

Press Release

H1 2008 Results

Net Profit at Euro 414 million, achieving RoE of 25%

Inaugural covered bond transaction of Euro 2 billion secures wholesale funding for the rest of the year

Strong financial performance

- Earnings per share grew by 12%¹ to Euro 1.03 with return on equity at 25%.
- Net interest income grew by 19.3% to Euro 897.8 million, while the margin expanded by 20 bps to 3.2%.
- Net loans grew rapidly by 27.8% to Euro 46.8 billion, with new loan balances of Euro 2.4 billion in the second quarter, of which Euro 1 billion in Greece and Euro 1.2 billion in Southeastern Europe.
- Customer assets reached Euro 47.9 billion, with deposits having increased by Euro 1.5 billion in the second quarter.

Healthy operating metrics

- Robust capital adequacy with Tier I ratio at 8.9% and Total BIS ratio at 11.4%.
- Cost to income ratio at 45.3%, while expanding in Southeastern Europe at an accelerated pace.
- Credit quality remains resilient with NPLs improving to 3.5%.

Significant Contribution from Southeastern Europe

- Profit before tax from Southeastern Europe activities reached Euro 85.7 million, up 72%, representing 16.4% of our group profit before tax.
- Southeastern European loan and deposit balances grew significantly by 74% and 38%, representing 20.4% and 15.8% of total loans and deposits respectively.

Branch network at the end of H1 2008 amounted to 865 Units in Greece and abroad

“Alpha Bank delivered robust operating results across Greece and Southeastern Europe weathering the continuing turmoil in the credit markets. Our business model provides for sustainable liquidity and capital generation dynamics as we are consciously focusing on growing our assets in a profitable and risk balanced way”.

Yannis S. Costopoulos, Chairman

“In the difficult environment of the first half of 2008, Alpha Bank’s profitability remained solid as we continue our re-pricing in addition to acquiring profitable new business in Greece and making further inroads into Southeastern Europe. In July, we completed successfully the issuance of covered bonds, first among Greek banks, leveraging our balance sheet for the first time, thus adding significant flexibility in funding our future growth. We are committed in pursuing our balanced business model and our medium-term targets”.

Demetrios P. Mantzounis, Managing Director

¹ Adjusting for net income of Euro 80.4 million from the sale of Alpha Insurance to AXA in Q1 2007

KEY DEVELOPMENTS

- **First Greek Bank to complete a covered bond transaction**
Alpha Bank completed in July its inaugural Euro 2 billion covered bond transaction out of its Euro 8 billion programme. Issuance has received a triple-A rating from all major agencies. Following this transaction, the Bank has effectively concluded its wholesale funding budget for 2008 by raising already Euro 4 billion, and maintaining a net lending interbank position. To enhance its excellent liquidity position, the Bank is contemplating further funding initiatives, including the securitisation of consumer and SME loans.

- **Focus on balanced growth delivers Return on Equity of 25%**
RoE expanded in the first half of 2008 by 420 bps y-o-y as a result of the acceleration in net interest income (up 19.3%) and the enhanced operating leverage (cost-to-income down 60 bps y-o-y to 45.3%). This profitability should be viewed in the context of the measured risk profile of our loan portfolio (approximately 12% exposure both in consumer credit and the Balkans) and our balanced approach in writing new business; in the second quarter we added Euro 1.2 billion in new deposits vs. Euro 1 billion of new loans in Greece, while in Southeastern Europe we added an outstanding Euro 567 million of deposits over the same period.

- **Balance sheet re-pricing under way**
Taking into consideration the enduring crisis in the credit markets, Alpha Bank instigated in late July the second round of re-pricing its retail and small businesses loans year-to-date. Similar concerted efforts will continue throughout 2008 to reprice gradually its medium and large corporate loan book. We monitor some first successes on that front; however, we anticipate the full effect of these efforts to materialise into 2009. On the liability side, we experienced a further deterioration of the pricing conditions in the Greek deposits market, which led to a reduction of our deposits spread by 10 bps in the second quarter.

- **Robust expansion in Southeastern Europe assisted by accelerating maturity of our Network**
Our regional platform expanded in the twelve-month period to June 2008 by 142 Branches reaching 447 units. Lending growth reached 83% in the Balkans and 61% in Cyprus, resulting in a market share of 8% in loans in Southeastern Europe. New loan balances rose to Euro 1.2 billion for the quarter, exceeding for the first time the respective volume in Greece. In the newly acquired Astra Bank in the Ukraine we concluded a capital increase of Euro 126 million, according to our plan.

- **Continued focus on domestic expansion**
Retail lending expansion grew steadily, with consumer loans increasing by 25.7%, mortgages by 16.5%, and lending to very small businesses by 20.9%. The completion of the redesign of our corporate banking operations for medium size business customers will help to consolidate further our leading position in Greece and will also allow for a rigorous re-pricing of those relationships and monitoring of their risk profile.

- **Placement of 4% of treasury shares to Qatari investors**
Alpha Bank sold 4% of its share capital to Paramount, a company representing the business interests of the most prominent family in Qatar. Pursuant to this transaction, the Tier I capital ratio reached 8.9% and the total capital adequacy stood at 11.4%.

SUMMARY PROFIT AND LOSS

<i>(in Euro million)</i>	H1 2008	H1 2007	% change
Operating Income	1,215.2	1,056.6	15.0%
<i>of which:</i>			
Greece	974.3	896.5	8.7%
Southeastern Europe	230.0	151.2	52.1%
Operating Expenses	550.3	485.2	13.4%
<i>of which:</i>			
Greece	414.5	390.0	6.3%
Southeastern Europe	129.8	89.1	45.7%
Impairment losses	142.0	102.6	38.4%
Profit before Tax	522.9	468.7	11.6%
<i>of which:</i>			
Greece	432.4	416.3	3.9%
Southeastern Europe	85.7	49.8	72.1%
Net Profit*	414.1	373.6	10.9%

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

BALANCE AND OFF-BALANCE SHEET HIGHLIGHTS

<i>(in Euro million)</i>	30.06.2008	30.06.2007	% change
Assets	57,618	52,211	10.4%
Equity	3,269	2,913	12.2%
Loans (gross)	47,634	37,487	27.1%
<i>of which:</i>			
Greece	36,277	31,247	16.1%
Southeastern Europe	9,708	5,591	73.6%
Customer assets	47,868	44,010	8.8%
Deposits	37,520	31,795	18.0%
<i>of which:</i>			
Greece	30,981	26,884	15.2%
Southeastern Europe	5,918	4,278	38.3%
Private Banking	4,451	5,624	(20.9%)
Mutual Funds	4,907	5,527	(11.2%)

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FIRST HALF 2008 PERFORMANCE OVERVIEW

Net profit attributable to Shareholders amounted to Euro 414.1 million, an increase of 10.9% y-o-y, 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 solid performance reflects our leading market position in Greece and the accelerated delivery of our Southeastern European platform. **Net interest income** reached Euro 897.8 million, an increase of 19.3%, translating into a **net interest margin** of 3.2% (3% in H1 2007). This reflects our strong loan growth in Greece and Southeastern Europe and the continuous shift of our asset mix towards higher-spread activities whilst maintaining a prudent risk profile. **Net fee and commission income** advanced by 5.5% mainly driven by the strong growth in credit card commissions (+26.3%) and fees related to commercial and corporate banking (+7.2%), counterbalanced by the decline in asset management related fees (-13.5%) relating to the prevailing market conditions. **Income from financial operations** stood at Euro 40.3 million, and **other income** at Euro 43.2 million.

Our cost efficiency has improved materially with our cost-to-income ratio standing at 45.3%. The **operating costs** associated with our accelerated growth agenda increased by 13.4% to Euro 550.3 million, mainly due to a 10.3% increase in staff costs and a 16.4% increase in general expenses. As a result of our expansion programme in Southeastern Europe our costs grew by 46%, mainly attributable to the accelerated roll-out of our Branch network. We added 142 new Branches and over 1,500 new Staff since the end of June 2007. The increase of our operating cost in Greece (+6%) was mainly affected by production-related expenses to continue supporting our retail business drive.

Loans and advances to customers (gross) grew strongly by 27.1%, reaching Euro 47.6 billion, primarily due to a 16.1% volume expansion in Greece, and a very strong increase of 73.6% in our Southeastern European credit operations. Our growing geographic footprint is reflected in the fact that in the second quarter, new loan additions in Southeastern Europe amounted to Euro 1.2 billion, exceeding for the first time respective loan additions in Greece (Euro 1 billion).

Cost of credit as a percentage of average loans stood at 64 bps in the second quarter, in line with the medium term target of 60 bps, largely due to the prevailing sound credit conditions in Greece and Cyprus and the ongoing reengineering of our credit value chain. Therefore, our Non-Performing Loans (NPL) ratio, under IFRS 7, stood at 3.5% at the end of June 2008 improving significantly from 4.4% a year earlier. **Allowances for impairment** reached Euro 875 million representing 2% of total loans outstanding, as we have written-off Euro 82 million in the second quarter of 2008. The **coverage ratio** stood at 52.7% of NPLs and when **collaterals** are taken into account this ratio exceeds **130%**.

Customer assets reached Euro 47.9 billion. At end June 2008, **total deposits** stood at Euro 37.5 billion (+18%), having added Euro 1.5 billion of deposits within the quarter. **Deposits in Greece**, including Alpha Bank bonds placed with our retail customers, advanced to Euro 31 billion (+15.2%). In **Southeastern Europe**, our Branch network generates a strongly expanding **deposit base**, which has grown by 38.3% to reach Euro 5.9 billion at end June 2008. We now have nation-wide coverage in all the countries we operate and we increasingly see benefits coming through from enhanced brand awareness. **Private banking** assets stood at Euro 4.5 billion, and **mutual funds** balances at Euro 4.9 billion, primarily reflecting marking-to-market of the relevant assets under management.

BUSINESS UNIT ANALYSIS

CONSUMER AND SMALL BUSINESS BANKING

Retail Banking <i>(in Euro million)</i>	H1 2008	H1 2007	% change
Total Income	643.5	561.1	14.7%
Total Expenses	286.5	269.2	6.4%
Impairment Losses	96.6	48.9	97.5%
Profit Before Tax	260.4	243.0	7.2%
Return on Regulatory Capital	51.6%	57.3%
Risk Weighted Assets	12,628	10,596	19.2%
Cost / Income Ratio	44.5%	48.0%
Customer Financing (end-period)	19,935	16,947	17.6%

In H1 2008, profit before tax reached Euro 260.4 million, compared to Euro 243 million in H1 2007 (+7.2%). **Mortgage credit** reached Euro 10.6 billion, up by 16.5%, as we consolidated our position in the market, leveraging our differentiated product offering. In the area of **consumer credit** we continued to gain market share as a result of our innovative marketing mix. In that context, **consumer loan** balances

rose by 25.7% to Euro 3.3 billion. **Credit cards** balances advanced by 20.2% reaching Euro 1.3 billion, driven by the increasing success of our proprietary multi-retailer “Bonus Card Loyalty Programme”. Moreover, **small business loans** (extended to companies with turnover below Euro 2.5 million or credit limits up to Euro 1 million) rose by 14.5%, while loans to **very small businesses** (defined as those with credit limits up to Euro 90,000) increased by 20.9%. Our performance in the area of small businesses is improving continuously as we sharpen our focus in this segment through dedicated product offerings, centralisation of credit approvals and back office operations. This trend is expected to continue as we extend our geographic reach through an elaborate Branch opening programme to cover under-represented domestic market segments.

OPERATIONS IN SOUTHEASTERN EUROPE

Operations in Southeastern Europe <i>(in Euro million)</i>	H1 2008	H1 2007	% change
Total Income	230.0	151.2	52.1%
Total Expenses	129.8	89.1	45.7%
Impairment Losses	14.6	12.4	18.1%
Profit Before Tax	85.7	49.8	72.1%
Return on Regulatory Capital	27.7%	24.8%	...
Risk Weighted Assets	7,742	5,018	54.3%
Cost / Income Ratio	56.4%	58.9%
Customer Financing (end-period)	9,708	5,591	73.6%
Customer Deposits (end-period)	5,918	4,278	38.3%

Profit before tax grew impressively to Euro 85.7 million, an increase of 72.1% driven by our accelerated Branch opening programme and the rapid maturity of our existing Branches as we increase the Network density in the various countries in which we operate.

In **Cyprus**, our franchise delivered Euro 52.9 million in pre-tax profit, up 38.5% from last year. This strong performance was supported by our number three position in lending with a market share of 12.9% by the end of the second quarter, a gain of 2.3 percentage points over the year, as well as our fast improving position in the international banking segment. In the second quarter, we added Euro 311 million of new loan balances reaching Euro 3.9 billion, while deposits totalled Euro 3.5 billion at the end of June.

In **Romania**, our market share in loans grew by 1.5 percentage points to 7% by the end of June 2008. Profits before tax reached Euro 33.2 million, up 165.6%. As part of our balanced approach to risk we continue to hedge our capital exposure in the country since July 2007. During the year we increased our loan book by 81% to reach Euro 3.5 billion, adding Euro 516 million of new loans in the second quarter, comfortably sustaining our top five ranking in the domestic lending market.

In **Bulgaria**, our Network numbered 84 Branches at the end of June 2008, with a further 40 Branches in the initial stage of the roll-out. The intensification of our efforts to attain critical mass in Bulgaria has been rewarded by the improvement of our market position in loan terms by almost 1.5 percentage points to reach 4%, thus securing our top ten ranking in the country. Following recent management appointments we have extended our head-office function to accommodate envisaged growth in our operations. Furthermore, market recognition continues to grow with remarkable results in new business origination. In the last twelve months, we have achieved a 175% increase in the number of mortgages granted, as well as a 240% growth in the number of retail accounts.

In **Serbia**, we have successfully restructured Alpha Bank Srbija a.d. less than two years after its acquisition. With our network of 141 Branches we are well placed for a fully fledged application of Alpha Bank’s banking expertise, as evidenced by the 53.8% growth of our commercial loan portfolio in a market with a distinct entrepreneurial drive.

In **Albania**, our network of 25 Branches delivered a profit of Euro 9 million in the first half of the year, mainly due to the emphasis placed on developing the retail aspect of the franchise. The country loan book grew by 84.3% at Euro 370 million driven by retail business inflows, while deposits accelerated by 35% to reach Euro 375 million.

In **F.Y.R.O.M.**, we opened 2 more Branches during the second quarter, to reach 19 units, effectively doubling our Network capacity since June 2007. Following our accelerated penetration drive, credit

expansion rose to 113.9% with our loan book reaching Euro 141 million, mostly on account of strong retail business origination (+130%).

MEDIUM AND LARGE CORPORATES

Medium and Large Corporates <i>(in Euro million)</i>	H1 2008	H1 2007	% change
Total Income	214.6	193.1	11.1%
Total Expenses	59.1	55.6	6.3%
Impairment Losses	30.7	41.2	(25.5%)
Profit Before Tax	124.8	96.3	29.6%
Return on Regulatory Capital	18.9%	17.7%	...
Risk Weighted Assets	16,554	13,599	21.7%
Cost / Income Ratio	27.5%	28.8%	...
Customer Financing (end-period)	16,342	14,300	14.3%

Profit before tax increased by 29.6% to Euro 124.8 million, following the successful establishment of 10 Business Centres, which have taken over responsibility for medium-sized corporate relationships across Greece. Operating income grew by 11.1%, supported by a robust increase in loans (+14.3%), and the ongoing repricing, which is carried out on a client-by-client basis.

ASSET MANAGEMENT

Asset Management <i>(in Euro million)</i>	H1 2008	H1 2007	% change
Total Income	47.2	57.2	(17.5%)
Total Expenses	26.8	28.4	(5.4%)
Profit Before Tax	20.4	28.8	(29.4%)
Return on Regulatory Capital	62%	122.5%	...
Risk Weighted Assets	821	588	39.5%
Cost / Income Ratio	56.9%	49.6%
Customer Funds (end-period)	9,576	11,450	(16.4%)

Profit before tax fell to Euro 20.4 million, on the back of persisting negative market sentiment. Funds under management stood at Euro 9.6 billion, despite prolonged investment inertia mainly affecting private banking accounts. The redesign of our asset gathering distribution function targeting mass affluent customers together with our leading product proposition in mutual funds and insurance products partially offset negative impact from unfavorable fundamentals.

In Mutual funds our overall market share reached 27% at end June 2008, with assets under management totaling Euro 4.9 billion at the end of the second quarter, despite large outflows due to adverse market conditions. We have recently undertaken significant product development, introducing a shipping and a real estate fund as well as the first Greek ETF on the FTSE 20 Athens Index. Furthermore, **private banking** balances stood at Euro 4.5 billion, adversely impacted by market conditions. Our product offering in private banking has been recently enhanced by the introduction of Pictet's "green products" investing in special environmental sectors like water, alternative energy sources and biotechnology, as part of the conclusion of a distribution agreement between Alpha Private Bank and Pictet Funds.

Lastly, we continue to make inroads in **Bancassurance**. Leveraging on our exclusive relationship with AXA and the enhanced distribution capacity of our Network, we have initiated the roll-out of an innovative product platform targeting the mass affluent and the SME market segments. Our most prominent product offerings include "Alpha Profit", the inaugural innovative pension/investment programme launched in 2007 which has already exceeded its sales expectations for the first half of the year, a new Life Insurance product linked to business loans and a first property insurance product for SMEs. In the same context, projects in progress include the redesign of the distribution of specialised insurance products to medium and large corporates and the design of a new insurance product linked to credit cards.

INVESTMENT BANKING AND TREASURY

Investment Banking and Treasury <i>(in Euro million)</i>	H1 2008	H1 2007	% change
Total Income	56.4	55.6	1.4%
Total Expenses	19.9	17.7	12.1%
Profit Before Tax	36.4	37.8	(3.8%)
Return on Regulatory Capital	20.2%	19.8%	...
Risk Weighted Assets	4,506	4,784	(5.8%)
Cost / Income Ratio	35.2%	31.9%	...

Profit before tax for the period amounted to Euro 36.4 million, of which Euro 14.2 million relates to the investment banking business, primarily as a result of brokerage activity, which has been materially affected by on-going capital markets volatility.

