

Press Release

Full Year 2008 Results

**Material strengthening of our Balance Sheet by increasing Tier I capital to Euro 5 billion¹
and taking pre-emptive provisions of Euro 542 million**

Net Profit at Euro 512 million

Sound balance sheet

- Robust capital adequacy with Tier I ratio at 8.3%, reaches pro-forma Euro 5 billion or 10.2% following the placement of preference shares by the Greek State.
- Adding Euro 542 million in 2008 in pre-emptive provisions vs. Euro 448 million increase in NPLs, of which we recover normally more than 70%.
- Total coverage increases significantly to 140%, of which 61% refers to on-balance sheet provisions.
- Channeled Euro 5.2 billion of loans to the Greek economy and Euro 3.6 billion to SEE, reaching Euro 52 billion at the end of 2008. Despite difficult conditions, new loans amounted to Euro 1.4 billion in the fourth quarter.
- Ample liquidity with Euro 1.5 billion of un-utilised pool at the European Central Bank.
- Significant capacity to create Euro 4.3 billion of additional ECB eligible paper and Euro 5.5 billion of liquidity through the government scheme in 2009.
- Added Euro 7.9 billion of deposits in 2008, reaching Euro 42.5 billion; customer assets exceeded Euro 48 billion.
- Loan to deposit ratio at 119%.

Solid financial performance

- Earnings per share at Euro 1.26 with return on equity at 16%.
- Pre-provision income, adjusted for trading income, up 4% to Euro 1.2 billion.
- Net interest income grew by 12% to Euro 1.8 billion.
- Cost to income ratio at 50.2%, including one-off costs of Branch openings.

“In a year of unprecedented turmoil for financial services Alpha Bank has managed to emerge comfortably profitable confirming the strength of its balanced business model. For 2009 our focus is to demonstrate responsible corporate citizenship by gearing our business towards servicing the Greek economy and by contributing to the stabilisation of the Southeastern European region”.

Yannis S. Costopoulos, Chairman

“In this tough operating environment our primary focus is on the health of our balance sheet. As we are well-funded and profitable and have a strong capital base with a Tier I ratio at 10.2% we are building pre-emptively additional loan loss reserves in anticipation of weakening credit conditions. For 2009, given the ongoing uncertainty in the capital markets and the economy overall, we are taking concrete steps to adapt to this challenging situation: we will tighten our conservative underwriting criteria, reduce the growth of our risk weighted assets and take steps to stabilise our cost base”.

Demetrios P. Mantzounis, Managing Director

¹ Pro-forma for the placement of Euro 940 million of preference shares with the Greek State.



KEY DEVELOPMENTS

- **Unprecedented deepening of the crisis required tactical adjustments**

The fourth quarter was marked by an extraordinary market dislocation coupled with a drying up of liquidity, a very sharp rise in the cost of risk and a rapidly accelerating decline in equity markets. In Southeastern European countries we witnessed extreme volatility in their currencies and a sharp downward revision of the growth forecasts for their relevant economies. In response to this deteriorating outlook Alpha Bank's already conservative loan underwriting criteria have been tightened further.
- **Responsible corporate citizenship**

The Greek government has introduced specific measures (Law 3723/2008) to address the impact of the financial crisis by facilitating the Greek banks in terms of liquidity and capital enhancement for a total of Euro 28 billion. Alpha Bank, recognises that it must co-operate with the authorities to deal with this crisis, and was the first bank to announce its participation in the scheme by utilising Euro 4.6 billion in terms of liquidity and Euro 940 million in preference shares. We are committed to putting this money to work in the market in a way that respects the Central Bank's guidelines, while maintaining our prudent lending practices. Furthermore, we are promoting actively initiatives for financing small and medium enterprises through co-operating with the European Investment Bank (EIB), an important sponsor for SME investment projects across the EU region, and with the state-backed Credit Guarantee Fund for small and very small businesses (TEMPME). We are committed to keeping borrowers in their homes, and to that end we will make properly underwritten loan modifications, which we believe is the right approach for our customers and for the stability of the system.
- **Strong capital and balance sheet management**

Our robust Tier I ratio of 8.3% is of excellent quality, as it contains effectively no minorities or goodwill. Taking into account the Euro 940 million of preference shares, which will be placed in the next few weeks with the Greek State, our Tier I ratio reaches a pro-forma 10.2%. This strong position will enable Alpha Bank to grow its loan book at a sufficient level to support its customers while maintaining confidence that we are well prepared to weather the challenges going forward. In this tough operating environment our focus will be on the health of the balance sheet, namely, liquidity, capital and provisioning adequacy. In terms of liquidity, we intend to expand in 2009 the stock of our ECB eligible securities pool by Euro 4.3 billion, primarily through securitisations, and in addition we will utilise Euro 4.6 billion of liquidity from the government scheme. This liquidity should complement our deposit gathering efforts through our more than 1,000 high quality Branches in Greece and Southeastern Europe.
- **Proactive approach to risk management**

Alpha Bank has a well-balanced loan portfolio with limited exposure to emerging economies (exposure to the Balkans represents only 13% of the book, or Euro 6.7 billion, of which only Euro 824 million is consumer lending). So far only marginal asset quality issues have surfaced, significantly lower than the average in the market. However, as that region experiences an unprecedented deterioration in the macroeconomic environment we have taken decisive action to proactively bolster risk provisions across the geographies and the businesses we operate with the expectation of a rise in non-performing loans. Given the very low visibility, we have increased pre-emptively the impairment charge for 2008 to 114 bps, which offers us significant leeway to absorb risks in the future. Managing our risks in this unfolding crisis will be an ongoing priority for 2009.
- **Maintained strong profit generation, despite market uncertainty**

Excluding the result from trading, our pre-provision income in 2008 exceeded the record performance of 2007 by 4%, underpinning the resilience of our balanced approach to growth in Greece and Southeastern Europe. This result was achieved on the back of our nationwide coverage in Greece and Southeastern Europe reaching 1,069 Branches.
- **Operational priorities for 2009**

Our priority is to benefit from our infrastructure set-up and the enhanced awareness of our brand to expand our deposit-gathering proposition in local markets. We have sufficient penetration to do this with the existing Branch network, so further expansion is



deemed unnecessary. Despite continuing weakness in demand in early 2009, lending in Greece for the full year should grow broadly in line with our commitment to the Government support package. In Southeastern Europe, where our deposits should benefit from the maturity of our Network, our loans should level with our deposits, adapting to the new liquidity and risk environment. Furthermore, we will aim to maintain the positive dynamics of our top line by continuing the reduction of our funding cost and the repricing of our assets. We will also reinforce our cost control culture with a view to stabilising the cost base. In terms of managing credit risk, we are strengthening significantly our loan collection and restructuring efforts across the region.

2008 Dividend

The Board of Directors' intention was to propose a cash dividend for the year 2008, as per the provisions of Law 3723/2008. However, in light of the forthcoming legislative amendments regarding the distribution of dividend, the Board of Directors will suspend any decision on the distribution of dividend until the Annual General Meeting of Shareholders, by which time it expects to be in a position to formulate its final proposal.

SUMMARY PROFIT AND LOSS

(in Euro million)	FY 2008	FY 2007	% change
Operating Income	2,345.7	2,237.3	4.8%
of which:			
Greece	1,824.5	1,871.6	(2.5%)
Southeastern Europe	497.3	345.8	43.8%
Operating Expenses	1,178.3	1,025.3	14.9%
of which:			
Greece	869.1	811.9	7.0%
Southeastern Europe	295.7	201.4	46.8%
Impairment losses	541.8	226.7	139.0%
of which:			
Greece	402.0	199.3	101.7%
Southeastern Europe	89.9	27.4	228.4%
Profit before Tax	625.6	985.3	(36.5%)
of which:			
Greece	553.4	860.5	(35.7%)
Southeastern Europe	111.7	117.1	(4.6%)
Net Profit*	512.1	769.6	(33.5%)

* Recurring profit adjusted for extraordinary profit from discontinued operations (sale of Alpha Insurance to AXA in Q1 2007)

BALANCE AND OFF-BALANCE SHEET HIGHLIGHTS

(in Euro million)	31.12.2008	31.12.2007	% change
Assets	65,270	54,684	19.4%
Equity	3,021	3,371	(10.4%)
Loans (gross)	51,981	42,913	21.1%
of which:			
Greece	39,140	33,962	15.2%
Southeastern Europe	11,200	7,573	47.9%
Customer assets	48,330	46,682	3.5%
Deposits	42,547	34,665	22.7%
of which:			
Greece	35,859	28,781	24.6%
Southeastern Europe	6,103	5,303	15.1%
Private Banking	2,952	5,584	(47.1%)
Mutual Funds	1,793	5,456	(67.1%)



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FULL YEAR 2008 PERFORMANCE OVERVIEW

Net profit attributable to Shareholders amounted to Euro 512.1 million, a 33.5% y-o-y decline, adjusting for the non-recurring net income of Euro 80.4 million derived from the sale of Alpha Insurance to AXA in March 2007. This performance reflects the shift of our focus to more conservative balance sheet management and is affected significantly by market dislocation and the downturn in the economy. **Net interest income** reached Euro 1,798.6 million, an increase of 12%, translating into a resilient **net interest margin** of 3% (3.1% in 2007). This result was adversely impacted by the significant increase in our funding cost, especially in the second half of the year, which, however, shows signs of receding to normalised levels in the outset of 2009. **Net fee and commission income** remained broadly stable underpinned by the continued growth in credit card commissions (+17.7%), counterbalanced by the sharp decline in asset management and capital markets related fees (-27.9%). **Income from financial operations** stood at a negative Euro 6.8 million as volatility has risen to extreme levels, while **other income** stood at Euro 89.5 million.

Operating costs increased by 14.9% to Euro 1,178.3 million, which corresponds to a cost-to-income ratio of 50.2%. Adjusting for the set-up costs of Astra Bank in Ukraine, the growth rate is reduced to 14.1%. Staff costs increased by 11.9%, while general expenses went up by 19%. Our cost base in Southeastern Europe expanded by 46.8%, mainly attributable to the opening of 218 new Branches and approximately 2,100 of new Staff since the end of 2007. The increase in our operating costs in Greece (+ 7%) continued to be affected by production-related expenses for the support of our retail business franchise.

Loans and advances to customers (gross) grew by 21.1%, reaching Euro 51.9 billion, recording a deceleration of their growth rate of 25.4% in the nine-month period to September 2008. This development was primarily driven by a 15.2% volume expansion in Greece, and an increase of 47.9% in our Southeastern European loan portfolio, moderated compared to previous quarters. In the last quarter, new loan additions in Greece amounted to Euro 1.25 billion, and in Southeastern Europe to Euro 0.4 billion.

Cost of credit as a percentage of average loans rose to 114 bps for the full year, which translates to 215 bps in the fourth quarter. This proactive measure was taken in anticipation of deteriorating credit conditions both in Greece and in Southeastern Europe. Our Non-Performing Loans (NPL) ratio, under IFRS 7, stood at 3.9% at the end of December 2008, slightly rising from 3.7% a year earlier. **Allowances for impairment** were enhanced significantly to Euro 1.3 billion representing 2.5% of loans. The **coverage ratio** increased sizeably to 61% of NPLs and when **collaterals** are taken into account this ratio stands at 140%, which is very comfortable taking into account the conservative structure of our portfolio.

Customer assets reached Euro 48.3 billion. At end December 2008, **total deposits** stood at Euro 42.5 billion (+22.7%), having added Euro 7.9 billion of deposits within the year, reflecting the strength of our franchise. **Deposits in Greece** advanced to Euro 35.9 billion (+24.6%). In **Southeastern Europe**, our **deposit base** has grown to reach Euro 6.1 billion at the end of December 2008 (+15.1%), even though we recorded some marginal drain of customer deposits in the fourth quarter due to the financial crisis. We have reached nationwide coverage in all the countries where we operate and we see benefits from enhanced trust of our customers in our brand and the diversification of our business. **Private banking** assets declined to Euro 3 billion, and **mutual funds** balances contracted to Euro 1.8 billion, primarily reflecting rapidly accelerating declines in the capital markets.

**BUSINESS UNIT ANALYSIS****CONSUMER AND SMALL BUSINESS BANKING**

Retail Banking (in Euro million)	FY 2008	FY 2007	% change
Total Income	1,293.7	1,178.2	9.8%
Total Expenses	595.3	554.0	7.5%
Impairment Losses	278.8	115.7	141.0%
Profit Before Tax	419.5	508.4	(17.5%)
Return on Regulatory Capital	39.6%	57.4%
Risk Weighted Assets	13,232	11,065	19.6%
Cost / Income Ratio	46.0%	47.0%
Customer Financing (end-period)	21,123	18,444	14.5%

In 2008, profit before tax reached Euro 419.5 million, compared to Euro 508.4 million last year. **Mortgage credit** reached Euro 11.2 billion, up by 13.3%, reflecting weak demand in the second half of the year. We decelerated the pace of growing our **consumer loan** balances which stood at Euro 3.6 billion as a result of a noticeable tightening in our underwriting policy. **Credit cards** balances advanced by 14.6% reaching Euro 1.4 billion, benefiting from the increased usage of our "Bonus Card" by our loyalty scheme customers. In the last quarter, **Alpha Bank and American Express** renewed their exclusive co-operation on issuing and acquiring American Express products in Greece for another ten years. Moreover, **small business loans** (extended to companies with turnover below Euro 2.5 million or credit limits up to Euro 1 million) rose by 14%, while loans to **very small businesses** (defined as those with credit limits up to Euro 90,000) increased by 20.2%. In the area of small businesses we are actively promoting our co-operation with the Credit Guarantee Fund for small and very small businesses (TEMPME) and we are preparing the rollout of our newly established EIB-sponsored facility for SME investment financing.

OPERATIONS IN SOUTHEASTERN EUROPE

Operations in Southeastern Europe (in Euro million)	FY 2008	FY 2007	% change
Total Income	497.3	345.8	43.8%
Total Expenses	295.7	201.4	46.8%
Impairment Losses	89.9	27.4	228.4%
Profit Before Tax	111.7	117.1	(4.6%)
Return on Regulatory Capital	15.9%	26.1%	...
Risk Weighted Assets	8,794	5,605	56.9%
Cost / Income Ratio	59.0%	58.2%
Customer Financing (end-period)	11,200	7,573	47.9%
Customer Deposits (end-period)	6,103	5,303	15.1%

Profit before tax stood at Euro 111.7 million, a decrease of 4.6%.

In **Cyprus**, our Network numbered 38 Branches at the end of 2008. Our franchise delivered for the full year a remarkable Euro 86.6 million pre-tax profit, up 12.7% from last year. Alpha Bank is the third largest player in terms of lending with a market share of 13.1% as our loan balances reached Euro 4.5 billion. Our deposits amounted to Euro 3.5 billion at the end of 2008, only marginally affected by repatriation of offshore funds.

In **Romania**, our Network reached 200 Branches. Our loan book amounted to Euro 4.2 billion, increasing by less than Euro 150 million in the last quarter. Our decision to grow organically over the past 15 years is reflected in the good quality of our loans, as NPLs are at only Euro 20 million, or 0.5%. Profit before tax reached Euro 45.8 million, 20.8% up from 2007, mainly affected by our proactive provisioning of Euro 33.2 million.



In **Bulgaria**, our Network numbered 120 Branches at the end of December 2008, with nation-wide coverage. Our market recognition continues to grow as our retail deposit accounts almost tripled in 2008 and our loans exceeded the one billion Euro mark. The significant increase in operating expenses, relates to the more than doubling of our Branch network in the last two years and the intensified promotion to increase our visibility, and our pre-emptive increase in risk reserves have weighted heavily on our bottom-line, which recorded a loss for the full year.

In **Serbia**, we have a network of 167 Branches, with operating income picking up to Euro 62.5 million, up 52.3% for the year. Our loan portfolio stands at Euro 826 million and our NPLs increased to Euro 26 million.

In **Albania**, we have recently celebrated ten years of operating in the country with a network of 47 Branches by the end of 2008. Our retail banking proposition delivered Euro 11.2 million of pre-tax profits for the period, whereby loans grew by 87% at Euro 478 million and deposits amounted to Euro 456 million (+25%).

In **F.Y.R.O.M.**, our Network reached 25 Branches, as we added ten more Units during the year. Retail deposits accounts tripled to 77,000 while our loan book reached Euro 156 million.

MEDIUM AND LARGE CORPORATES

Medium and Large Corporates (in Euro million)	FY 2008	FY 2007	% change
Total Income	420.9	405.4	3.8%
Total Expenses	129.9	110.3	17.7%
Impairment Losses	172.6	84.0	105.4%
Profit Before Tax	118.4	211.0	(43.9%)
Return on Regulatory Capital	8.7%	18.6%	...
Risk Weighted Assets	17,035	14,207	19.9%
Cost / Income Ratio	30.9%	27.2%	...
Customer Financing (end-period)	18,017	15,518	16.1%

Profit before tax amounted to Euro 118.4 million from Euro 211 million in 2007, mainly due to Euro 172.6 million of impairment charges, as a precautionary measure to safeguard the quality of the most important part of our loan book. This was a milestone year for this business as we transferred the custodian relationships from the Branches to ten dedicated Corporate Centers. The transition has been smooth and the customer experience is expected to be enhanced significantly. The result is a robust increase in loans (+16.1%), while at the same time repricing efforts continue on a client-by-client basis.

ASSET MANAGEMENT

Asset Management (in Euro million)	FY 2008	FY 2007	% change
Total Income	82.3	115.9	(29.1%)
Total Expenses	51.2	59.6	(14.1%)
Profit Before Tax	30.7	56.3	(45.5%)
Return on Regulatory Capital	45.8%	116.8%	...
Risk Weighted Assets	839	603	39.1%
Cost / Income Ratio	62.3%	51.4%
Customer Funds (end-period)	4,966	11,300	(56.1%)

Profit before tax fell to Euro 30.7 million, on the back of extremely negative market sentiment. Funds under management stood at Euro 5 billion, despite prolonged investment inertia. The redesign of our asset gathering distribution function targeting mass affluent customers together with our leading product proposition in mutual funds and bancassurance products is expected to offset the negative impact from the unfavorable fundamentals.



INVESTMENT BANKING AND TREASURY

Investment Banking and Treasury (in Euro million)	FY 2008	FY 2007	% change
Total Income	49.7	116.1	(57.2%)
Total Expenses	40.7	38.1	7.0%
Profit Before Tax	8.8	79.1	(88.9%)
Return on Regulatory Capital	2.2%	21.1%	...
Risk Weighted Assets	4,990	4,689	6.4%
Cost / Income Ratio	82.0%	32.8%	...

Profit before tax for the period amounted to Euro 8.8 million was materially affected by on-going capital markets volatility and the substantial spread widening on all bond classes.

ASSETS - LIABILITIES AND OFF BALANCE SHEET ITEMS						
in Euro million	Dec. 2008	Sep. 2008	Jun. 2008	Mar. 2008	Dec. 2007	% Dec. 2008 / Dec. 2007
Assets	65,270	64,266	57,618	56,415	54,684	19.4%
Loans (net)	50,705	49,557	46,759	44,373	42,072	20.5%
Securities	5,322	5,179	1,938	3,428	3,423	55.5%
Deposits	42,547	42,158	37,520	35,986	34,665	22.7%
Private Banking	2,952	3,720	4,451	4,951	5,584	(47.1%)
Mutual Funds	1,793	3,012	4,907	4,989	5,456	(67.1%)
Senior Debt	6,342	7,888	7,617	7,591	7,960	(20.3%)
Subordinated Debt	900	1,069	1,203	1,161	1,229	(26.8%)
Hybrid Capital	887	888	887	888	888	(0.1%)
Shareholders Equity	3,021	3,364	3,269	3,312	3,371	(10.4%)

INCOME STATEMENT							
in Euro million	2008	2007	% change	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Operating Income	2,345.7	2,237.3	4.8%	523.2	607.4	624.2	591.0
Net Interest Income	1,798.6	1,605.3	12.0%	436.2	464.5	455.9	442.0
Net fee and commission income	464.4	464.6	0.0%	111.1	119.4	118.5	115.3
Income from financial operations	(6.8)	82.5	(108.3%)	(45.0)	(2.2)	23.2	17.1
Other income	89.5	84.9	5.4%	20.8	25.6	26.5	16.7
Operating Expenses	(1,178.3)	(1,025.3)	14.9%	(333.5)	(294.5)	(286.7)	(263.5)
Staff costs	(589.5)	(526.9)	11.9%	(153.0)	(151.3)	(146.0)	(139.3)
General expenses	(499.9)	(420.2)	19.0%	(156.4)	(120.7)	(118.9)	(104.0)
Depreciation and amortization expenses	(88.9)	(78.3)	13.7%	(24.2)	(22.6)	(21.9)	(20.3)
Impairment losses	(541.8)	(226.7)	139.0%	(275.7)	(124.1)	(74.4)	(67.6)
Profit before tax	625.6	985.3	(36.5%)	(86.1)	188.8	263.1	259.9
Income Tax	(112.2)	(214.6)	(47.7%)	30.0	(34.1)	(53.3)	(54.7)
Net Profit from continuing operations	513.4	770.7	(33.4%)	(56.1)	154.7	209.7	205.1
Profit from discontinued operations	0.0	80.4	...	0.0	0.0	0.0	0.0
Net Profit	512.1	850.0	(39.8%)	(55.8)	153.7	209.1	205.0
Recurring Profit (*)	512.1	769.6	(33.5%)	(55.8)	153.7	209.1	205.0

RATIOS						
	2008	2007	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Net Interest Income / Average Assets - MARGIN	3.0%	3.1%	2.7%	3.0%	3.2%	3.2%
Cost to Income Ratio	50.2%	45.8%	63.8%	48.5%	45.9%	44.6%
Return on Equity after tax and minorities - ROE (*)	15.7%	25.4%	(7.0%)	18.5%	25.4%	24.5%
Capital Adequacy Ratio (Total) (**)	10.1%	12.3%	10.1%	10.8%	11.4%	11.2%
Capital Adequacy Ratio (Tier I) (**)	8.3%	9.5%	8.3%	8.7%	8.9%	8.8%

(*) Net Profit excluding income from sale of Alpha Insurance to AXA in 2007 (profit from discontinued operations)

(**) For comparability purposes, 2007 ratios are an estimate under Basle II.

BUSINESS VOLUMES			
in Euro million	Dec. 2008	Dec. 2007	% change
Customer Financing	51,981	42,913	21.1%
<i>of which:</i>			
Greece	39,140	33,962	15.2%
Mortgages	11,156	9,850	13.3%
Consumer Loans	3,567	2,985	19.5%
Credit Cards	1,378	1,202	14.6%
Small Business Loans	5,022	4,407	14.0%
<i>of which: < €90,000 in limits</i>	1,398	1,163	20.2%
Medium and Large Business Loans	18,017	15,518	16.1%
Southeastern Europe	11,200	7,573	47.9%
Mortgages	2,695	1,665	61.9%
Consumer Credit	1,226	789	55.4%
Business Loans	7,279	5,119	42.2%
Customer Assets	48,330	46,682	3.5%
<i>of which:</i>			
Deposits	42,547	34,665	22.7%
Greece	35,859	28,781	24.6%
Sight & Savings	12,741	14,439	(11.8%)
Time deposits & Alpha Bank Bonds	23,118	14,342	61.2%
Southeastern Europe	6,103	5,303	15.1%
Bond Sales	1,881	2,280	(17.5%)
Mutual Funds	1,793	5,456	(67.1%)
Portfolio Management	3,173	5,844	(45.7%)
<i>of which: Private Banking</i>	2,952	5,584	(47.1%)