



ALPHA BANK

# Successful Delivery in a De-levering Environment

Marinos S. Yannopoulos  
Board member, CFO

CHEUVREUX  
European Spring Large Cap Conference, Paris

May 2008



## Contents

## Pages

<b>I</b>	Alpha Bank at a Glance	3
<b>II</b>	Developing into a Regional Powerhouse	7
<b>III</b>	Successful Delivery in a De-levering environment	15
<b>IV</b>	Closing Remarks	22

---

This presentation contains forward-looking statements, which include comments with respect to our objectives and strategies, and the results of our operations and our business, considering environment and risk conditions.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future Group results to differ materially from these targets.

Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates, exchange rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political, regulatory and technological conditions. We caution that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events.



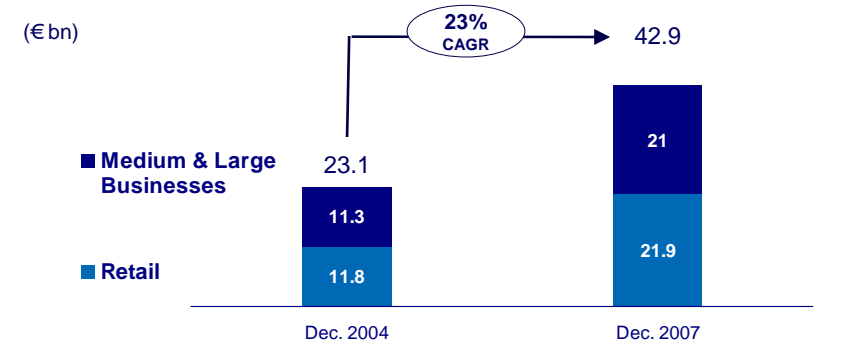
ALPHA BANK

## I. Alpha Bank at a Glance

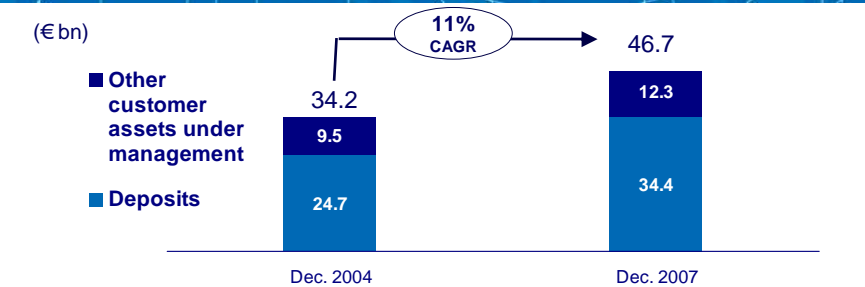
## Overview

- Founded in 1879 by the Costopoulos family which today controls 11% of the Bank
- Consistency in management ensuring firm implementation of Alpha Bank's strategy
- A leading franchise in Greece
  - ✓ 3rd largest branch network with 411 branches
  - ✓ €34bn of customer loans, equivalent to 15.1% market share
  - ✓ €28.8bn of customer deposits, equivalent to 12.7% market share
- Rapidly growing presence across SEE
  - ✓ €7.6bn of customer loans, up 88% y-o-y, translating into a 7.3% market share
  - ✓ Out of 403 branches only 237 have reached mature equivalent sales capacity
  - ✓ Significant presence in Romania and Cyprus
- Current market capitalisation of €9.1bn

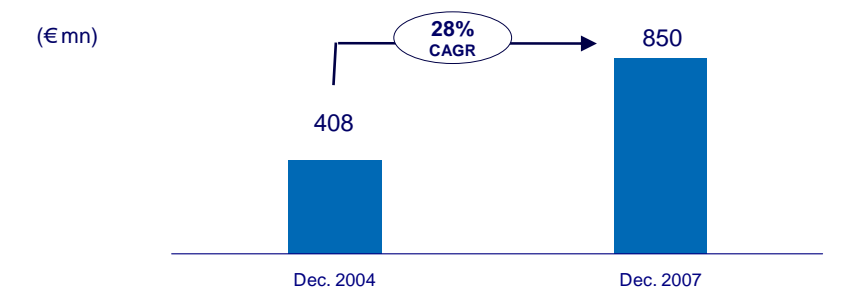
## Customer Financing



## Customer Assets



## Net Profit



## Growth with Profitability

### Greece: Retail

- Focus on high profitability segments
- Expand the branch network
- Focus on multi-channel distribution

### Greece: Business

- Further expand existing leadership position
- Enhance client penetration
- Continue offering of integrated products
- Targeted expansion of the SME segment

### SEE

- Emphasis on organic growth; selective acquisitions
- Continue delivering market share gains
- Implement successful domestic know-how

Effective cost management

Sound credit risk

# Focused Geographical Footprint



ALPHA BANK



	Greece		
	2004	2007	CAGR
Branches	388	411	2%
Loans (€m)	20.6	34.0	18%
Deposits (€m)	22.3	28.8	9%
Operating Income (€bn)	1.4	1.9	11%

	SEE			Contribution to Group	
	2004	2007	CAGR	2004	2007
Branches	67	403	82%	15%	50%
Loans (€bn)	1.9	7.6	59%	8%	18%
Deposits (€bn)	2.1	5.3	36%	10%	15%
Operating Income (€m)	146	346	33%	9%	15%

Note: Financial information as of 31<sup>st</sup> December 2007. Market capitalisation as of 26 March 2008



ALPHA BANK

## II. Developing into a Regional Powerhouse



# Clear Strategic Choice to Transpose Our Quality Greek Franchise into SEE



ALPHA BANK

## The Leading Greek Franchise...

- “Quality bank” reputation with leading positions across products
- 2.5m upper-end retail customers
- Blue chip corporate and SME client base
- Consistently prudent risk policies
- Operating and capital efficiency focus



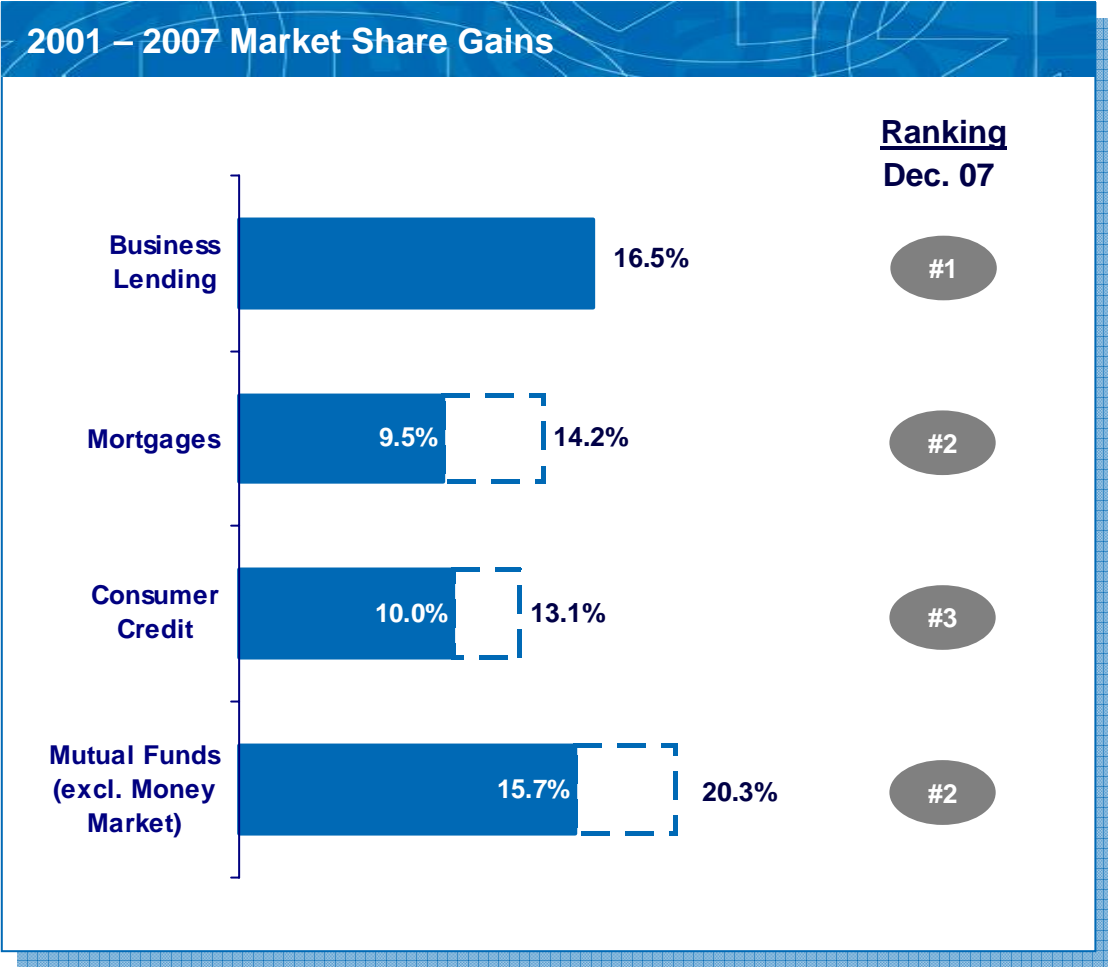
## ...Transposed into SEE

- First phase of network roll-out completed
- Nationwide visibility of Alpha Bank brand
- Full service banks in place with strong headquarter support
- Strong receptiveness to retail offering
- On track for >12% market share in 2010





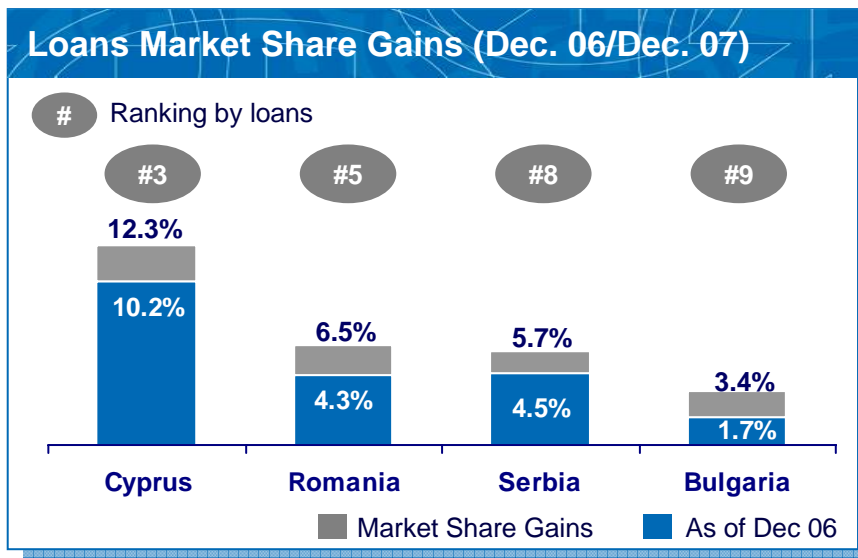
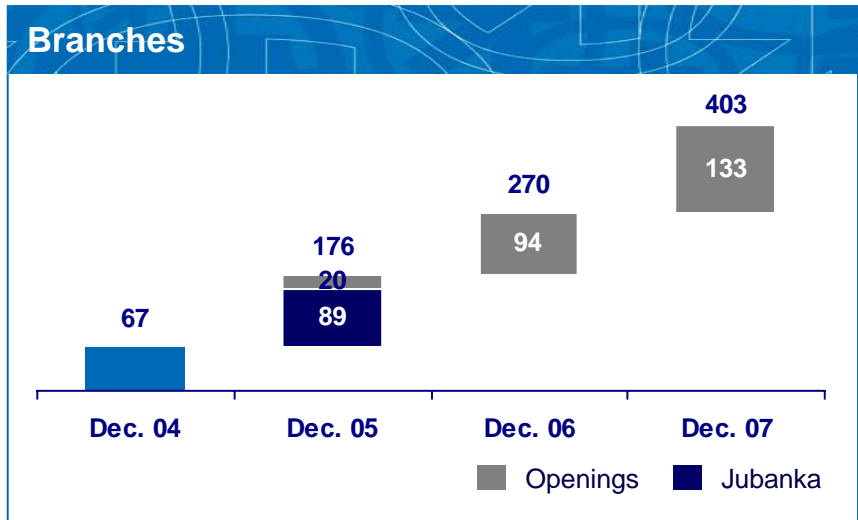
# Leadership Position in Greece with Deepening Client Relationships



*Consistent shift to retail supported by significant market share gains*

*Fair market share of 15%-17% across customer segments*

# Achieved Critical Mass in SEE by Building a High Quality Branch Network in Less Than Two Years

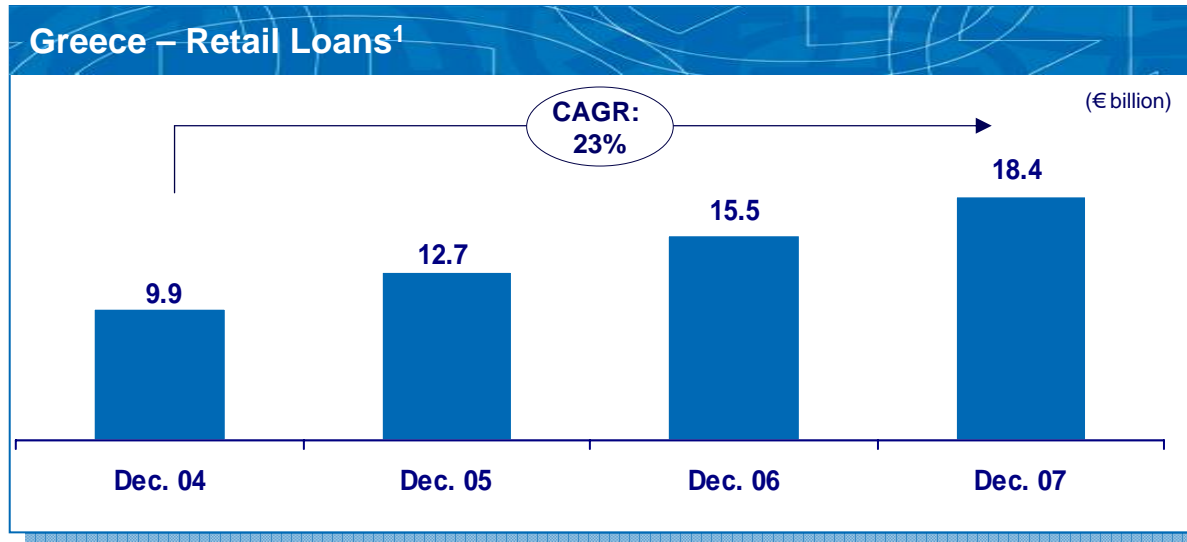


- ### Highlights
- #3 bank in Cyprus, increasing market share by 2.1 pps since last year
  - #5 bank in Romania with excellent brand name reception
  - Following comprehensive restructuring Serbia is set for strong growth by building on its 265,000 active customers
  - Bulgarian green field exceeding 3% market share in less than two years

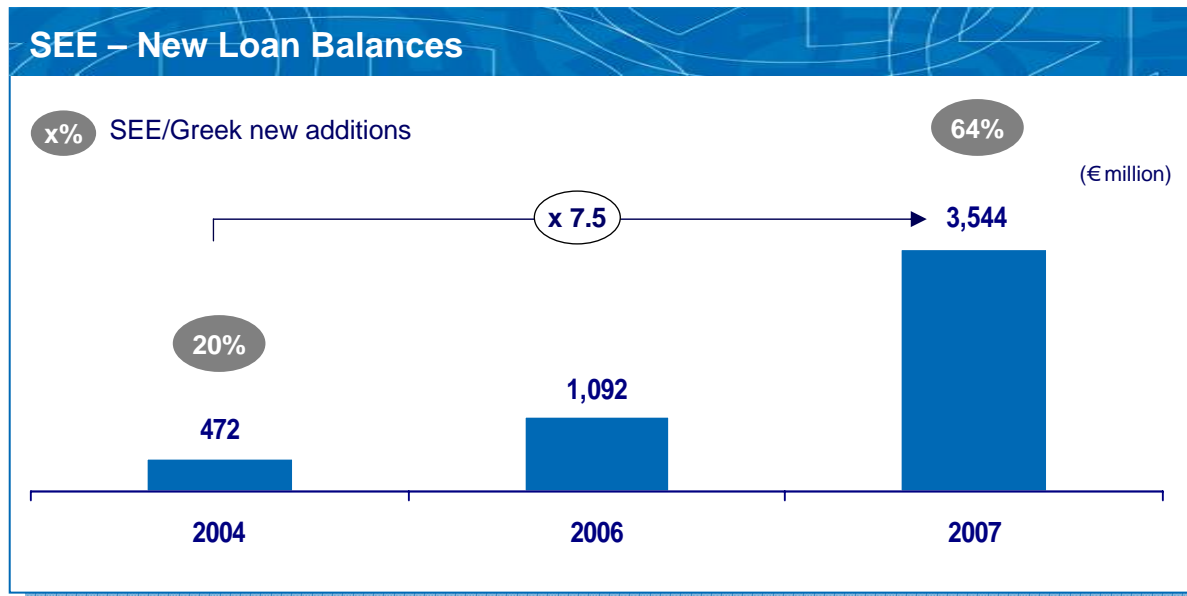
# Alpha Bank has Delivered Across its Strategic Pillars



ALPHA BANK



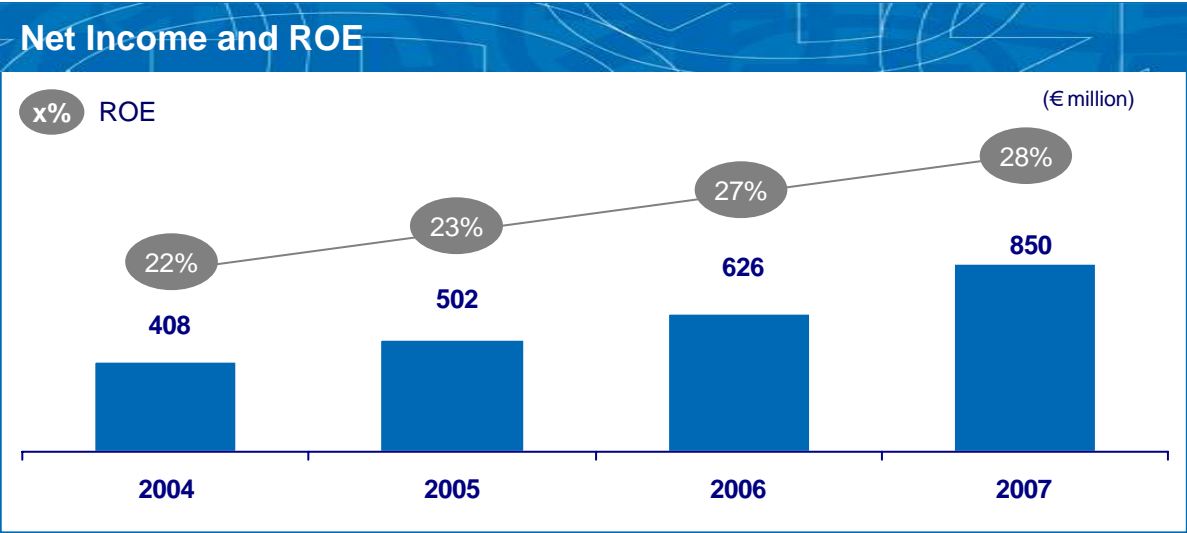
- Successful shift to retail banking
- Retail to total Greek loans increased from 49% to 55%



- New loan disbursement levels seven times higher
- Already more than half of Greece's new customer loans

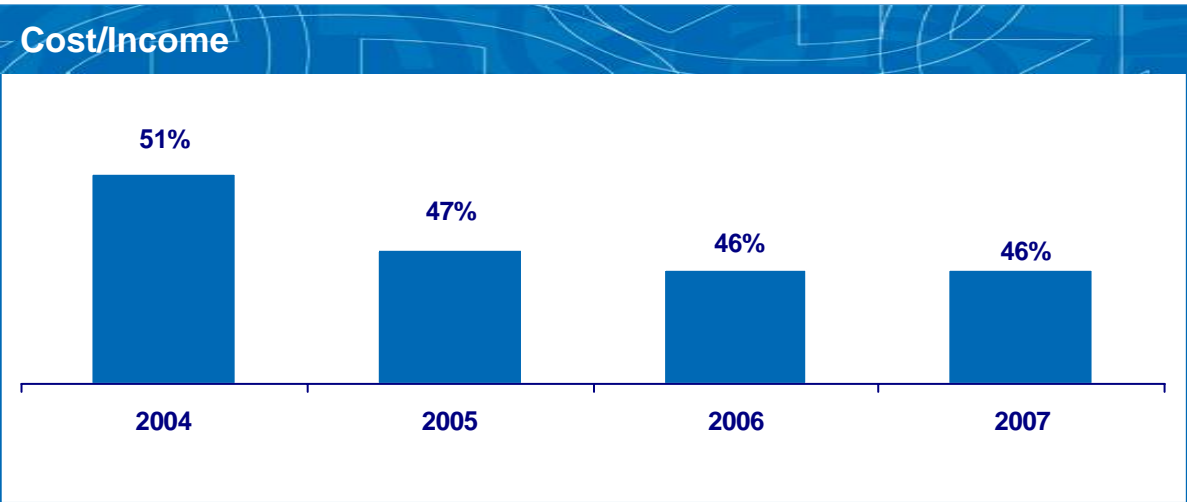
<sup>1</sup> Parent data

# Strong Financial Performance Track Record



*>20% year-on-year  
EPS growth*

*Increasing returns  
on an actively  
managed capital  
base*

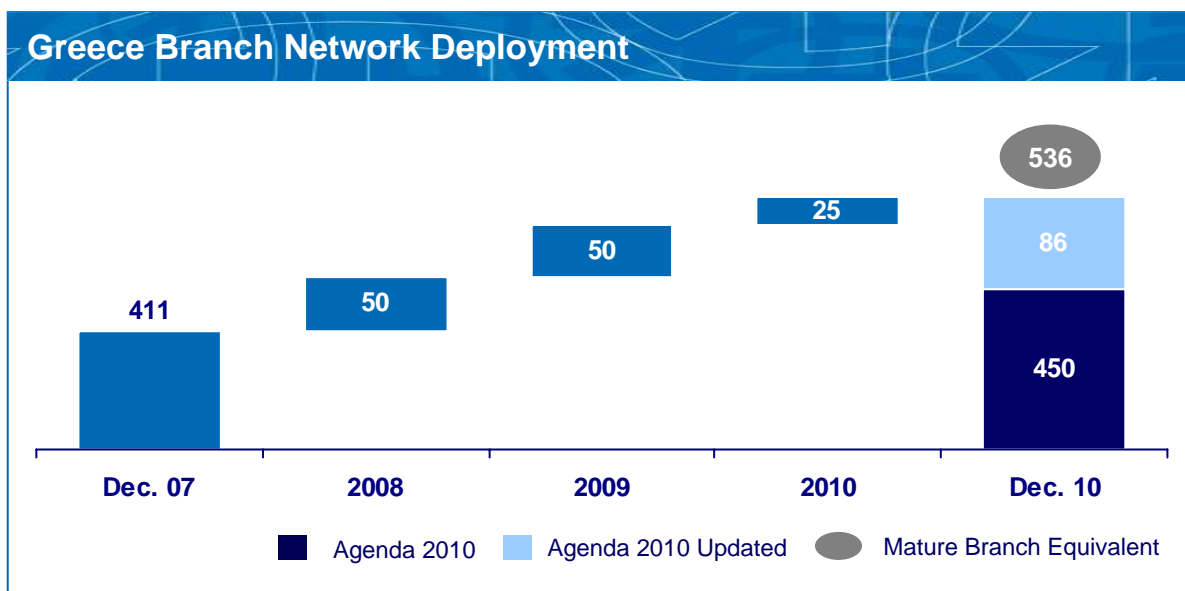
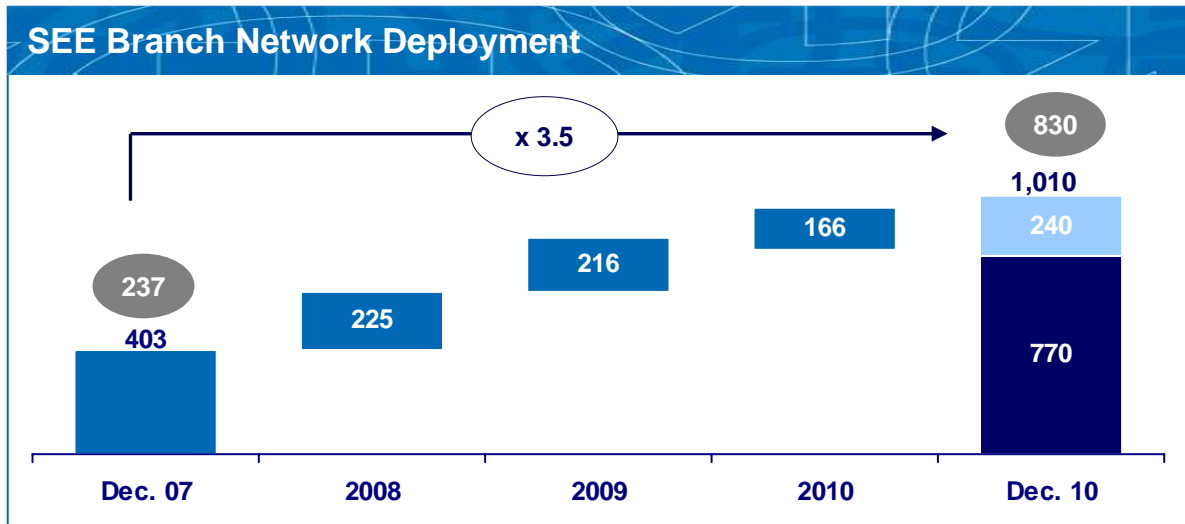


*Strong efficiency  
gains despite SEE  
investment*

# Increase of Branch Network by 30% Across Greece and SEE



ALPHA BANK

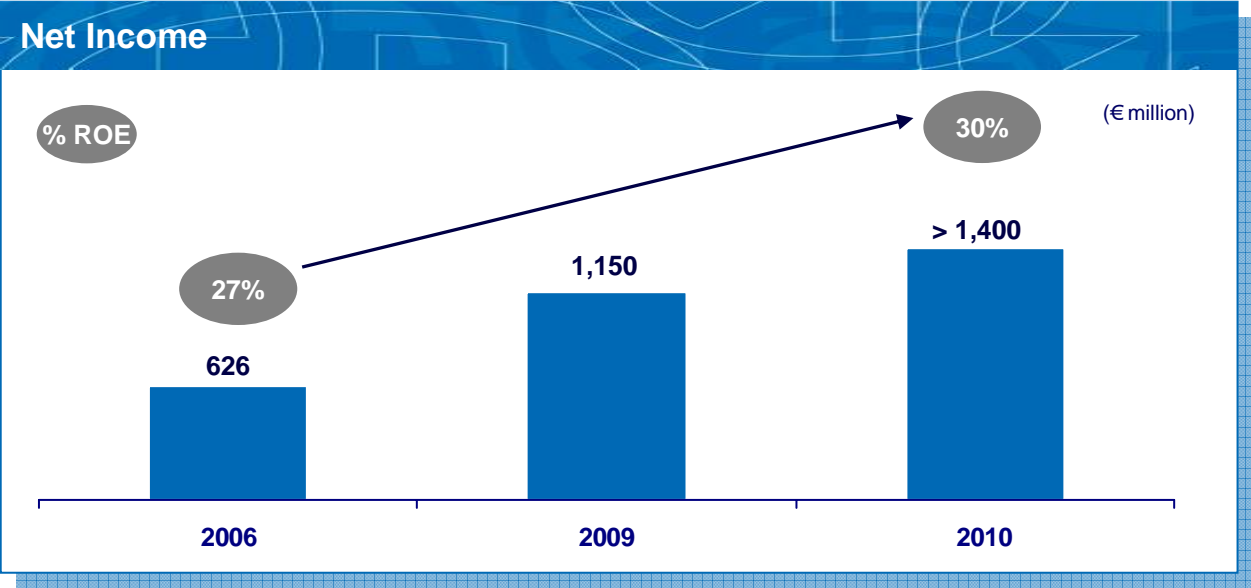


*Acceleration and enhancement of branch opening schedule*

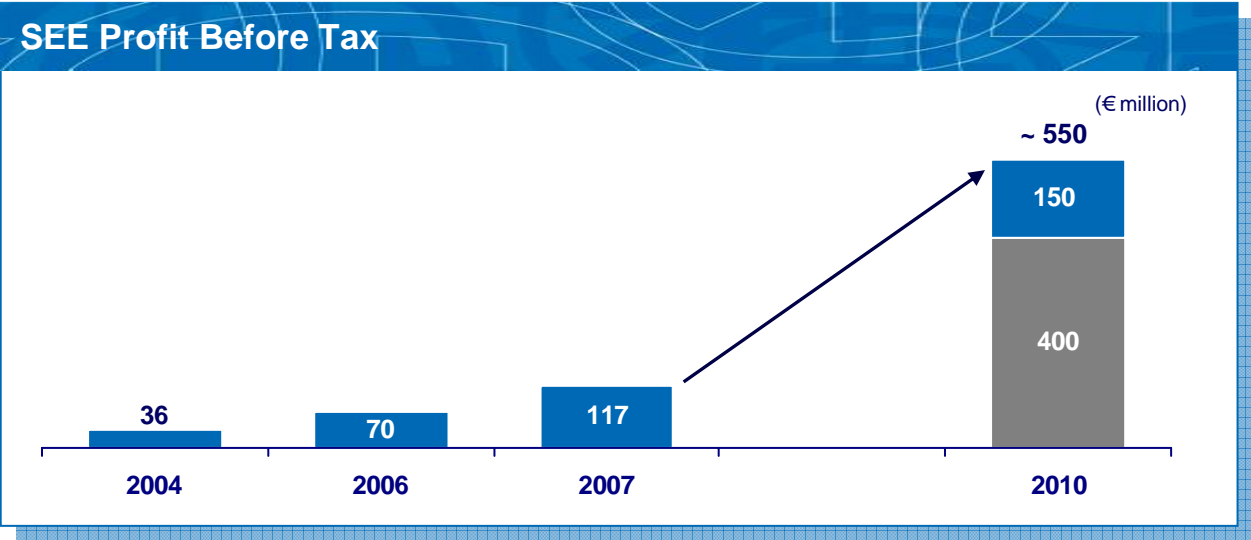
*Fourfold increase in sales capacity as network density accelerates maturity*

*30% more branches to accelerate consumer & SME market share gains*

# Accelerated Investment Increases Shareholder Returns



**23% EPS CAGR  
07-10**



**SEE ~30% Group  
PBT**





ALPHA BANK

### III. Successful Delivery in a De-levering Environment



## Key Themes

1

### Funding

- European banks have become more reliant on wholesale funding (loan/deposit ratio of 145%<sup>1</sup> in 2007 vs. 139%<sup>1</sup> in 2005)
- Loss of investor's confidence in the markets has led to constrained liquidity in interbank markets (spreads<sup>2</sup> have increased by approximately 70bps since July 2007)
- As a result, wholesale funding costs have significantly increased (115 – 125bps funding for a 5-yr senior unsecured issue of a AA- rated bank vs. pre-volatility level of 8-10bps)

2

### Asset Quality

- Risk provisioning still close to historic lows but expected to deteriorate (42bps in 2006 vs. 46bps in 2008E), coupled with decline in Euro area GDP growth expectations since early 2008 (1.9% today vs. 2.3% a year ago)
- Continued uncertainty about full extent of write-downs, e.g. legacy assets, AFS securities, with significant repercussions on new loan development (estimated write-downs so far of c. US\$200bn<sup>3</sup>, total expected write-downs of US\$400bn<sup>3</sup>)

3

### Capitalisation

- EU banks more highly geared than US commercial banks (equity / assets ratio of 5.5% in Europe vs. 10.1% in the US)
- Average disguising wide range of differences across Europe, with core Tier 1 ratio ranging between 4.5% and 10.2%
- Continued uncertainty with respect to “true” book value (European banks trading close to historic P/BV lows)

Source: Bloomberg, ECB, Merrill Lynch Research

(1) Excluding Germany, based on ML estimates for covered European retail banks

(2) Spread between 3M euro generic government bond yield and 3M interbank interest rate

(3) Source: Meeting of G7 finance ministers in Tokyo in 2008

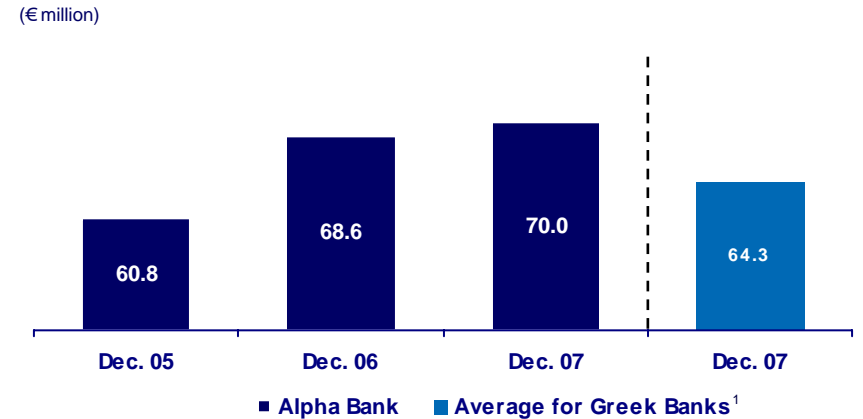
# 1 A Robust Retail Deposit Gathering Franchise...



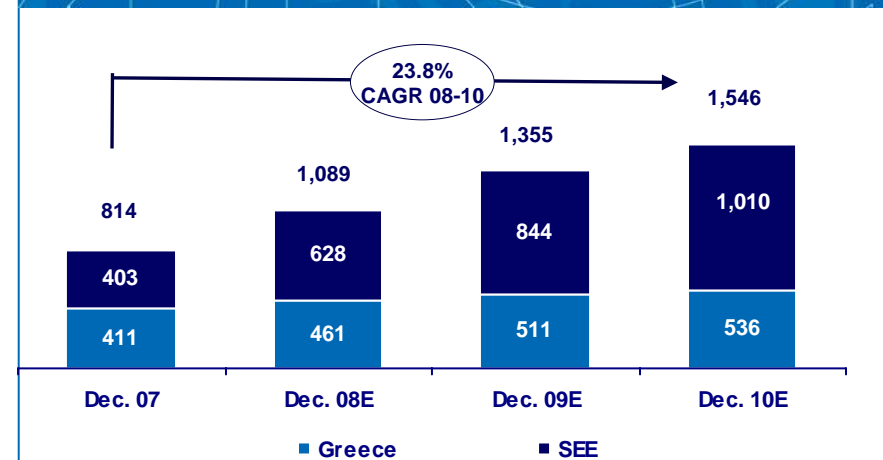
ALPHA BANK

- Proven deposit gathering track record in Greece
  - ✓ Extensive nationwide branch network
  - ✓ Almost 10% higher productivity compared to peers
  - ✓ Amongst the highest sight and savings deposits per branch
  - ✓ 125 new branches by 2010
  
- Expansion into SEE at a very early stage
  - ✓ Deposits penetration will accelerate as branch network matures
  - ✓ 607 new branches by 2010
  - ✓ Relatively low deposit penetration

## Alpha Bank Domestic Deposits / Branch



## Branches Growth



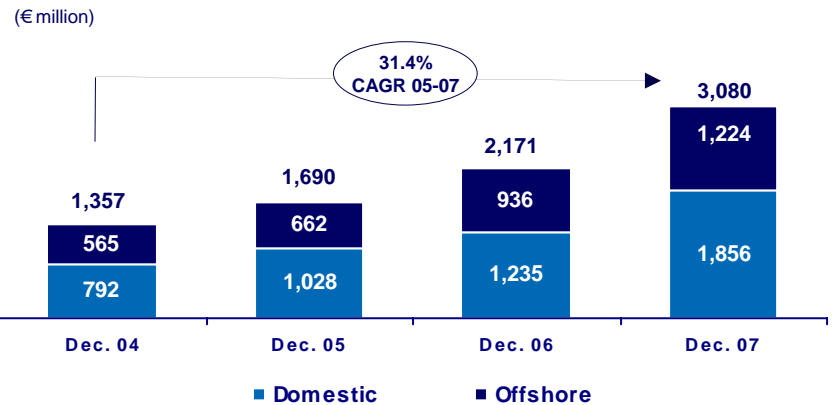
Source: Company data

(1) Average includes NBG, Eurobank, BoP, BoC (Greece), MPB (Greece) and Emporiki

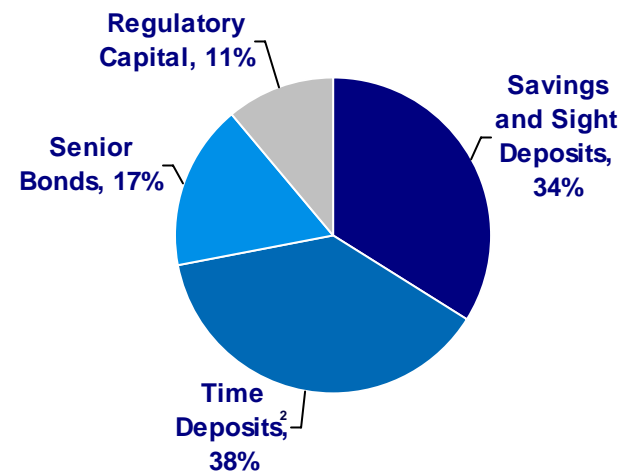
# 1 ... With a Well Diversified Funding Mix

- **Strong Deposit gathering franchise in Cyprus**
  - ✓ 7,000 offshore customers
  - ✓ Intense marketing efforts built on our geographic presence; representative office in Russia; retail network in 6 SEE countries; UK
  
- **Diversified funding mix**
  - ✓ First Greek bank to establish an EMTN in 1999
  - ✓ Raised more than €1bn ytd in wholesale funds
  - ✓ No securitisations so far; totally unleveraged balance sheet
  
- **Additional wholesale sources**
  - ✓ ECP programme
  - ✓ Covered bonds
  - ✓ US MTN programme
  - ✓ Consumer credit securitisation
  - ✓ Redeemable preference shares

## Cyprus Deposits Evolution



## Funding Base<sup>1</sup>



Source: Company data

(1) Excludes interbank and other liabilities

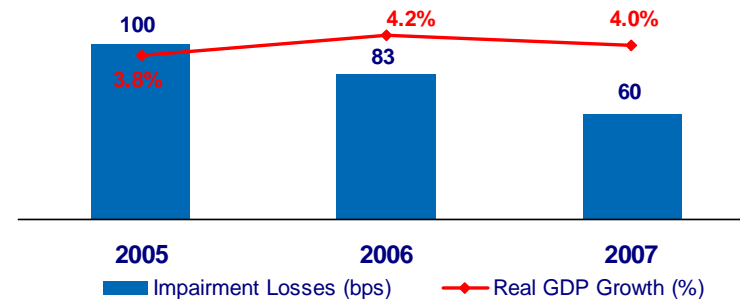
(2) Includes Alpha Bank retail targeted bonds

## 2 Credit Risk Firmly under Control...

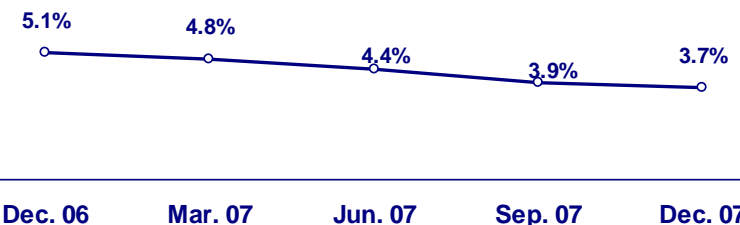


- No subprime or related investments
- Significant improvement in credit quality since 2005 mainly due to
  - Stringent, consistently applied credit risk underwriting criteria
  - Re-engineering efforts across the credit value chain
  - Write-offs of €754mn over past two years
  - Benign environment for business lending
- Loans in arrears at 3.7%, below market average of 5.1%
- Adequate asset quality coverage ratios, i.e. 130% including collateral

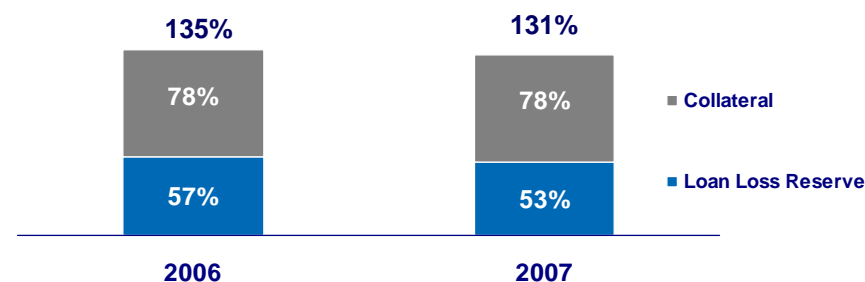
### Group Impairment Losses (% of avg Loans)



### Group Loans in Arrears (IFRS 7: Past Due >90 days)



### Composition of Group Coverage





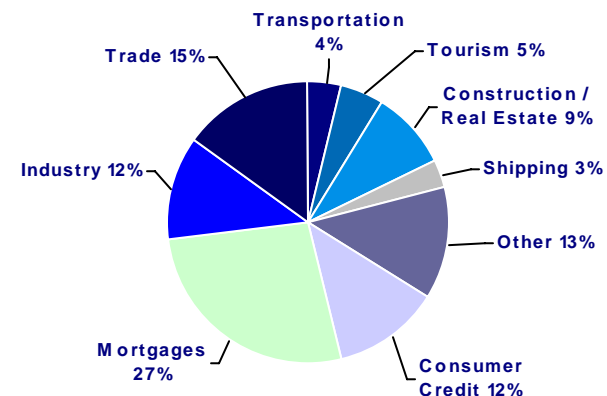
## 2 ... Endorsed by Recent Upgrade by S&P



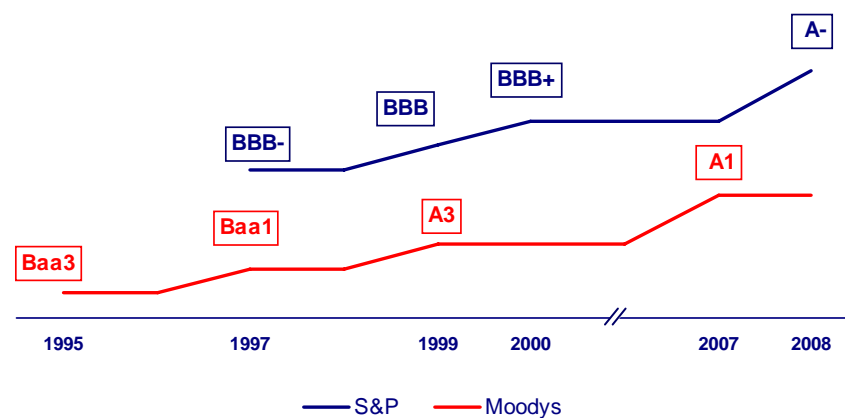
ALPHA BANK

- Well diversified loan book
  - ✓ Leadership in business lending builds on consistently prudent underwriting
  - ✓ Inroad into retail and SEE allows for balanced loan book
  - ✓ No sectoral or single name concentration
- One of very few banks to be upgraded by S&P to A- within an adverse market environment
- Only Greek company to consistently pay dividends post World War II

### Portfolio Structure

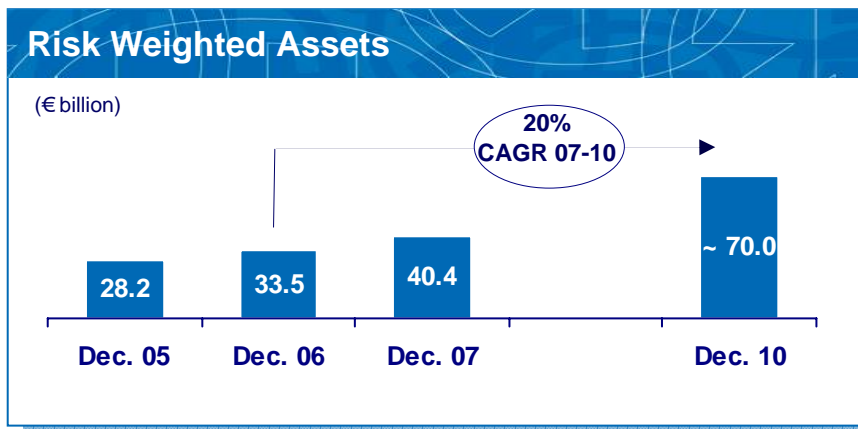
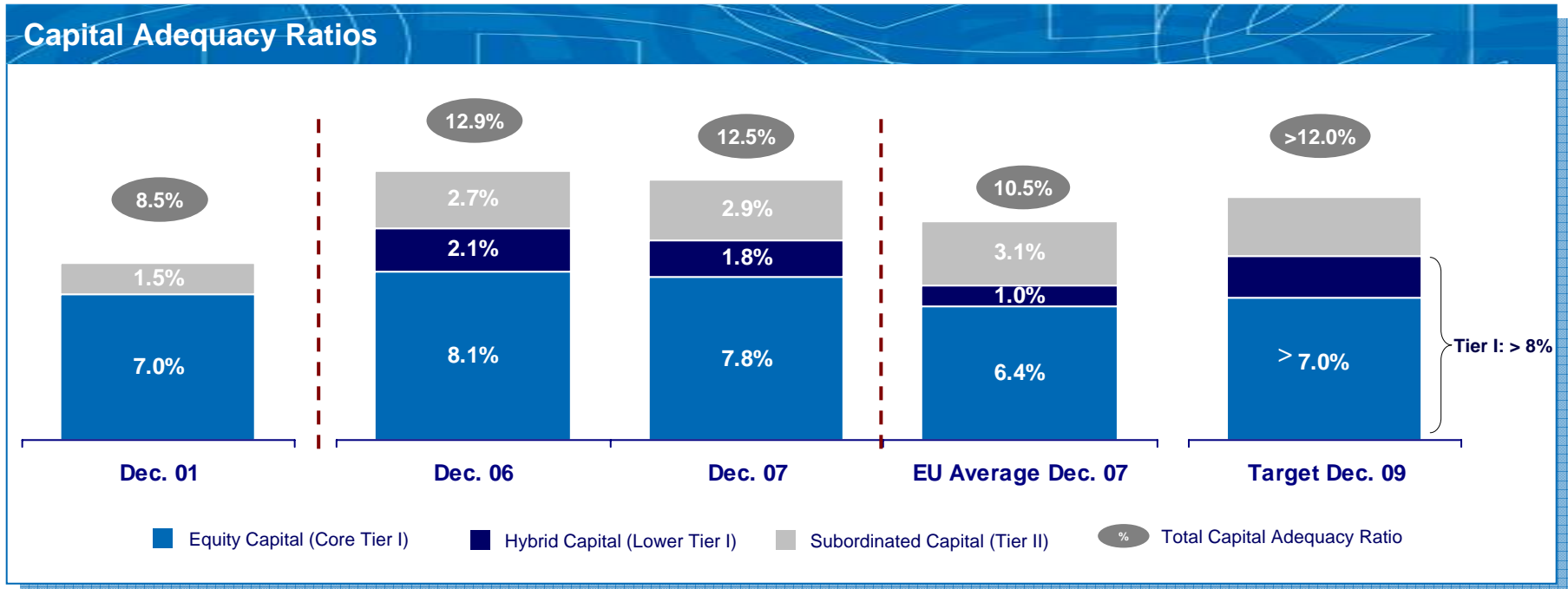


### Ratings Upgrade History





### 3 Capital: Acting from a Position of Strength



- #### Considerations
- Limited Goodwill on books of only €109mn; Equity of €3,371mn
  - Alpha Bank better capitalized relative to the EU retail banks
    - ✓ Core Tier I at 7.8% in 2007 well above EU average of 6.4%
    - ✓ Tier I ratio at 9.6% vs. EU average of 7.4%



ALPHA BANK

## IV. Closing Comments



- Alpha Bank a leading Greek franchise rapidly developing into a Southeastern European powerhouse
- Essentially quadrupling of mature equivalent branch network over next three years to support accelerated market penetration
- Very positive volume growth and overall performance in 2007
- Strong focus in growing our retail franchise
- Strong liquidity and capital position to fund growth plans undisrupted from current capital markets conditions

# Investor Relations Contacts



ALPHA BANK

## ALPHA BANK

40, Stadiou Street, 102 52  
Athens, Greece

E-mail : [InvestorRelations@alpha.gr](mailto:InvestorRelations@alpha.gr)  
Internet : [www.alpha.gr](http://www.alpha.gr)  
Reuters : ACBr.AT  
Bloomberg : ALPHA GA

**Mr. Marinos Yannopoulos**  
General Manager and CFO  
+30210 3262 366  
[myannopoulos@alpha.gr](mailto:myannopoulos@alpha.gr)

**Mr. Michael Massourakis**  
Group Chief Economist  
+30210 3262 828  
[mmassourakis@alpha.gr](mailto:mmassourakis@alpha.gr)

**Mr. Vassilios Psaltis**  
Head of Group Investor Relations  
&  
Corporate Development  
+30210 326 4 009  
[vpsaltis@alpha.gr](mailto:vpsaltis@alpha.gr)

**Ms. Elena Katopodi**  
Investor Relations Officer  
+30210 326 4 184  
[ekatopodi@alpha.gr](mailto:ekatopodi@alpha.gr)

**Ms. Maria Chatzi**  
Investor Relations Officer  
+30210326 4 112  
[mchatzi@alpha.gr](mailto:mchatzi@alpha.gr)