matching their investment profile.
It should be noted that Alpha Private Bank establishes itself once again as a pioneer in the Greek market, as it is the only provider of private banking services to offer this type of service.

Insurance

The sale of Alpha Insurance S.A. to the French AXA Group, a global leader in financial risk coverage, was completed in 2007. A long-term exclusive association agreement was also signed with the AXA Group, providing for a 20-year long association in the Bancassurance sector and for the sale of AXA insurance products via the Branch Network of the Bank. The aim of this association is for the Bank to establish itself as a leader in the Greek Bancassurance market, by combining insurance know-how with the offer of innovative Life and General Insurance products. Planning and coordination of the activities for the Bank's expansion into the Bancassurance sector has been assumed by the Bank's newly-established Bancassurance Department, which is in close cooperation with AXA Insurance and Investments S.A. to ensure attainment of the common goals.

Thus, by taking advantage of its association with the AXA Group, the Bank achieved an annual growth of its insurance business activities by 114% and has strengthened considerably its position in a market with strong growth prospects. The impressive results are mainly due to the successful design and marketing of innovative insurance products, the streamlining of the sales procedures, and the well-organised support of the Branch Network.

Special emphasis was given to staffing the sales support team, while all Network officers received training in the products and in sales techniques within a short period of time. The Bank's officers adopted uniform product approach and promotion methods, aimed at increasing cross-sales. Furthermore, insurance operations were reconfigured, new products were developed and existing products were redesigned.

In particular, insurance procedures for consumer loans and mortgages were automated and streamlined. In the consumer loans sector, the **"Alpha Individuals Insurance"** plan for insuring repayment of personal loans was re-designed and improved, and the new **"Alpha Revolving Loan ('Epilogi')"** plan was created for insuring repayment of Revolving Consumer Loans. In the mortgages sector, three new products were created: the **"Alpha Credit Life Plan"**, for insuring repayment of housing loans, and the **"Alpha Residence"** and **"Alpha Home Construction"** products for insuring mortgaged homes. Promotion of the **"Alpha Professional - Entrepreneur Insurance (up to Euro 15,000)"**, **"Alpha Entrepreneur Insurance"** and **"Alpha Enterprise"** insurance plans continued via the business loan insurance plans. These products are targeted at existing Bank customers as well as at non-customers, and offer up-to-date, substantial and comprehensive coverage to all business activities of every size.

The new **"Alpha Ano"** Investment-Pension plan was also created, aimed at expanding business activities into long-term investment-pension products by drawing on Alpha Bank's broad customer base. This new product combines investment in a specially designed Mutual Fund managed by Alpha Asset Management A.E.D.A.K, with the option of receiving pension and additional insurance protection from AXA Insurance and Investments S.A.

Finally, the new insurance company under the business name Alphalife Life Insurance S.A. obtained its authorisation in 2007. The company's key activities will be the development and promotion of savings and pension insurance products via the Branch Network of the Bank.

Investment Banking and Treasury

Investment Banking and Brokerage Services

Conditions in the capital markets during 2007 were favourable for the listing of new companies on the Athens Exchange (ASE). In particular, four Public Offerings worth Euro 500 million in total were carried out (Korres Natural Products, Aegean Airlines, Terna Energy and Pasal Development), versus two in 2006.
Alpha Bank established itself as the top market player in this sector, as it participated in all four of them, acting as Manager and Lead Underwriter in the Korres Natural Products and Terna Energy IPOs, as Lead Underwriter in the Aegean Airlines IPO, and as Underwriter in the Pasal Development IPO. Income from these activities nearly tripled compared to 2006.

Other important investment banking activities that the Bank completed during 2007 were the Euro 149 million share capital increase of Attica Bank, and the triple merger of Mytilineos, Aluminium of Greece and Delta Project. We also participated in the public offerings for the acquisition of shares in "Notos Com", "Regency Entertainment", "Elmec Sport" and "Unisystems".

In the privatisation sector, Alpha Bank participated in the sale of shares of OTE (the Hellenic Telecommunications Organisation), to the amount of Euro 1,123 million, and of the Greek Postal Savings Bank, to the amount of Euro 510 million. During the year we also offered financial services to the Tourism Development Company for the development of three tourist properties, and to the Public Gas Supply Company (DEPA) for organising and conducting a tender to select private investors in three new Gas Supply Companies.

Regarding brokerage services, 2007 proved an excellent year for the stock market in general and for Alpha Finance in particular.

Despite the shockwaves created by the US credit crisis, the principal stock markets remained on positive footing (DJIA +6.4%, S&P500 +3.5%, DAX +22.3%, CAC40 +1.3%, FTSE100 +3.8%), as also did the Greek market, which posted a 17.9% rise – one of the best in the Euro Zone. The ASE Composite Share Price Index recorded a new annual and 7.5-year high on 12.10.2007, reaching 5,289.80 points (+20% from the beginning of the year). The average daily trading volume increased further to Euro 480 million, with total market capitalisation nearing Euro 200 billion, up from Euro 160 billion at the end of 2006.

One of the factors that contributed to the positive development of the Greek capital market was the expansion of Greek businesses into the broader region of Southeastern Europe. Crucial sectors such as telecoms, financial services, transport, the food industry etc. are characterised by intense activity in mergers & acquisitions, while the concept of corporate governance has gained considerable ground.

Additionally, the important changes gradually introduced in the institutional framework by the ASE and the Capital Markets Commission with respect to products as well as with respect to the operation and transparency of brokerage transactions, are helping build a climate of trust in the stock market institutions and in the market's operation. The year 2007 also saw the enactment of the legislation required for listing on the ASE of Exchange-Traded Funds (ETFs), and the launch of the operation of the Alternative Market (Markets in Financial Instruments Directive - MiFID), a Multilateral Trading Facility aimed at attracting smaller businesses. Furthermore, implementation of the MiFID Directive is expected to be a major challenge in the coming years, as it creates new business opportunities as a result of expanded investment services, easier access to the European market, increased range of options in selecting alternative markets in which to conduct transactions, reduced trading costs etc.

The profitable growth of Alpha Finance's business activities continued into 2007, achieving 40% increase of total income and maintaining the authority and trust that the company enjoys in the market. Focusing on maintaining its leading position in the market of Greek and foreign institutional investors, the company exploited new technologies to provide an improved level of service to this particular group of investors, by installing DMA (Direct Market Access) systems that allow customers to directly access the Stock Market in order to conduct transactions.

With respect to retail brokerage clients through Alpha Bank and Alpha Private Bank Networks, Alpha Finance increased its efficiency in the provision of brokerage products and services, activated customers with high-value portfolios, and promoted products such as margin financing, transactions in derivatives etc. In general, Alpha Finance is expanding the investment options available to its customers, offering them a broad range of products and services.

Alternative distribution channels remain at the very core of our strategy, with a significant contribution to the turnover of Alpha Bank. Around 35% of gross private customer commissions are generated via these networks. This is why our goal is to expand the services and products available via electronic networks (transactions on credit, foreign markets etc.). Indicative of the efforts made in this area are the comprehensive electronic services already provided via the company's recently upgraded website and the expansion, currently under way, of the Alphaphone Trading services to include receiving and forwarding orders to foreign share markets.

Alpha Finance has also been active since 2003 in receiving and forwarding orders regarding derivatives in the major regulated foreign markets, a sector characterised by a significant increase in transactions in 2007. Additionally, the trend towards channelling domestic investment funds to foreign markets was very much maintained, despite strong competition from the development of organised private banking units by banks seeking to attract high-income private investors. Our commissions from transactions in foreign markets grew by around 35%, versus a 10% growth in 2006.

It should be noted that Alpha Finance is also active as a remote member of the Cyprus Stock Exchange (CSE). Thus, the Group's customers are able to conduct transactions in both the ASE and the CSE through the common trading platform between the two stock markets. In addition, the company also acts as Market Maker for a number of the constituent shares of the ATHEX/FTSE20 Index, namely those of National Bank of Greece, EFG Eurobank, OTE (the Hellenic Telecommunications Organisation), OPAP (the Greek Organisation of Football Prognostics), and DEH (the Public Power Corporation).

A new activity for the company in 2008 is the assumption of Market Maker duties for the Alpha ETF FTSE Athex 20 Domestic Equities Fund, the first Exchange-Traded Fund to be listed and traded in the Athens Exchange by Alpha Bank.

Treasury

In 2007, a year characterised by great volatility in the money markets, the Bank proved it has in place an effective liquidity management strategy which allowed it to remain unscathed by the recent negative trends in the global financial environment. The standing policy of assuming limited risk, in combination with the use of sophisticated risk assessment and measurement methods, helped the Bank avoid potential adverse impacts on its results while at the same time increasing its business volumes without deviating from its business plan.

The dynamic approach to new potential customers and the active promotion of comprehensive options across the entire range of modern financing and investment products were at the core of our sales growth strategy. The quality of the services provided was maintained at very high levels, enabling us to respond successfully to the growing requirements at the international level, especially with the advent and implementation of the MiFID Directive (Markets in Financial Instruments Directive).

In particular, the behaviour of the bonds and loans portfolio remained essentially unaffected by the negative climate in the markets. Furthermore, profitability remained high despite the rapid increase in the cost of money internationally. At the same time, the Bank’s long-standing presence and high visibility in the bond and loan markets, particularly so in those of Southeastern Europe, resulted to its participation in many bond issues and firmly established it at the top positions with respect to the origination and participation in syndicated and bilateral loan agreements.

The year 2007 was particularly important for servicing the Bank's financing, as a large volume of bonds was placed to the international investment community in order for the Bank to draw funds with favourable terms for establishing the required liquidity, a development which contributed to the material improvement of borrowing spreads. Furthermore, the timely and accurate identification of the sector’s requirements and their prompt fulfilment in the first half of the year minimised the impact of the liquidity crisis on the Bank's business volumes and helped sustain the high expansion rate of the Group’s activities. A noteworthy event was the placement in early 2007 of a Euro 1.5 billion 5-year bond issue, which was highly oversubscribed. This issue was the largest ever to be made by a Greek bank in the international capital markets. As a result, it monopolised the interest of investors and was established as a benchmark in the Greek market.

Equally important to the Bank is the fact that it maintained for yet another year one of the top positions in the evaluation rankings of Primary Dealers in the market of Greek Government bonds, thus confirming its significant contribution to the operation of this market in Greece.

Finally, it should be noted that the Bank was ranked in 2nd place internationally thanks to the highly successful forecasts of its Market Analysis Department regarding currency parities in the medium-term, a distinction that enhanced the Bank’s international visibility.

Project Finance

Our business activities and volumes in the Project Finance sector were also characterised by significant growth, with new financing agreements in excess of Euro 400 million concluded in 2007.

The Bank undertook to organise complex financing projects in Greece and in the wider region of Southeastern Europe in the infrastructure, property development and energy sectors.
A major event in Greece was the signature, jointly with the Calyon, Natexis and BCP Millennium banks, of financing agreements worth Euro 1,680 million for the project concerning construction and operation of the

Elefsina-Korinthos-Patras-Pirgos-Tsakona motorway. With a total budget of nearly Euro 2,800 million, this is the largest toll motorway in Europe.
The Bank also actively participated in major international project finance syndicated loans for securing financing for motorways, airports, biofuel power plants etc.

As was the case in 2007, Project Finance activities in the coming years are expected to develop in the following sectors:

- Financing of infrastructure and energy projects in Greece and abroad, with emphasis on projects in the wider geographical region where the Bank is active.
- Financing of public infrastructure projects to be carried out in the form of Public-Private Partnerships (PPPs).
- Financing of commercial properties, office premises, stadiums, hotel facilities and residential complexes. Emphasis shall remain on selected investments in the Balkans, where high returns and significant investment opportunities attract the interest of international investors.

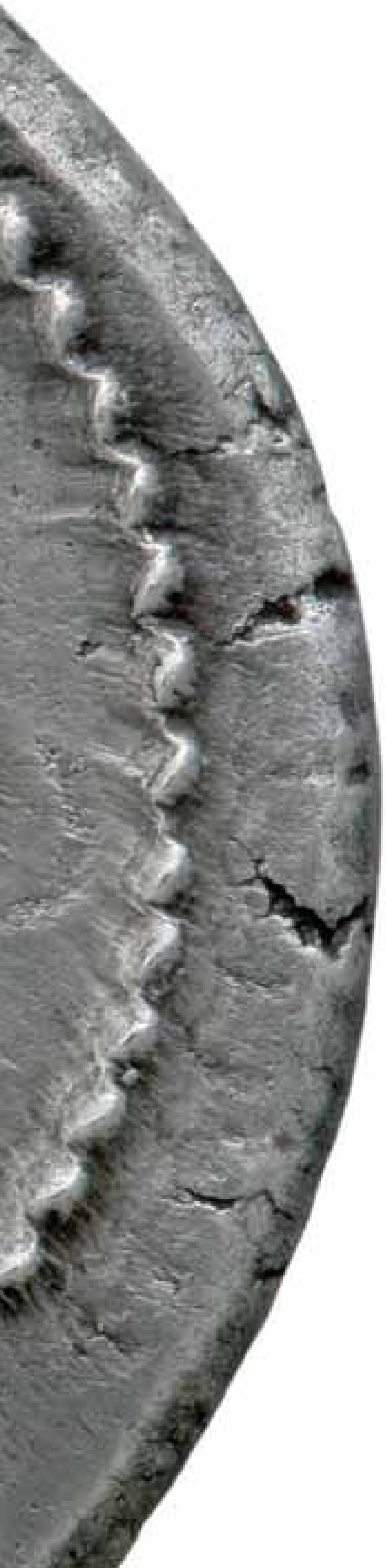
Venture Capital, Equity Financing

Prospects for the Venture Capital / Equity Financing sector remain positive, as:

- Many Greek businesses are in the process of restructuring and are expanding into new markets. The financing of structural changes provides significant investment opportunities to Venture Capital companies, as specialised financing schemes are selected during the transition period.
- Investment opportunities arise in those countries of Southeastern Europe where conditions of rapid economic growth exist.
- Small and medium-sized enterprises, that comprise the target market, are expected to become more familiar with the institution of venture capital as, in addition to financing, it also provides them with know-how and support in organisation, administration and other matters.

The investment strategy of Alpha Ventures remains focused on companies with predictable cash flows and clear growth prospects, and on investments with a predetermined period for liquidation, either via internal cash flow or via sale to a strategic investor or listing on a regulated capital market. Our priority is on sectors with rapid growth dynamics and on companies capable of taking advantage of opportunities in their areas of activity while at the same time having the potential to become competitive and achieve substantial profits.
In this context, discussions are under way concerning three new investments amounting to Euro 25-30 million.

During 2007, the company's gross profit before tax exceeded Euro 3 million. The two most important cash inflows from dividends and from the sale of stocks were those of AEF European Capital Investments BV (Euro 1.7 million), and BIOMAGN (Euro 1.2 million).



OPERATIONAL SYSTEMS AND DISTRIBUTION CHANNELS

Naxos. Silver tetradrachm, ca 460 BC

O: Head of Dionysos.
R: NAXION. Ithyphallic Silenos squatting and holding a kantharos in his right hand.

The tetradrachm of Sicilian Naxos is among the masterpieces of ancient Greek art and is an excellent example from the Classical period, on a par with monumental sculpture.

OPERATIONAL SYSTEMS AND DISTRIBUTION CHANNELS

Operational Restructuring

The key priorities on which implementation of the Bank's extensive operational restructuring programme was based during 2007 were the following:

- Completion of the project for the centralisation of related activities under Specialist Product and Service Central Support Units, with the aim of raising productivity and enhancing the quality of products and services;
- Development of uniform procedures and improvement of internal controls;
- Upgrading of IT infrastructures; and, most importantly;
- Provision of direct support to the Operational Units and to the requirements for rapid deployment of their activities, focusing on the transformation of Branches into product and service promotion Units targeting private individuals and small businesses.

In particular, during 2007 the Mortgages and Letters of Guarantee Central Support Units came into full operation, and are now supporting the entire Branch Network through the corresponding new systems for handling and management of customer applications. The new Business Loans Central Support Unit is also expected to come into operation in 2008, as the project for the development of a new business loans application has reached an advanced implementation stage.

For yet another year significant work was carried out to support numerous new products developed during 2007, and to upgrade existing ones, in order to improve their competitiveness in response to new market and customer service conditions, as better service times are achieved and the quality of the products and services that we provide improves.

Particular emphasis is given to further developing the alternative distribution channels, with the aim of gradually increasing the percentage of transactions conducted through them. The most important projects in this sector were the completion of the upgrade of the entire ATM network, the new design of ATM screens, and the development of a system allowing customers to submit requests for conducting foreign trade transactions using the Internet.

Beyond the continuous development of alternative distribution channels, the Bank is forging ahead with the redesign of the transactions conducted in the Branches in order to streamline and further automate them, and thus achieve reduced customer service times. The first phase of the project, which includes the relevant study, the activation of new transactions and the redesign of existing ones, has already been completed. In the second phase, scheduled for implementation in early 2008, transactions are planned to be integrated into automated workflows.

In line with the Bank's standing policy of giving priority to continuous quality improvement, certification of the services provided is planned. In 2007 the Bank's software development operations were ISO-certified, and the Bank's goal is to also obtain certification for other services, such as alternative distribution channels, payments and foreign trade operations.

A Customer Service facility has also been established, operating as a single-number Call Centre on a daily basis (Monday to Sunday, from 8 am to 10:30 pm). The establishment of this Service and its incorporation in the Customer Service Department allows centralised handling and prompt resolution of arising issues, while at the same time the numbers and reasons of the calls made are analysed, and proposals are submitted and carried out to prevent the same issues from arising again in the future.

In what specifically regards the implementation of uniform policies and procedures at the Group level, manuals were issued which cover, based on best practice, the key activity areas, to ensure the Bank's operation according to uniform regulations and procedures, minimising operational risk. The actions required for their application to the Group companies located abroad are expected to be completed by late 2008.

Equally important projects have been carried out for upgrading IT infrastructures and systems, and their expansion continues with new SAP accounting platform applications for automating additional operations.

Furthermore, a number of projects were implemented to adapt the Bank's environment to the requirements of the regulatory authorities. Compliance with the requirements of the new capital adequacy framework of Basel II and alignment of systems with the European Payments Council requirements for crossborder fund transfers within the Single Euro Payments Area (SEPA), in effect since late January 2008, are two of the projects implemented during 2007.
An Anti-Money Laundering (AML) system was also developed and will come into operation in February 2008, as part of the activities for improving procedures in order to prevent use of the financial system for the purposes of money laundering and terrorist financing.
With regard to the security of systems and data, particular attention is given to ensure the maximum possible protection for customers, as well as Employees, who are using the services.

Of the projects concerning domestic Group companies, we mention indicatively the development of a new Mutual Funds IT system for Alpha Asset Management A.E.D.A.K., and the development of a property valuation system for Alpha Astika Akinita S.A., both of which are scheduled for completion in the first quarter of 2008.

With respect to the projects carried out to support our activities abroad, in addition to the creation of numerous new products, the expansion of the ATM network and the introduction of Web-banking, phone banking and other services, the most important project currently underway is the creation of a “Uniform Technology Platform for the International Network”. Its completion will allow the provision of uniform support to all banking operations (Core & Web Banking System). According to the project schedule, during 2008 integration into this platform will concern, in order of implementation, the networks in

FYROM, Bulgaria and Serbia, to be followed by the networks in Romania and Albania.

All the above are indicative references to the major projects carried out during 2007 that fall within the overall framework of operational restructuring of Alpha Bank's operations, which also includes projects already underway or scheduled for later on. Projects in this category are the following:

- The new Customer-centred system;
- The revision of the current Business Continuity Plan for the Bank and for domestic Group Companies, using modern methodologies;
- The installation of the new business loans application, and the installation of an application for centralised management of overdue debts;
- The upgrade of the infrastructure used for managing the subscribers of alternative distribution channels and for consolidating these at the Group level;
- The upgrade of the Branch Platform; and
- The installation of special-purpose Customer Relationship Management (CRM) software.

The above demonstrate the importance of operational restructuring, whose projects form part of the activities for developing the best operational model and the Strategic IT Planning, and are aimed at increasing productivity, strengthening internal control mechanisms, upgrading customer service quality and containing operational costs.

Branches and Alternative Distribution Channels

Branch Network

Following a period of restructuring of our Branch Network in Greece, mainly after the merger with the Ionian Bank, our policy is now focused on its further growth with new Branches, thus strengthening our efforts to sustain our dynamic expansion into retail banking. During 2007 we opened 20 new Branches in Greece, including Commercial Centres. As a result, our Network at the end of the year numbered 395 Branches and 15 private banking customer service centres. According to our updated Agenda 2010 Business Plan, the growth of our Branch Network in Greece and in Southeastern Europe will accelerate in the coming years, towards our ultimate aim of having in place a Network of 1,500 Branches in total by the year 2010, of which more than 500 will be in Greece.

In parallel with the expansion of the Network, an extensive Branch renovation, extension and relocation programme is under implementation, both in Greece and abroad. Furthermore, the extensive renovation of a Bank-owned building in Agios Stefanos has been completed and the building has been turned into a Training Centre with specially designed rooms and comprehensive teaching aids. This building also houses the Agios Stefanos Commercial Centre, and other Head Office Services are also gradually relocating there. In addition, as of 2007 the Bank's Private Banking, IT Centre and Electronic Data Processing Division are housed in renovated premises that fully meet the increased requirements of these Units.

The efforts to implement the Branch Network growth strategy in Southeastern Europe were intensified during 2007 with successful results and all scheduled new Branches came into operation despite many problems, primarily concerning the infrastructure in these countries. The scheduled Branch renovations and relocations were carried out, the Administrative Services in Cyprus were relocated to a privately owned building, and similar premises are under construction or renovated in Romania, Bulgaria, Serbia and Albania.

Alternative Distribution Channels

A pioneer in exploiting the capabilities offered by new technologies, Alpha Bank is constantly expanding and improving channels for the promotion of products and services in order to meet customer requirements by offering high-quality, reliable automated banking services. Technological developments in automated services add value to existing services and cover nearly all the day-to-day needs of customers throughout the country.
During 2007, 46% of all transactions by Bank customers were conducted via alternative distribution channels.

The alternative distribution channels that the Bank is using to make its services available to customers are the following:

Automated Banking, including ATMs and Automated Pay Centres for transactions involving cash deposits.

Alpha Bank was the first bank to install ATMs in Greece in 1981, opening the way for the advent of modern banking technology. On 31.12.2007 our ATM network numbered 781 units, of which 474 are located in Branches and 307 in other premises. ATMs account for approximately 80% of the Bank's total cash withdrawal transactions, resulting in reduced customer service costs and times. On the basis of the number of transactions per ATM, the Bank is ranked 2nd in the market. With a view to further strengthening our position in the market and to providing our customers with an improved level of service, more than 220 feasibility studies were conducted during 2007 on issues relating to the installation of ATMs off-site (i.e. not in Branch premises).
November 2007 saw the completion of the final phase of an upgrade of the ATM units, so that all units now function in accordance with the technology, telecommunications and security requirements of the new environment. Great importance was given to increasing the security of ATM transactions, with the addition of new mechanisms and the completion of EMV certification projects for cards issued by domestic and foreign third parties.
Also underway is the pilot operation of ATM units enabling cash deposits in bundles, and a programme for deposits and cash payments of card accounts and consumer loans of the Bank without use of an envelope.

As regards Automated Pay Centres (APCs), their number quadrupled during 2007. As a result, a total of 115 units are now in operation, to which around 58% of card payment transactions in cash, previously conducted at Teller positions of the respective Branches, have been transferred. The APC status monitoring system was upgraded, while as of 2007 our customers are able to also use APCs to make deposits.

Alpha Web Banking, providing banking services to private individuals and small and medium-sized businesses via the Internet. Alpha Bank was a pioneer in this field too, since it was the first to introduce web-based banking transactions in 1996. Transactions involving cash transfers to third parties and managing subscriber profiles are now more secure, utilising a special device generating once-only random codes. More than 84,000 subscribers are already using these services (up 17% from 2006), while transactions in 2007 increased to 32,000,000 (up 29% from 2006).

A new web-based service launched in 2007 is the **Alpha Web International Trade**, which allows Bank customers involved in import-export activity to monitor the progress of related files and agreements, send electronic requests for adjustments and documentary credit for imports, and submit in the documents required electronic form. Subscribers to this service already number 41 companies.

Alphaline, offering banking services to businesses via an application installed in customers' computers. The enhanced Alphaline II version allows operation in a multi-user networked environment. Subscribers to this service now number 1,000 businesses.

Alpha Bank m-Banking, providing banking services via Wap or i-mode-enabled mobile telephone. Customers can access the balance of their deposit and credit card accounts, transfer funds and make payments to third parties, and receive updates on share prices and FX parities. All information regarding credit cards is now available on a 24-7 basis. Advances in Internet connection technology have made services more user-friendly and have helped attract the customers’ interest in this service.

Alpha Phone Banking, providing banking services by telephone, via either the automated 24-hour IVR system, or specially trained operators. Calls to the Alphaphone Banking service increased by 52% in 2007.

Call Centre, serving all customers seeking information about the Bank's products and services and the Alphaphone subscribers in their banking transactions and other queries, and providing customer service to users of alternative distribution channels. The new card activation and Branch hotline services were introduced in 2007. The Call Centre now operates on the basis of uniform working hours and processes more than 240,000 calls per month.

Electronic Commerce Service (Alpha e-Pay), allowing customers to conduct purchases via the Internet using their credit card. A total of 240 new companies joined the service in 2007.

Mass collection/payment services via electronic network transfer, for collection of payments due via standing orders and/or alternative distribution channels. With nine new companies joining these services in 2007, subscribers are now able to make payments to 60 public enterprises and other organisations.

Alpha Bank Website (www.alpha.gr), containing information for customers and investors regarding the Bank, the Group, and the services provided. More than 1,000,000 visits are recorded on average each month.

Statistics for 2007 confirm the great popularity of these services with the customers. According to data of the Hellenic Bank Association, Alpha Bank holds a share of around 30% of active subscribers and 44% of cash transactions, with a share of 46% in interbank payments via electronic network (DIAS).
A significant contribution to the above results was made, among others, by the implementation of a systematic promotional plan comprising visits to more than 180 companies, participation with a dedicated stand in the DTE Technology Fair, participation with a presentation in the Eurobanking 2007 Conference, and participation in other conferences and training programmes.

Finally, it should be mentioned that implementation of a uniform infrastructure for alternative channel subscription services across all Group companies is in its final testing stages and will enter production within 2008.

RISK MANAGEMENT

Syracuse. Silver decadrachm, ca 400 BC

O: Quadriga with Nike above crowning the charioteer. In exergue, panoply
R: ΣΥΡΑΚΟΣΙΟΝ. Head of Arethousa surrounded by four dolphins.

Unsigned work by the engraver Kimon. Numismatic art reaches its peak with the renowned decadrachms of Syracuse, created by two prominent artists, Kimon and Euainetos.

RISK MANAGEMENT

Market Risk

Market risk is the risk of losses arising from unfavourable developments or fluctuations in interest rates, exchange rates, equity prices and commodities. Losses may also occur from the trading portfolio and the management of assets and liabilities.

Trading Portfolio

The market risk is measured by the Value at Risk (VaR). The method applied for calculating Value at Risk is historical simulation. The Bank applies a holding period of 1 and 10 days, depending on the time required to liquidate the portfolio.

To calculate VaR for 1 day of the Bank's trading portfolio, a 99% confidence level and a two-year observation period were applied. The results for the trading portfolio in 2007 are shown in Table 1.

The Group subsidiaries hold very small positions and have very low limits for their trading portfolio, and consequently their exposure to risk is negligible.

The Value at Risk methodology is complemented with stress tests based on both historical and hypothetical extreme movements of market parameters, in order to estimate the potential size of losses that could arise in extreme conditions.

Within the scope of policy-making for financial risk management by the Assets and Liabilities Management Committee (ALCO), exposure limits and maximum loss (stop loss) for various products of the trading portfolio have been set. In particular, limits have been set for the following risks:

- Currency risk for spot and forward positions.
- Interest rate risk for positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options.
- Price risk for positions in shares, index Futures and Options.
- Credit risk for interbank transactions, corporate bonds and Government bonds of emerging markets.

Positions held in these products are monitored during the day and are examined for checking the percentage coverage and any overruns of the corresponding limit.

Table 1

Trading Portfolio

	2007					2006
(in Euro million)	Currency Risk	Interest Rate Risk	Price risk	Cross-correlation impact	Total	Total
December 31	130	400	58	-267	321	1,287
Average daily Value (annual basis)	364	819	565	-728	1,020	2,088
Maximum daily Value (annual basis)	1,039	2,345	1,266	-1,623	3,028	4,640
Minimum daily Value (annual basis)	71	259	53	-160	223	547

Assets/Liabilities Management

Market risk may also arise, apart from the trading portfolio, from the structure of the assets and liabilities in the Group's portfolio of loans and deposits. This is a foreign currency and interest rate risk.

The Group takes on exposures based on the fluctuations in foreign currency exchange rates. The General Management sets limits on the level of exposure by currency and in total, for both overnight and daily positions. The aggregate position is derived as the sum of the current positions shown on the Balance Sheet, and the net forward position held in derivatives.

As part of the analysis of Assets-Liabilities with respect to interest rate risk, a Gap Analysis of the investment portfolio is conducted on a regular basis. Assets and liabilities are categorised into two time periods (gaps), depending on the date until which their interest rate is contracted (for items with a floating interest rate) or on their maturity date (for items with a fixed interest rate).

The results of the Gap Analysis of Group Assets and Liabilities as at 31.12.2007 are shown in Table 2.

By using the Gap Analysis results and applying alternative scenarios involving changes in market interest rates or changes in the Bank's and Group's base interest rates, the corresponding change in net interest income and in the net position held in items Available for Sale can be calculated immediately

Credit Risk

Credit risk is the risk of a counterparty (borrower) failing to honour their contractual obligations (repayment of loans on the dates due as specified in the loan agreement). In order to deal with such eventualities, the Bank, on a continuous basis, reviews loans for impairment (Impairment Test) in accordance with the principles laid out in IAS 39, either individually or collectively (at the portfolio level), using specific rules which it has instituted.

Table 2

Gap Analysis as at 31.12.2007

(in Euro million)	TOTALS	< 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	> 5 years	Non-interest bearing
Assets	54,684	28,594	8,585	5,751	1,276	7,104	689	2,685
Liabilities	50,393	34,034	10,606	1,908	789	1,272	8,775	1,776
Equity	4,291	0	888	0	0	0	0	3,403
Table Liabilities and Equity	54,684	34,034	11,494	1,908	789	1,272	8,775	5,180
Gap		-5,440	-2,909	3,843	487	5,833	681	-2,494
Cumulative Gap		-5,440	-8,349	-4,506	-4,019	1,814	2,494	0

Impairment testing focuses on loans past due over 90 days which as a percentage of the overall portfolio decreased significantly during the year and stood at 3.7% at the end of 2007 as compared to 5.1% at the end of 2006, with coverage through collaterals standing at 130%. Apart from loans past due, there are other trigger events that can initiate Impairment Testing.

In order to manage credit risk more effectively, Alpha Bank has created a specific framework of systems and methodologies for the calculation of credit risk which is constantly updated. As a result, all Business Units are more efficiently supported in their decision making process and any possible negative consequences in the Group’s financial results are prevented.

Credit risk is measured using both internationally recognised rating models and internal credit risk rating systems developed by the Bank. Internationally recognised statistical methods are also applied for rechecking and verifying the results produced by these models. These standards use quantitative and qualitative rating criteria, combined with other behavioural criteria, so that the probability of default is statistically measured.

Moreover, on a systematic basis, there are stress tests performed on different crisis scenarios in order to measure their impact on the Group’s financial results, the behaviour of the creditors and the wider economic environment.

Significant changes in the economy and in the overall trends of particular sectors may entail additional risks, which are countered by instituting appropriate credit limits for individual borrowers or groups of borrowers and monitoring such limits on an ongoing basis. In the case of borrowers who also have open credit positions with other Group companies, their total exposure to the Group is taken into consideration when assessing credit risk.

Thus, a precondition for correct approval decision-making in connection with business financing is proper credit risk rating, obtained using the Moody’s Risk Advisor (MRA) rating system, and the ongoing assessment of the market value of the collateral provided, always in strict adherence to the Credit Policy and Procedures Manual.
For consumer credit in particular, development of a sufficient number of credit rating behavioural scorecards and of the application-fraud scorecard was completed. Additionally, the integration of all credit policies applicable to private individuals into a single policy is being implemented, in cooperation with external associates. In parallel, strong emphasis is given to cross-selling techniques through promotional activities by the Bank's operational Units, always within a prudent risk management framework.

Credit rating systems evolve constantly with the goal of including all of the Group’s credit portfolios, as required by the new capital adequacy regulations. The rating scale used is comprised of nine levels.

Moreover, the largest borrowers are monitored for risk concentration on a regular basis and these results are presented to General Management and the Board of Directors.

A major change in 2007 was the implementation of the new regulatory framework (Bank of Greece Governor's Act 2577/2006), whereby the Bank of Greece called for the separation of the approval and recommending responsibilities. Thus, decisions concerning the undertaking of credit risks require the participation of at least two officers of the credit institution: one from the Credit Business Unit and one from the Units managing relationships with business customers. In line with these requirements, the Bank established the Group Credit Unit which is responsible for credit risk management in Greece and in our Units located abroad and participates in the Credit Committees appointed each time for deciding on business credit applications. The Credit Policy Division was also established in 2007, and is responsible for recommending the credit policy principles and monitoring adherence to the credit policy regulations and procedures by the Bank's Units and responsible Officers. Finally, the Credit Workout Division was established in May 2007 and was tasked with the management of debts in temporary arrears by small businesses and of complex claims that involve large amounts and require special handling.

Furthermore, the Group is currently implementing a new IT system that will allow it to apply successfully the requirements of the new framework concerning the capital adequacy of Banks (Basel II) across the entire Group. In parallel, the necessary Probability of Default (PD) and Loss Given Default (LGD) models are being developed with the aim of applying advanced methods in the calculation of capital requirements.

Liquidity Risk

Monitoring liquidity risk focuses on the Group's ability to maintain sufficient liquidity to discharge its obligations as these arise from transactions.

The largest part of the Group's Assets is financed by customer deposits and bonds issued by Alpha Bank. Such financing may be classified in two categories:

a. Customer deposits used to cover cash needs. Deposits covering cash needs are savings and sight deposits. Even though such deposits may be withdrawn on request with no advance notice, dispersion over a large number of depositors belonging to various types ensures that no significant unexpected fluctuations will occur. Thus, these deposits constitute in their majority a stable deposit base.

b. Customer deposits and bonds used for investment purposes.
Customer deposits and bonds used for investment purposes consist of term deposits and repos, and the sale of bonds issued by Alpha Bank.

As regards total customer deposits, their balance is broken down by customer and the 50 largest depositors are monitored.

The Bank's liquidity risk is monitored on a regular basis by calculating the Liquidity Indices according to the requirements of the Bank of Greece (Bank of Greece Governor's Act 2560/1.4.2005):

- The Liquid Asset Ratio, and
- The Short-Term Asset - Liability Mismatch Ratio

During 2007, the Liquidity Indices fell within the limits determined by the Bank of Greece (Bank of Greece Governor's Act 2560) and internally by the Assets-Liabilities Committee (ALCO). In addition, the behaviour of the Liquidity Indices in response to hypothetical changes in the volumes of Assets and Liabilities (scenario analysis), including extreme changes thereof (stress testing), is regularly assessed.

At the beginning of each year, budget data is used to identify the financing requirements of the Bank and of the Group, and the actions required to meet them are decided, so that the corresponding Liquidity Indices remain within the instituted limits throughout the year.

The Bank and the Group regularly conduct Liquidity Gap Analyses. All cash flows arising from Asset and Liability items are calculated and categorised in the particular period of time when they are expected to occur, with the exception of the securities of the trading portfolio and of assets available for sale. These portfolios, which are easily liquidated, are categorised in the first period, taking into account the relevant liquidity factors (haircuts).

The results of the Liquidity Gap Analysis for the Group as at 31.12.2007 are shown in Table 3.

Operational Risk

Operational Risk is the risk of loss arising from inadequate or ineffective internal procedures, systems and people or from external events.

Although Alpha Bank Units have been systematically managing operational risk themselves until now, the Bank proceeds with the modification of existing practices taking into account current best practice and the requirements of Basel II.

During 2007, the Basel II operational risk project aimed at applying a standardised method for calculating regulatory capital requirements was completed, and the Operational Risk Management Policy and Procedures Manual was adopted by the Group.

Table 3

Liquidity Gap Analysis as at 31.12.2007

(in Euro million)	**TOTALS**	**< 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**> 1 year**
Assets	54,684	10,385	3,119	4,047	6,675	30,458
Liabilities	50,393	12,434	3,923	1,998	2,686	29,351
Equity	4,291					4,291
Total Liabilities and Equity	54,684	12,434	3,923	1,998	2,686	33,642
Liquidity Gap		-2,049	-804	2,049	3,989	-3,185

Since the beginning of the year, priority was given to gathering information on operational risk loss events. To this end, the Bank has purchased and installed a relevant system which is already used for logging such events.

Finally, it should be noted that as of 2005 the Bank is a member of the KRI Library Services, an initiative of the Risk Management Association (RMA) in collaboration with RiskBusiness Consultants.

Risk from International Activities

The rapid growth of our activities abroad led to the need for promoting to the Units located abroad the risk assessment methods and techniques applied by the Bank and for applying risk management policies and procedures at the Group level. In this context, during 2007 all our Units located abroad were staffed with risk management officers, with Risk Management Divisions being established in the larger ones amongst them, where specialist Staff assumed management of individual risk categories.

The organisational structure and operating method of the risk management Units located abroad have already been adapted since early 2007 to the uniform specifications applied at the Group level. In parallel, common methodologies and data monitoring practices are applied for assessing the various categories of risk, such as market, liquidity and credit risk. In particular, undertaking of credit risk takes place through the selective expansion of credit portfolios. Expansion of loans to small businesses and private individuals takes place after examining the risks involved, also taking into account the conditions in the local market, the existence of centralised information systems or the lack thereof etc.

Development of risk management operations in foreign countries is implemented through large-scale projects supported by external consultants. Units located abroad are gradually being integrated into the centralised risk management systems, such as the internal credit rating system for businesses. In parallel, credit rating models for private individuals are developed and local organisational structures and internal procedures are adapted with the aim of applying risk management best practices to loans to private individuals, drawing on the transfer of relevant know-how from Alpha Bank.

Finally, in 2007 the project for application of operational risk management procedures was launched in the Units located abroad, with the formulation of the corresponding internal procedures for gathering information on the respective loss events. This function will be supported by the centralised SWORD application gradually being installed in Units located abroad.

CAPITAL ADEQUACY

Larissa, Thessaly. Silver didrachm, 395-344 BC

O: Head of nymph Larissa.
R: ΛΑΡΙΣΑΙΩΝ. Bridled horse trotting.

The frontal view of the head of nymph Larissa constitutes an excellent example of the work of a skilful engraver and is placed among the finest creations of 4th-century BC stamping art in the Greek region.

CAPITAL ADEQUACY

The Bank's policy aims to sustain a strong capital base in order to ensure growth and secure the trust of the clients, the Shareholders, the markets and all other parties involved in its transactions.

The capital adequacy of the Group is regulated by the Bank of Greece, to which the Bank sends quarterly reports.

The capital adequacy ratio compares the Group's regulatory own funds with the risks that it undertakes (risk-weighted assets). Regulatory capital includes Tier I capital (share capital, reserves, minority interest), additional Tier I capital (hybrid debt) and Tier II capital (subordinated debt and fixed asset revaluation reserves). As to risk-weighted assets, these include the credit risk of the investment portfolio and the market risk of the trading portfolio.

The Group uses all modern methods to manage capital adequacy. It has issued hybrid and subordinated debts which are included in the calculation of regulatory funds. Issuing such debt enhances shareholder value as its cost is lower than that of raising share capital.

For 2007, the core capital ratio of 7.8% and the total capital adequacy ratio of 12.5% are much higher levels than the minimum required by the relevant Bank of Greece Governor's Act (4% and 8%, respectively), thus allowing the Group to sufficiently cover the development of its activities in all sectors.

Finally, Alpha Bank is "A" rated bank by all the major international rating agencies, (Standard & Poor's: A-; Moody's: A1; Fitch Ratings: A-), reflecting sound capital and profitability prospects.

(in millions of Euro)	**31.12.2007**	**31.12.2006**
Risk-weighted assets from credit risk	39,756	32,603
Risk-weighted assets from market risk	591	865
Total risk-weighted assets	40,347	33,468
Upper Tier I capital	3,129	2,701
Tier I capital	3,877	3,413
Total Tier I + Tier II capital	5,025	4,315
Upper Tier I capital ratio	7.8%	8.1%
Tier I capital ratio	9.6%	10.2%
Total capital adequacy ratio (Tier I + Tier II)	12.5%	12.9%

CORPORATE GOVERNANCE

Pyrrhos, Epirus, 295-272 BC. Silver tetradrachm, ca 280-278 BC

O: Head of Zeus Dodonaios.
R: ΒΑΣΙΛΕΩΣ ΠΥΡΡΟΥ. Dione enthroned, holding sceptre in right hand.
Mint: Locri Epizephyrii, Bruttium.

In 281 BC, in response to the request of Taras, Pyrrhos, King of the Molossi of Epirus, launched a military expedition to South Italy and Sicily, in order to protect the Greek cities there. During the campaign he issued coins in the local mints, on which were represented, inter alia, the great patron deity of Epirus, Zeus Dodonaios, and Dione, the god's consort.

CORPORATE GOVERNANCE

Corporate Governance is a set of principles on which Alpha Bank is organised, operated and managed, in a manner safeguarding the legitimate interests of all those associated with it. For Alpha Bank, proper and responsible adherence to the principles of Corporate Governance is a fundamental requirement for creating value for its Shareholders and for society at large. The principles of Corporate Governance apply to issues such as: the term of office of members of the Board of Directors; the functioning of the Audit Committee and of the Risk Management Committee; the Internal Audit and Compliance functions; and the functioning of the Executive Committee.

Board of Directors

At its meeting of 27.2.2007, the Bank's Board of Directors elected Mr. Evangelos J. Kaloussis, Chairman and Managing Director of NESTLE HELLAS S.A., as Non-Executive Independent Director, in replacement of Mr. Panagiotis I. Athanasopoulos who, after a short tenure as Board Member, submitted his resignation after his appointment as Chairman and Managing Director of the Public Power Corporation (D.E.H.).

Following the resignation of Mr. Panagiotis I. Athanasopoulos, the Ordinary General Meeting of the Shareholders, held on 3.4.2007, ratified the election of Mr. Evangelos J. Kaloussis.

The Board of Directors has been formed into a body as follows:

CHAIRMAN (Executive Director)

Yannis S. Costopoulos

Born in 1938. Studied Shipbuilding at King's College, University of Durham, UK. He began his career in the Bank in 1963, becoming Managing Director and General Manager in 1973, Chairman of the Board and General Manager in 1984, Chairman of the Board and Managing Director in 1996, and Executive Chairman as of 23.2.2005.

VICE-CHAIRMAN (Non-Executive Director)

Minas G. Tanes

Born in 1940. Chairman of Athens Brewery S.A. Member of the Bank's Board since 2003. He was elected non-Executive Vice-Chairman in replacement of Mr. Kanellopoulos at the meeting of 27.7.2006.

EXECUTIVE DIRECTORS

MANAGING DIRECTOR

Demetrios P. Mantzounis

Born in 1947. Studied Political Science at the University of Aix-Marseille. Has been with the Bank since 1973, becoming General Manager in 2002. On 23.2.2005 he was elected Managing Director. He is Vice-Chairman of the Hellenic Bank Association.

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Marinos S. Yannopoulos

Born in 1953. Studied Economics at Sussex University (MA in Industrial Economics) and Business Administration at the Manchester Business School (MBA). He worked for 15 years abroad with Chase and then Exxon (London, New

York, Frankfurt, Milan, Rome), and then for 2 years as General Manager of the Ionian Bank. He has been with Alpha Bank since 1994, first as Executive General Manager and as of 23.2.2005 as General Manager and Chief Financial Officer (CFO).

Spyros N. Filaretos

Born in 1958. Studied Economics at Manchester and Sussex Universities. Has been with the Bank since 1985. In 1997 he became an Executive General Manager and on 23.2.2005 General Manager. He is Chairman of the Executive Committee of the Hellenic Bank Association.

Artemis Ch. Theodoridis

Born in 1959. Studied Economics and holds an MBA from the University of Chicago. Chairman and Managing Director of Alpha Finance, Executive General Manager of the Bank since 2002 and General Manager as of 23.2.2005. He has served as a member of the Board of the Athens Stock Exchange (1996-1999) and a member of the Board of the Central Securities Depository (2000-2002).

NON-EXECUTIVE DIRECTORS

George E. Agouridis

Born in 1952. Lawyer and Chairman of the Greek Advisory Committee of the "Stavros S. Niarchos Foundation". Member of the Board since 2000.

Sofia G. Eleftheroudaki

Born in 1954. Managing Director of the G.C. Eleftheroudakis S.A. Bookstore and Publishing Co. since 1983. Elected to the Bank's Board in 2005.

Paul G. Karakostas

Born in 1945. Chairman and Managing Director of GENKA Investment S.A. Elected to the Bank's Board in 2000. Has served as Chairman of the Greek-British Chamber of Commerce and of the Greek Wine Association.

Nicholaos I. Manessis

Born in 1949. Chairman of the Board and Managing Director of Hellenic Halyvourgia S.A. In 2005 he was also elected to the Bank's Board.

NON-EXECUTIVE INDEPENDENT DIRECTORS

Pavlos A. Apostolides

Born in 1942. Graduated from the Law School of the University of Athens. Member of the Board since 2004. Entered the Diplomatic Service in 1965 and served, inter alia, as Greek Ambassador to Cyprus and Permanent Representative of Greece to the European Union (Brussels). In 1998 he became General Secretary of the Foreign Ministry and in 1999 he was appointed Director of the National Intelligence Service. Was pensioned off in November 2004.

Thanos M. Veremis

Born in 1943. Professor of Political Science at the University of Athens since 1987. Member of the Bank's Board since 2000. Is also a member of the Board of the Greek European and Foreign Policy Foundation since 1988, and served as its Chairman from 1995 to 2000.

Evangelos J. Kaloussis

Born in 1943. Chairman and Executive Director of NESTLE HELLAS S.A., responsible for Southeastern

Europe since 2001. Is also Chairman of the Federation of Hellenic Food Industries (SEVT) since 2006, and a member of the Board of SEVT since 2002. Was elected to the Bank's Board in 2007, in replacement of Mr Panagiotis I. Athanasopoulos.

Ioannis K. Lyras

Born in 1951. Chairman of Paralos Maritime Corporation S.A. Member of the Bank's Board since 2005. Served as Chairman of the Association of Greek Shipowners from 1997 to 2003. Represents the Association of Greek Shipowners in the Board of the European Community Shipowners' Associations.

SECRETARY

Hector P. Verykios

Born in 1948. Holds a degree in Political Science from the University of Geneva and a Master's degree from Harvard University (USA). Worked at the Information Division of the International Secretariat of NATO in Brussels from 1973 to 1984. Has been with Alpha Bank since 1985, and in 1990 became Secretary of the Bank's Board of Directors.

Audit Committee

Following the departure of Mr Panagiotis I. Athanasopoulos, the Committee as of 27.2.2007 is composed of the following Non-Executive Directors:

- Paul G. Karakostas, Chairman
- George E. Agouridis
- Evangelos J. Kaloussis

The Audit Committee convened eight times under the new composition. It is charged with the task of supervising the work of the Group Audit for Domestic Operations, the Group Audit for International Business and the Compliance Divisions. The Committee was informed of the results of audits conducted by the two Divisions and, in particular, the efficiency and effectiveness of the Internal Audit System. The Committee was informed of relative developments, and monitored the ongoing restructuring of tools and procedures of Internal Audit in order to effectively meet the increasing needs of the Bank and its Group.

The Audit Committee held meetings with the certified auditors of the Bank and the Group, who answered questions, put to them by members of the Committee, on the annual and semi-annual accounting statements. The Committee also met with the General Manager and Chief Financial Officer, Mr. M.S. Yannopoulos, the Group Financial Reporting Officer, Mr. G.N. Kontos and the Group Chief Risk Officer, Mr. A.K. Sakellarakis in order to ensure that the procedures for drawing up the accounting statements and financial reports of the Bank are adequate and effective. The certified auditors and the Managers of the Group Audit for Domestic Operations and Group Audit for International Business Divisions assured the Audit Committee that their audits did not reveal any substantial issue that could materially affect the financial statements and smooth operation of the Bank.

The Committee was informed of the action plans of the Compliance Division and monitored their implementation stages.

The Committee was informed by the Executive General Manager Mr. Ch. E. Papanayotou on the reengineering of the structures and procedures of the Bank and is monitoring its progress.

In order to ensure the independence of the Committee, the meetings took place without the presence of members of the Management, whenever that was necessary. All members of the Committee attended almost all the meetings, the minutes of which are on record. Members did not disagree on any key issue.

The Committee informed regularly the Board of Directors of the matters it monitors, discusses and takes decisions upon.

The collaboration of the Committee with all Bank individuals and the certified auditors was entirely satisfactory and problem free.

Risk Management Committee

The Committee is composed of the following Directors:

- Minas G. Tanes, Chairman
- Evangelos J. Kaloussis
- Marinos S. Yannopoulos

The Group Chief Risk Officer reports to the Risk Management Committee and submits to the Board for approval an effective risk management plan that establishes the conditions for safe development of activities, restricts negative swings in profitability, and contributes to the rational allocation of capital.

Management Remuneration Committee

The Management Remuneration Committee is composed of the following Non-Executive Directors:

- Pavlos A. Apostolides, Chairman
- Ioannis K. Lyras
- Nicholaos I. Manessis

Executive Committee

The Executive Committee is the supreme executive body of Alpha Bank. Its members are the following:

- Yannis S. Costopoulos, Chairman
- Demetrios P. Mantzounis, Managing Director
- Marinos S. Yannopoulos, General Manager and CFO
- Artemis Ch. Theodoridis, General Manager
- Spyros N. Filaretos, General Manager
- George C. Aronis, Executive General Manager
- Christos Ch. Giampanas, Executive General Manager
- Charalambos E. Papanayotou, Executive General Manager

Auditors

The auditors of the Group's semi-annual and annual financial statements are the following:

Regular Auditors: Marios T. Kyriacou
Harry G. Sirounis
Deputy Auditor: Nick Ch. Tsiboukas
They are members of KPMG Kyriacou Certified Auditors S.A.

Internal Audit

With the aim of protecting the Bank's assets and safeguarding the interests of its Shareholders, the Bank operates an Internal Audit system consisting of a range of audit mechanisms and procedures, covering, on an ongoing basis, all of the Bank's activities and contributing to its effective and secure operation.

In order to further strengthen the Bank's Internal Audit Units, the Bank has proceeded to upgrade the audit procedures based on risk assessment. In parallel, we implemented a comprehensive IT system for managing internal audit projects. This system covers administration, execution and evaluation of the audit procedure and generates reports for Management notification at Group level. Moreover, in every country abroad there operates an Internal Audit Unit applying common audit methodologies with Greece.

Compliance

The Bank identifies, assesses and manages the risks to which it may be exposed due to its failure to comply with the regulatory framework in force (compliance risk). In this context, the Bank locates, records, processes and interprets the regulatory framework, follows impending changes and records the deviations in terms of the requirements and obligations for the Bank and for the Group companies, with the aim of assessing their impacts in a timely manner and of safeguarding the interests and the reputation of the Bank.

Major activities in this sector during 2007 were the following:

- The Code of Conduct was issued and published on the Bank's website, in compliance with the principles of Corporate Governance and with the legislation in force, and the Regulations of the Committees of the Board of Directors were completed.
- A Manual on the Prevention of the Use of the Financial System for the Purposes of Money Laundering and Terrorist Financing (Anti-Money Laundering Manual) was issued and circulated to the entire Group. The new Manual was brought up-to-date with the inclusion of the latest provisions of the legislation, and with the provisions of the Decision of the Bank of Greece's Banking and Credit Committee aimed at protecting the legitimate interests of all transactors and at safeguarding their financial transactions.
  In order to ensure adherence to the procedures and support systematic monitoring of suspicious transactions, a new IT system was acquired. This will provide centralised support to the procedures for combating money laundering and terrorist financing. The new system also allows conclusions to be drawn, with the aim of assisting the adoption of preventive measures. The Manual outlines, among others, procedures for effective identification of customers and for application of the KYC ("Know Your Customer") principle. Additionally, a money laundering Officer has been appointed in each of the Bank's Units.

- The Bank's policy and procedures were adapted to meet the requirements of the new Basel II regulatory framework. The relevant new provisions of the Directives of the European Parliament and of the Council, establishing three "Pillars" that constitute the fundamental supervision axes, have already been transposed in the Greek law. According to these, new methods are instituted for determining capital requirements against risks, and capital requirements are also established for operational risk (Pillar 1). Furthermore, the principles, criteria and procedures for handling risks beyond those addressed by the first Pillar are also determined (Pillar 2). The methods for dealing with these risks are decided on, adopted by, and refer to every financial institution separately. Finally, the obligation for disclosure of information in order to strengthen transparency and market discipline is established (Pillar 3).

- Continuous monitoring and coordination was undertaken of the activities to prepare the Bank and the Group for timely compliance with the requirements imposed by the new regulatory framework of the Markets in Financial Instruments Directive (MiFID). The Bank and the Group companies which provide investment services have already proceeded with organisational and operational changes in order to comply promptly with the new requirements, ensuring the transparency and integrity of transactions and the protection of investors.

- Monitoring was undertaken of the stages involved in the transition to the Single Euro Payments Area (SEPA) and of the Bank's corresponding adjustment. The SEPA is the area in which consumers, companies and other financial actors, irrespective of geographic location, will be able to make and receive domestic and crossborder payments in Euro with the same basic terms, rights and obligations. The purpose of the SEPA is to create a unified, competitive and innovative market for law-value payments in Europe without cash. In particular, credit transfers, direct debits and payments using cards will be conducted using a single bank account and a uniform cluster of payment means. During 2007 the Bank developed SEPA products which it will begin to make available to the public in 2008.

- The Bank adapted its operations to the ongoing obligations for provision of information to the investing public and to the procedures for disclosure of major participations, so as to ensure swift and unimpeded dissemination of the relevant information on the basis of quality standards.

- The necessary communication with the auditing and regulatory authorities of the financial system and the representation of the Bank in these authorities were ensured. This guarantees the exchange of information which allows the regulatory framework to be interpreted correctly, as well as the Bank's effectiveness in promptly providing the required data in order to avoid potential sanctions.

- The Compliance Policy and Procedures Manual was compiled, laying down the Group's policy, rules and procedures for regulatory compliance, which are applied across all levels. Furthermore, the Compliance Units in each country must also ensure compliance with the locally applicable regulatory requirements.

- The Fraud Policy and Procedures Manual was compiled, laying down the policy and procedures for the prevention, discovery and mitigation of internal and external fraud, as well as the methods to contribute to the reduction and eradication of the respective risks to the Group.
- Supervision and effective coordination was undertaken of the Compliance Officers of the Group companies and the Branches of the Bank located abroad, so that their activities are harmonised with the Greek regulatory framework in force. Compliance Officers have been appointed, where these were lacking, especially in Group Banks located abroad. These Officers made training visits to the Compliance Division, to be briefed on matters in the area of their responsibility and to exchange views. At the same time, a schedule of activities was established for the provision of information to the Compliance Division concerning the progress made in the implementation of the annual Compliance Plan in each country.
- Compliance Officers participated with speeches and presentations in the Bank's training programme, to consolidate the principles of regulatory compliance and ensure their application, and to foster a corresponding attitude.

The Compliance Division is also responsible for information security. During 2007 particular attention was given to briefing Staff on the Information Security Plan through training programmes. Furthermore, in the context of these briefings, a special leaflet titled "Security is Everyone's Business", drafted in Greek and English, was published in April and was distributed across the entire Group. The deviations from the Information Security Plan have already been identified and recorded, and the next step will be to schedule the actions required to address them. Finally, in November 2007, the Group Information Security Officer organised a two-day conference in Athens, attended by the Information Security Officers of the companies located abroad.

Organisational Chart

- Secretariat of the Board of Directors
- Internal Audit
- Compliance
- Legal Services
- Human Resources
- Credit

General Manager
Spyros N. Filaretos

- Private Banking
- Leasing
- Non-Performing Loans Management
- Financial Institutions

Executive General Manager
George C. Aronis

- Branch Network
- Alternative Channels
- Cards
- Consumer Loans
- Housing Loans
- Small-sized Business Financing
- Asset Gathering
- Marketing and Public relations
- Bancassurance
- Factoring

Executive General Manager
Christos Ch. Giampanas

- International Network
- International Network Planning and Development
- International Retail Banking

Executive Chairman
Yannis S. Costopoulos

Managing Director
Demetrios P. Mantzounis

General Manager
Artemis Ch. Theodoridis

- Treasury
- Brokerage Services
- Shipping
- Medium-sized Business Financing
- Corporate Banking
- Investment Banking
- Project Finance
- Venture Capital

General Manager and CFO
Marinos S. Yannopoulos

- Assets and Liabilities Management (ALCO)
- Asset Management / Mutual Funds
- Corporate Development
- Financial Services
- Tax Issues
- MIS
- Risk Management
- Planning and Budgeting
- Economic Research
- Investor Relations
- Non-core Subsidiaries

Executive General Manager
Charalambos E. Papanayotou

- General Services and Procurement
- Electronic Data Processing
- Software Applications
- Organisation
- Property Management and Security
- Consumer Banking Operations
- Corporate and Investment Banking Operations
- Operations and IT for International Business

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

Cleomenes III, Sparta-Lacedaemon. Silver tetradrachm, 227-222 BC

O: Head of Cleomenes III.
R: ΛΑ. Artemis Orthia with bow and spear; beside Artemis, stag.

It is suspected that represented on the obverse type of the now rare coin of Cleomenes III is the Spartan king himself, a formidable leader and personality. His life inspired two poems by the great Greek poet Constantine Cavafy: Εν Σπάρτη (In Sparta) and Άγε, ω βασιλεύ Λακεδαιμονίων (Come, O King of Lacedaemonians).

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Report on the Financial Statements

We have audited the accompanying Consolidated Financial Statements of ALPHA BANK A.E. (the "Bank") which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are harmonized with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity’s preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view, of the consolidated financial position of the Bank as of 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Director’s report is consistent with the Consolidated Financial Statements.

Athens, 26 February 2008
KPMG Certified Auditors AE

Marios T. Kyriacou	Harry Sirounis
Certified Auditor Accountant	Certified Auditor Accountant
AM SOEL 11121	AM SOEL 19071

Balance Sheet

(Thousands of Euro)	Consolidated		Alpha Bank	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
ASSETS				
Cash and balances with Central Banks	3,263,612	2,675,702	1,650,327	1,477,675
Due from banks	3,509,696	4,636,712	7,349,675	6,184,088
Securities held for trading	266,047	305,991	264,788	346,207
Derivative financial assets	383,432	245,676	384,466	254,566
Loans and advances to customers	42,072,071	32,223,034	35,267,874	28,237,691
Investment securities				
- Available for sale	3,156,901	7,552,602	6,300,377	7,462,388
Investments in subsidiaries, associates and joint ventures	–	–	1,626,100	1,593,550
Investments in associates	5,320	4,091	–	–
Investment property	73,560	31,518	42,370	42,006
Property, plant and equipment	1,173,275	935,996	603,831	544,636
Goodwill and other intangible assets	134,497	117,138	55,836	42,104
Deferred tax assets	170,257	276,973	158,160	261,363
Other assets	385,676	309,840	280,626	229,825
	54,594,344	49,315,273	53,984,430	46,676,099
Non-current assets held for sale	89,945	484,387	54,706	92,513
TOTAL ASSETS	**54,684,289**	**49,799,660**	**54,039,136**	**46,768,612**
LIABILITIES				
Due to banks	4,437,736	6,686,526	5,637,562	7,222,117
Derivative financial liabilities	384,139	224,576	383,129	226,223
Due to customers (including debt securities in issue)	34,665,158	31,014,694	23,334,888	20,372,543
Debt securities in issue held by institutional investors				
and other borrowed funds	9,189,297	6,348,467	20,521,976	15,148,320
Liabilities for current income tax and other taxes	158,797	129,077	127,863	110,102
Deferred tax liabilities	94,807	140,208	82,960	137,901
Employee defined benefit obligations	42,019	548,584	3,733	513,311
Other liabilities	1,323,554	675,003	1,159,012	584,358
Provisions	95,935	65,263	47,796	17,901
	50,391,442	45,832,398	51,298,919	44,332,776
Liabilities related to non-current assets held for sale	1,583	353,595	–	–
Total Liabilities (a)	**50,393,025**	**46,185,993**	**51,298,919**	**44,332,776**
EQUITY				
Share Capital	1,602,809	1,591,286	1,602,809	1,591,286
Share premium	184,033	127,961	184,033	127,961
Reserves	445,662	351,697	333,892	207,853
Amounts recognised directly in equity relating to				
non-current assets held for sale	–	(2,576)	–	–
Retained earnings	1,138,195	686,018	619,483	523,201
Treasury shares	(188)	(14,653)	–	(14,465)
Equity attributable to equity holders of the Bank	3,370,511	2,739,733	2,740,217	2,435,836
Minority interests	32,859	44,280	–	–
Hybrid securities	887,894	829,654	–	–
Total Equity (b)	**4,291,264**	**3,613,667**	**2,740,217**	**2,435,836**
TOTAL LIABILITIES AND EQUITY (a) + (b)	**54,684,289**	**49,799,660**	**54,039,136**	**46,768,612**

Income Statement

(Thousands of Euro)	Consolidated From 1 January to 31.12.2007	Consolidated From 1 January to 31.12.2006	Alpha Bank From 1 January to 31.12.2007	Alpha Bank From 1 January to 31.12.2006
Interest and similar income	3,406,725	2,699,217	3,106,845	2,442,729
Interest expense and similar charges	(1,801,472)	(1,281,601)	(1,879,187)	(1,301,845)
Net interest income	1,605,253	1,417,616	1,227,658	1,140,884
Fee and commission income	507,651	434,093	349,399	313,844
Commission expense	(43,061)	(33,985)	(27,480)	(21,399)
Net fee and commission income	464,590	400,108	321,919	292,445
Dividend income	2,254	2,700	45,462	52,907
Gains less losses on financial transactions	82,542	55,496	(42,833)	121,626
Other income	81,432	66,655	34,878	15,015
	166,228	124,851	37,507	189,548
Total income	**2,236,071**	**1,942,575**	**1,587,084**	**1,622,877**
Staff costs	(526,935)	(476,085)	(386,694)	(368,852)
General administrative expenses	(416,253)	(345,292)	(338,490)	(276,333)
Depreciation and amortization expenses	(78,254)	(62,648)	(51,186)	(40,467)
Other expenses	(3,903)	(3,431)	(2,486)	(1,686)
Total expenses	**(1,025,345)**	**(887,456)**	**(778,856)**	**(687,338)**
Impairment losses and provisions to cover credit risk	(226,683)	(253,954)	(194,587)	(219,505)
Share of profit (loss) of associates	1,220	(408)	–	–
	(225,463)	(254,362)	(194,587)	(219,505)
Profit before income tax	**985,263**	**800,757**	**613,641**	**716,034**
Income tax	(208,181)	(175,427)	(150,251)	(139,839)
	777,082	625,330	463,390	576,195
Tax on reserves	(6,384)	(73,902)	(6,384)	(73,902)
Profit after tax from continuing operations	**770,698**	**551,428**	**457,006**	**502,293**
Profit after tax from discontinued operations	80,388	2,687	–	–
Profit after tax	**851,086**	**554,115**	**457,006**	**502,293**
Attributable to:				
Equity holders of the Bank	**850,035**	**551,987**	**–**	**–**
Minority interests	1,051	2,128	–	–
Earnings per share:				
From continuing and discontinued operations				
Basic (€ per share)	2.10	1.40	–	–
Diluted (€ per share)	2.09	1.40	–	–
From continuing operations				
Basic (€ per share)	1.90	1.40	1.13	1.28
Diluted (€ per share)	1.89	1.39	1.12	1.28
Proposed dividend for the year 2007 per share (€)			**0.90**	
Dividend for the year 2006 per share (€)				**0.75**

Cash Flow Statement

(Thousands of Euro)	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Net cash flows from continuing operating activities (a)	(5,104,982)	(943,130)	(1,320,595)	(417,304)
Net cash flows from continuing investing activities (b)	4,270,234	(115,558)	1,081,217	1,289
Net cash flows from continuing financing activities (c)	(109,819)	(65,480)	(12,601)	(60,561)
Net increase / (decrease) in cash and cash equivalents from continuing activities (a) + (b) + (c)	(944,567)	(1,124,168)	(251,979)	(476,576)
Effect of exchange rate fluctuations on cash and cash equivalents	67	31,909	500	1,028
Total cash flows for the period from continuing activities	**(944,500)**	**(1,092,259)**	**(251,479)**	**(475,548)**
Net cash flows from discontinued operating activities	–	762	–	–
Net cash flows from discontinued investing activities	160,700	1,514	–	–
Net increase / (decrease) in cash and cash equivalents from discontinued activities	**160,700**	**2,276**	–	–
Cash and cash equivalents at the beginning of the period	**4,575,831**	**5,665,814**	**4,608,407**	**5,083,955**
Cash and cash equivalents at the end of the period	**3,792,031**	**4,575,831**	**4,356,928**	**4,608,407**

Statement of Changes in Equity

(Thousands of Euro)	Consolidated		Alpha Bank	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Equity at the beginning of the period (1.1.2007 and 1.1.2006 respectively)	**3,613,667**	**3,122,684**	**2,435,836**	**1,951,437**
Profit after tax	851,086	554,115	457,006	502,293
	4,464,753	3,676,799	2,892,842	2,453,730
Exercise of stock options	61,605	6,472	61,605	6,472
Change of participating interests in subsidiaries	(15,008)	(10,005)	–	–
Dividends distributed	(305,498)	(238,981)	(304,421)	(237,556)
Net income recognised directly in equity	84,509	(23,532)	78,829	(53,278)
(Purchases) / sales of treasury shares and hybrid securities	54,508	254,969	11,466	266,267
Dividends paid to hybrid securities holders	(52,996)	(51,006)	–	–
Other	(609)	(1,049)	(104)	201
Equity at the end of the period (31.12.2007 and 31.12.2006 respectively)	**4,291,264**	**3,613,667**	**2,740,217**	**2,435,836**

Additional Data and Information

1. Companies included in the consolidated financial statements, other than "ALPHA BANK", as well as the parent's participation, directly or indirectly in them as at 31.12.2007 are:

A. Subsidiaries fully consolidated:

No	Company name	Registered office	Participation %
1.	Alpha Bank London Ltd	United Kingdom	100.00
2.	Alpha Bank Cyprus Ltd	Cyprus	100.00
3.	Alpha Bank Romania S.A.	Romania	99.91
4.	Alpha Bank AD Skopje	FYROM	100.00
5.	Alpha Bank Jersey Ltd	Jersey	100.00
6.	Alpha Bank Srbija A.D.	Serbia	99.99
7.	Alpha Leasing A.E.	Greece	100.00
8.	Alpha Leasing Romania S.A.	Romania	100.00
9.	ABC Factors A.E.	Greece	100.00
10.	Alpha Asset Finance C.I. Ltd	Jersey	100.00
11.	Alpha Finance A.X.E.P.E.Y.	Greece	100.00
12.	Alpha Finance US Corporation	U.S.A.	100.00
13.	Alpha Finance Romania S.A.	Romania	100.00
14.	Alpha Ventures A.E.	Greece	100.00
15.	AEF European Capital Investments B.V.	The Netherlands	100.00
16.	Alpha Asset Management A.E.D.A.K.	Greece	100.00
17.	Alpha Private Investment Services A.E.P.E.Y.	Greece	100.00
18.	ABL Independent Financial Advisers Ltd	United Kingdom	100.00
19.	Alpha Insurance Agents A.E.	Greece	100.00
20.	Alphalife A.A.E.Z.	Greece	100.00
21.	Alpha Insurance Ltd Cyprus	Cyprus	100.00
22.	Alpha Insurance Brokers S.R.L.	Romania	100.00
23.	Alpha Astika Akinita A.E.	Greece	84.10
24.	Ionian Hotel Enterprises A.E.	Greece	94.81
25.	Oceanos A.T.O.E.E.	Greece	100.00
26.	Alpha Real Estate D.O.O. Beograd	Serbia	100.00
27.	Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	100.00
28.	Tourist Resorts A.E.	Greece	100.00
29.	Alpha Immovables Bulgaria E.O.O.D.	Bulgaria	100.00
30.	Alpha Credit Group Plc	United Kingdom	100.00
31.	Alpha Group Jersey Ltd	Jersey	100.00
32.	Alpha Group Investments Ltd	Cyprus	100.00
33.	Ionian Holdings A.E.	Greece	100.00
34.	Messana Holdings S.A.	Luxemburg	100.00
35.	Ionian Equity Participations Ltd	Cyprus	100.00
36.	Alpha Bank London Nominees Ltd	United Kingdom	100.00
37.	Alpha Trustees Ltd	Cyprus	100.00
38.	Flagbright Ltd	United Kingdom	100.00
39.	Alpha Advisory Romania S.R.L.	Romania	100.00
40.	Evremethea A.E.	Greece	100.00
41.	Kafe Alpha A.E.	Greece	100.00
42.	Ionian Supporting Services A.E.	Greece	100.00

B.Joint Ventures consolidated under the proportionate method:

No	Company name	Registered office	Participation %
1.	Cardlink A.E.	Greece	50.00
2.	APE Fixed Assets A.E.	Greece	60.10
3.	APE Commercial Property A.E.	Greece	60.10
4.	APE Investment Property S.A.	Greece	67.42
5.	Anadolu Alpha Gayrimenkul Ticaret Anonim Sirketi	Turkey	50.00

C.Associates accounted for under the equity method:

1.	Evisak A.E.	Greece	27.00
2.	AEDEP Thessalias & Stereas Ellados	Greece	50.00
3.	A.L.C. Novelle Investments Ltd	Cyprus	33.33

2. During the period 1.1.2007 until 31.12.2007 the following changes took place in the companies included in the consolidated financial statements:

a. Concerning companies which are fully consolidated:

- New companies: The company Alpha Immovables Bulgaria E.O.O.D., founded by Alpha Astika Akinita A.E., was consolidated for the first time on 31.3.2007. Ionian Supporting Services A.E. and Ionian Investments A.E., founded by the Bank and Ionian Holdings A.E. respectively, and Ionian Equity Participations Ltd acquired by the Bank, were consolidated for the first time on 30.6.2007. The company Alphalife A.A.E.Z., founded by the Bank, was consolidated for the first time on 31.12.2007.
- Renamed companies: Ionian Investments A.E. was renamed to APE Investment Property S.A. (27.11.2007).
- Transfer within the Group: Alpha Private Investments Services A.E.P.E.Y. from the subsidiary Alpha Bank London Ltd to the Bank (29.6.2007).
- Spin-offs: On 13.3.2007 the process of the separation of Rhodes Hotel sector, from subsidiary "Ionian Hotel Enterprises A.E." and its transfer to the subsidiary "Tourist Resorts A.E." was completed. On 21.3.2007 the restaurant - buffet sector of the subsidiary "Tourist Resorts A.E." was transferred to the subsidiary "Kafe Alpha A.E.".

b. Concerning companies consolidated under the proportionate method:

- New companies: The Bank acquired 50% of Anadolu Alpha Gayrimenkul Ticaret Anonim Sirketi participating together with Anadolu Group which was consolidated for the first time on 30.6.2007.
- Change in measurement method: On 29.11.2007 the sale of 32.58% of the shares of APE Investment Property S.A. was completed. A shareholders' agreement followed the above sale and the subsidiary converted to joint venture.

c. Concerning companies accounted for under the equity method:

- Transfer within the Group: A.L.C. Novelle Investments Ltd from the Bank to the subsidiary Ionian Equity Participations Ltd (28.11.2007).

3. On 23.3.2007, the sale of 99.57 % of the shares of the subsidiary Alpha Insurance A.E. to AXA was completed. The results of Alpha Insurance A.E., which had been classified as discontinued operation and the profit from its sale, are included in the account "Profit after tax from discontinued operations" and analysed as follows:

	From 1 January to	
	1.1 - 31.12.2007	**1.1 - 31.12.2006**
Net Interest Income	860	5,501
Net fee and commission income	409	2,381
Gains less losses on financial transactions	–	3,904
Other income (premiums etc.)	3,573	26,970
Total income	4,842	38,756
Staff costs	(2,338)	(14,624)
General administrative expenses	(1,583)	(10,923)
Depreciation and amortization expenses	(239)	(1,727)
Total expenses	(4,160)	(27,274)
Impairment losses and provisions to cover credit risk	–	(1,200)
Profit / (losses) before income tax	682	10,282
Income tax	(421)	(7,595)
Profit / (losses) after income tax	261	2,687
Profit from disposal of Alpha Insurance S.A.	80,127	–
Profit after income tax from discontinued operations	80,388	2,687

4. Due to reclassification of debt securities in issue held by the Bank's customers to "Due to customers", comparative figures of the respective liability accounts have been restated, as analysed in note 47 of Group's Financial Statements.
5. According to the article No 10 of Law 3620/07 the former Alpha Credit Bank employees, members of the supplementary defined benefit pension fund, joined the state - sponsored common bank employee pension fund (E.T.A.T.) on 1.1.2008.
6. The Bank and the companies Alpha Astika Akinita A.E., Messana Holdings S.A., Ionian Hotel Enterprises A.E., ABC Factors A.E. and Kafe Alpha A.E. have been audited by the tax authorities for the fiscal years up to and including 2005. Alpha Bank Romania S.A. has been audited by the tax authorities for the fiscal years up to and including 2006. Tax audit is in progress at Alpha Finance A.X.E.P.E.Y. and Alpha Leasing A.E. for the fiscal years 2003 - 2006 and 2005 - 2006 respectively. The majority of the remaining entities of the Group has been audited by the tax authorities up to and including fiscal year 2002.
7. No fixed assets have been pledged.
8. There are no pending legal cases or issues in progress, which may have a material impact on the financial statements of the Group and the Bank.
9. The total employees of the Group as at 31.12.2007 were 12,907 (31.12.2006: 12,069) and the employees of the Bank as at 31.12.2007 were 7,693 (31.12.2006: 7,184).
10. The related party transactions during the period 1.1.2007 until 31.12.2007 are as follows:
- with members of the Board of Directors and other key management personnel: a) of the Group: income € 477 thous., expenses € 28,194 thous. b) of the Bank: income € 432 thous., expenses € 20,721 thous. - with other related parties: a) of the Group: income € 33 thous., expenses € 2,971 thous. b) of the Bank: income € 345,411 thous., expenses € 938,099 thous. The balances as at 31.12.2007 of the receivables and liabilities arising from the above transactions are as follows: - with members of the Board of Directors and other key management personnel: a) of the Group: receivables € 39,951 thous., liabilities € 52,532 thous., letters of guarantee € 83 thous. b) of the Bank: receivables € 38,649 thous., liabilities € 43,123 thous., letters of guarantee € 83 thous. - with other related parties: a) of the Group: receivables € 277 thous., liabilities € 26 thous. b) of the Bank: receivables € 9,021,149 thous., liabilities € 22,198,714 thous., letters of guarantee and other guarantees € 1,001,394 thous.

Athens, February 26, 2008

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE EXECUTIVE DIRECTOR	GROUP FINANCIAL REPORTING OFFICER
YANNIS S. COSTOPOULOS	DEMETRIOS P. MANTZOUNIS	MARINOS S. YANNOPOULOS	GEORGE N. KONTOS

BUSINESS UNITS AND GEOGRAPHICAL SECTOR ANALYSIS

Perseus, Macedonia, 179-168 BC. Silver tetradrachm, 174-173 BC

O: Head of Perseus.
R: ΒΑΣΙΛΕΩΣ ΠΕΡΣΕΩΣ. Eagle upon thunderbolt, within oak wreath, below which is plough.

On the coins of Perseus, the last king of Macedonia, one can find one of the most beautiful portraits of numismatic art, created by an anonymous but indisputably skilful engraver.

BUSINESS UNITS AND GEOGRAPHICAL SECTOR ANALYSIS

Analysis by Sector

(in Euro million) **31.12.2007**

	Retail Banking	Medium and Large Corporates	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group	Discontinued operation	Group (continuing operation)
Interest income	993.6	308.4	18.7	36.9	231.7	16.9	1,606.2	0.9	1,605.3
Commissions	166.0	91.5	89.6	50.6	69.2	(2.0)	464.9	0.4	464.5
Other income	18.6	5.5	13.3	28.7	44.9	140.2	251.2	83.7	167.5
Total Income	**1,178.2**	**405.4**	**121.6**	**116.2**	**345.8**	**155.1**	**2,322.3**	**85.0**	**2,237.3**
Total Expenses	**(554.0)**	**(110.3)**	**(63.8)**	**(38.1)**	**(201.3)**	**(62.0)**	**(1,029.5)**	**(4.2)**	**(1,025.3)**
Impairment	(115.7)	(84.0)		1.0	(27.4)	(0.6)	(226.7)		(226.7)
Profit before tax	**508.5**	**211.1**	**57.8**	**79.1**	**117.1**	**92.5**	**1,066.1**	**80.8**	**985.3**
Assets	19,877.5	17,455.1	2,284.6	7,423.5	7,104.0	539.6	54,684.3		54,684.3
Liabilities	28,430.3	2,552.0	1,818.8	9,626.2	6,198.8	1,766.9	50,393.0		50,393.0
Capital expenditures	72.7	41.9	2.0	2.0	55.2	9.2	183.0		183.0
Depreciation and amortization	35.9	8.6	2.3	1.2	19.8	10.7	78.5	0.2	78.3

(in Euro million) **31.12.2006**

	Retail Banking	Medium and Large Corporates	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group	Discontinued operation	Group (continuing operation)
Interest income	897.1	278.7	22.6	49.9	172.0	2.8	1,423.1	5.5	1,417.6
Commissions	147.1	84.5	85.2	40.1	53.3	(7.7)	402.5	2.4	400.1
Other income	11.7	3.1	35.0	23.0	23.1	59.4	155.3	30.9	124.4
Total Income	**1,055.9**	**366.3**	**142.8**	**113.0**	**248.4**	**54.5**	**1,980.9**	**38.8**	**1,942.1**
Total Expenses	**(508.7)**	**(100.6)**	**(84.5)**	**(32.8)**	**(153.6)**	**(34.5)**	**(914.7)**	**(27.3)**	**(887.4)**
Impairment	(166.1)	(63.1)	(1.2)		(24.8)		(255.2)	(1.2)	(254.0)
Profit before tax	**381.1**	**202.6**	**57.1**	**80.2**	**70.0**	**20.0**	**811.0**	**10.3**	**800.7**
Assets	15,054.9	14,642.1	2,637.5	12,866.6	4,092.3	506.2	49,799.6	356.5	49,443.1
Liabilities	24,410.8	2,248.3	1,532.7	13,092.6	3,634.4	1,267.2	46,186.0	352.4	45,833.6
Capital expenditures	63.0	11.3	5.1	2.7	35.0	1.5	118.6		118.6
Depreciation and amortization	29.5	6.5	3.8	0.9	15.4	8.4	64.5	1.7	62.8

Retail Banking
Includes all individuals (retail banking customers) of the Group, professionals, small companies.

The Group offers through its extensive branch network, all types of deposit products (deposits/ savings accounts, working capital/ current accounts, investment facilities/ term deposits, Repos, Swaps), loan facilities (mortgages, consumer, corporate loans, letter of guarantees) and debit and credit cards to the above customers.

Medium and Large Corporates
Includes all medium-sized and large companies, corporations with international activities, corporations managed by the Corporate Banking Division (Corporate) and shipping corporations. The Group offers working capital facilities, corporate loans, and letters of guarantees. This sector also includes the leasing products which are offered through Alpha Leasing A.E. and factoring services to third parties through ABC Factors A.E.

Asset Management and Insurance
Consists of a wide range of asset management services through Group's private banking and Alpha Asset Management A.E.D.A.K.
In addition it is offered a wide range of insurance products to individuals and companies through AXA Insurance which is the corporate successor of the subsidiary Alpha Insurance A.E.

Investment Banking and Treasury
Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered either by the Bank or through specialized subsidiaries (Alpha Finance, Alpha Ventures). Includes also the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements - Loans etc.). It is noted that for comparative purposes, an amount of Euro 36.6 million that relates to income on financial transactions of 2006, was reclassified to the respective segment from "Other".

Southeastern Europe
Consists of the Bank's branches and subsidiaries operating in Southeastern Europe.

Other
This segment consists of the Bank's income and expenses that are not related to operating activities and administrative expenses which are distributed to Group companies.

Analysis by Geographical Sector

(in Euro million) **31.12.2007**

	Greece	Other countries	Group	Discontinued operation	Group (continuing operation)
Interest income	1,359.8	246.4	1,606.2	0.9	1,605.3
Commissions	393.5	71.4	464.9	0.4	464.5
Other income	203.4	47.8	251.2	83.7	167.5
Total Income	**1,956.7**	**365.6**	**2,322.3**	**85.0**	**2,237.3**
Total Expenses	**(816.1)**	**(213.4)**	**(1,029.5)**	**(4.2)**	**(1,025.3)**
Impairment	(199.3)	(27.4)	(226.7)	0.0	(226.7)
Profit before tax	**941.3**	**124.8**	**1,066.1**	**80.8**	**985.3**
Assets	**45,524.2**	**9,160.1**	**54,684.3**		**54,684.3**

(in Euro million) **31.12.2006**

	Greece	Other countries	Group	Discontinued operation	Group (continuing operation)
Interest income	1,221.1	202.0	1,423.1	5.5	1,417.6
Commissions	345.7	56.8	402.5	2.4	400.1
Other income	131.5	23.8	155.3	30.9	124.4
Total Income	**1,698.3**	**282.6**	**1,980.9**	**38.8**	**1,942.1**
Total Expenses	**(748.3)**	**(166.4)**	**(914.7)**	**(27.3)**	**(887.4)**
Impairment	(230.4)	(24.8)	(255.2)	(1.2)	(254.0)
Profit before tax	**719.6**	**91.4**	**811.0**	**10.3**	**800.7**
Assets	**39,860.3**	**9,939.3**	**49,799.6**	**356.5**	**49,443.1**

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