

Press Release

ALPHA BANK 2006 Results

Net Profit of Euro 626 million (+24.6%)

Dividend of Euro 0.75 per share (+25.0%)

“2006 was another year of strong performance with results exceeding our expectations. Profitable growth with high quality, value added services to clients, remain our top priority. In 2007, we will continue to work with the same commitment in order to achieve the goals in line with our business plan Agenda 2010”.

Yannis S. Costopoulos, Chairman

“In 2006, earnings per share rose by 27.2% compared with our target of at least 20% average annual increase for 2006-2008. This reflects the growth of our operations in all business areas, both in Greece and abroad. In Southeastern Europe, in particular, after opening up 94 new Branches in 2006, we now have a network of 270 Branches. Our expansion through organic growth and targeted investments will continue in 2007”.

Demetrios P. Mantzounis, Managing Director

FINANCIAL SUMMARY

- Net profit up by 24.6% to Euro 625.9 million (excluding the one-off tax on reserves).
- Earnings per share at Euro 1.59 from Euro 1.25 last year (+ 27.2%).
- Net interest income up by 16.4% to Euro 1,417.6 million with the MARGIN maintained at 3.1%.
- Fee and commission income expanded by 13.6% to Euro 400.1 million.
- Cost to income ratio improved to 45.7% from 47.3% last year.
- Return on equity at 26.8% (excluding one-off tax on reserves) from 23.0% last year.
- Capital adequacy strong at 12.9% with Tier I at 10.2% and core Tier I at 7.7%.

KEY DEVELOPMENTS

- **Retail banking in Greece performs well in line with our planning.**
Household and small business lending rise by 20.4% and retail banking profits before tax by 28.9%
- **Southeastern European expansion on target.**
In 2006, our Network expanded by 94 new Branches, an increase of more than 50%, with loans and deposits rising by 35.8% and 37.8% respectively. With 270 fully operational Branches and 4.000 Staff already in place, and the continuous expansion of our Network to more than 500 Branches by 2008, our growth prospects are strengthen significantly in the region.
- **Cyprus operations continue to grow significantly boosting profitability and market share.**
Loans increase by 29% with net interest income and commission revenue rising by 29% and 25% respectively, with a cost to income ratio at 43%.

- **The Branch network in Greece is again expanding.**
Our Network in Greece was strengthened by 9 Branches in 2006 and is planned to grow by 20 more Branches in 2007, in locations of enhanced prospects due to demographic changes.
- **Alpha Bank enters the banking market in Turkey through the 50% acquisition of Abank.**
The deal provides a strong catalyst for Alpha Bank to benefit from the excellent growth opportunities in Turkish banking while in partnership with Anadolu Group, one of the major industrial groups in Turkey.
- **The long-term cooperation agreement between Alpha Bank and AXA heralds a new era in bancassurance business development.**
Alpha Bank's insurance and asset management business is to benefit from the development of innovative investment, life and non-life products to be distributed through our extensive Branch network.
- **Treasury stock successfully placed in the international markets.**
In early December 2006, Alpha Bank proceeded with the placement of treasury shares amounting to 5.21% of its share capital. The placing was met with strong demand by both international and domestic institutional investors yielding Euro 483.5 million.

2006 DIVIDEND

In light of the increased profitability and achievement of our financial targets, the Board of Directors has resolved to recommend to the Annual General Meeting of Shareholders a dividend of **Euro 0.75 per share**, representing **an increase of 25%** compared to last year's Euro 0.60 per share adjusted dividend.

SUMMARY PROFIT AND LOSS

<i>(in Euro million)</i>	2006	2005	% change
Income	1,942.2	1,687.5	15.1%
<i>Of which:</i>			
Greece	1,677.4	1,455.0	15.3%
Southeastern Europe	248.4	214.1	16.0%
Costs	887.5	798.5	11.1%
<i>Of which:</i>			
Greece	722.4	652.3	10.7%
Southeastern Europe	153.6	134.8	13.9%
Profit before Tax	800.7	634.1	26.3%
<i>Of which:</i>			
Greece	725.6	565.3	28.4%
Southeastern Europe	70.0	58.2	20.3%
Net Profit (excluding one-off tax on reserves)	625.9	502.2	24.6%
EPS (in Euro)	1.59	1.25	27.2%

SUMMARY BALANCE AND OFF-BALANCE SHEET HIGHLIGHTS

<i>(in Euro million)</i>	31.12.2006	31.12.2005	% change
Assets	49,443	43,663	13.2%
Equity	2,737	2,218	23.4%
Loans	33,200	28,306	17.3%
<i>Of which:</i>			
Greece	28,444	24,647	15.4%
Southeastern Europe	3,988	2,936	35.8%
Deposits	31,015	26,547	16.8%
<i>Of which:</i>			
Greece	26,817	23,361	14.8%
Southeastern Europe	3,622	2,629	37.8%
Private Banking	4,916	4,241	15.9%
Mutual Funds	4,201	5,188	(19.0%)

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2006 PERFORMANCE OVERVIEW

Net profit in 2006, excluding the one-off taxation of reserves, reached **Euro 625.9 million** (+24.6%). **Total Income** rose to Euro 1.9 billion (+15.1%), on account of growth in **net interest income** (+16.4%) generating a **Net Interest Margin (NIM)** of 3.1%, and in **fee and commission income** (+13.6%). Also, **income from financial operations** reached Euro 55.5 million, while **other income** Euro 68.9 million. **Profit before tax** rose by 28.4% in Greece and 20.3% in Southeastern Europe.

Operating costs reached Euro 887.5 million (+11.1%), exceeding budgeted levels primarily on account of generous wage increases granted on the basis of the collective bargaining agreement. Staff costs were also affected by our expansion in Southeastern Europe with the addition of **94** new Branches and hiring almost **800** people in 2006. As a result, **staff costs** rose by 10.2%. Moreover, the retail business growth in Greece and the expansion in Southeastern Europe led to **general expenses** rising by 13.7%. Overall, costs grew by 10.7% in Greece and 13.9% in Southeastern Europe.

Customer lending, at end-2006, reached Euro 33.2 billion (+17.3%), supported by loan growth in the retail segment in Greece (+20.4%) and overall loan growth in Southeastern Europe (+35.8%). **Allowances for impairment** stood at Euro 992.2 million at end- 2006 despite write-offs of Euro 361 million. **Impairment losses** as a percentage of average loans improved to 81 bps vs 98 bps in 2005, as a result of a more benign credit environment and improvement in our collection mechanisms.

Customer assets overall grew to Euro 41.2 billion (+10.4%). Deposits in Greece, including Alpha Bank Bonds sold to the retail market, grew by 14.8% to Euro 26.8 billion, with money market placements rising rapidly (+39.8%), due to customer money flowing in from mutual funds, which contracted by 19%. In Private Banking, moreover, funds rose by 15.9% to Euro 4.9 billion. Finally, deposits in Southeastern Europe increased to Euro 3.6 billion (+37.8%).

BUSINESS UNIT ANALYSIS

CONSUMER AND SMALL BUSINESS BANKING

Profits before tax from this segment totaled Euro 378.0 million (+29.5%). Mortgage lending outstandings expanded in 2006 by 23.8% to Euro 8.4 billion, with new sales amounting to Euro 2.8 billion, in an increasingly more competitive environment. Consumer credit rose, in line with market growth, by 21.4% to Euro 3.2 billion, with consumer loans rising by 27.9% and credit card outstandings by 9.4%. Loans to small businesses (turnover below Euro 2.5 million or credit limits up to Euro 1 million) recorded an increase of 13.1%, while loans to very small businesses (up to Euro 90,000 credit limits), rose by 20.8%. Retail lending benefited in 2006 from the promotion of new products marketed in anticipation of shifting customer demand. Examples include the “Alpha Protection” mortgage to cover against rising interest rates, the “Alpha All in One personal loan to consolidate consumer credit balances in other banks into a single Alpha Bank account, the Bonus card multi-retailer loyalty programme with points exchanged for products at participating companies, and finally, loans for personal businesses and very small companies for working capital or expansion needs. This is all supported by centralised retail organisation covering approval and support functions, as well as new product development.

Retail Banking <i>(in Euro million)</i>	2006	2005	% change
Total Income	1,052.8	882.8	19.3%
Total Expenses	508.7	451.8	12.6%
Impairment Losses	166.1	139.1	19.3%
Profit before tax	378.0	291.8	29.5%
Return on Regulatory Capital	41.9%	40.1%	...
Risk Weighted Assets	11,273	9,087	24.0%
Cost / Income Ratio	48.3%	51.2%	...
Customer Financing (end-period)	15,550	12,917	20.4%

OPERATIONS IN SOUTHEASTERN EUROPE

Business unit pre tax profits reached at Euro 70.0 million (+20.3%). Our Network was strengthened in 2006 with 94 Branches (40 in Romania, 30 in Bulgaria, 14 in Serbia, 5 in Albania, 3 in FYROM and 2 in Cyprus). Already, our Network numbers 270 Branches and is expected to grow further so that by 2008 to have more than 500 Branches in the region. The opening of new Branches already supports growth in lending (+35.8%) and deposits (+37.8%), with outstanding balances standing at Euro 3.6 billion and Euro 4.0 billion respectively. In the Balkan countries, in particular, mortgages and consumer credit grew by 130.3% and 54.7% respectively, in a retail market which has increased strongly from a relatively low base. Moreover, in Cyprus lending grew by 28.6%, with mortgages rising by 86.5% in a booming mortgage market benefiting from the demand for second homes by foreigners. With Bulgaria and Romania having already become members of the European Union, prospects for robust growth remain excellent. This will be supported by increasing local incomes fuelling demand for financial services as well as the faster expansion of trade and investment by greek corporates in the region.

Southeastern Europe Operations <i>(in Euro million)</i>	2006	2005	% change
Total Income	248.4	214.1	16.0%
Total Expenses	153.6	134.8	13.9%
Impairment Losses	24.8	21.1	17.5%
Profit before tax	70.0	58.1	20.3%
Return on Regulatory Capital	25.6%	27.0%	...
Risk Weighted Assets	3,417	2,737	24.8%
Cost / Income Ratio	61.8%	63.0%	...
Customer Financing (end-period)	3,988	2,936	35.8%

MEDIUM AND LARGE CORPORATES

Profits before tax reached Euro 202.6 million (+ 23.2%). This reflects both volume growth with lending rising by 9.9%, as well as an improvement in credit conditions, bringing a decline in impairment losses. Alpha Bank has embarked since this year on a major reengineering project concerning medium sized companies. The plan calls for the establishment of 10 Commercial Centres, of which the first one in Athens is already operational. These units will take over all credit and sales functions from the Branches, improving substantially the efficiency and effectiveness of our operations. In this way, the Branches become primarily retail banking outlets serving households and small businesses, raising profitability in the process.

Medium and Large Corporates <i>(in Euro million)</i>	2006	2005	% change
Total Income	366.3	356.2	2.8%
Total Expenses	100.6	94.1	6.9%
Impairment Losses	63.1	97.7	(35.4%)
Profit before tax	202.6	164.4	23.2%
Return on Regulatory Capital	21.5%	18.9%	...
Risk Weighted Assets	11,769	10,899	8.0%
Cost / Income Ratio	27.5%	26.4%	...
Customer Financing (end-period)	12,894	11,730	9.9%

ASSET MANAGEMENT

Profits before tax reached Euro 48.2 million (-2.4%). The market for mutual funds contracted substantially in Greece in 2006 (-21.7% for non-money market funds) as customer money moved out of primarily bonds but also equity funds into more liquid assets, in an environment of rising interest rates. Alpha Bank non-money market mutual funds contracted by less than the market, which led to its market share rising to 22%.

In this environment, Alpha Bank has been instrumental in launching the Fund of Funds concept in Greece (already Euro 600 million in assets under management), as well as the Balanced Fund concept with protection against market downside (already Euro 250 million in assets under management). Moreover, in the Private Banking area, customer assets reached Euro 4.9 billion (+15.9%) as wealthy customers are increasingly opting for specialized advice in managing their assets. The asset management business, including insurance, is expected to grow faster in the future on the basis of the cooperation agreement with AXA, which will further enhance our investment and insurance product offering in the market.

Asset Management <i>(in Euro million)</i>	2006	2005	% change
Total Income	101.4	91.9	10.3%
Total Expenses	53.2	46.0	15.7%
Profit before tax	48.2	49.4	(2.4%)
Return on Regulatory Capital	115.2%	119.0%	...
Risk Weighted Assets	523	511	2.3%
Cost / Income Ratio	52.5%	50.0%	...
Customer Funds (end-period)	9,330	9,643	(3.2%)

INVESTMENT BANKING AND TREASURY

Profit before tax reached Euro 43.6 million, of which Euro 12.5 million relate to investment banking. The latter is supported by a strong rise in brokerage fees that offset underwriting and advisory activity.

Investment Banking and Treasury <i>(in Euro million)</i>	2006	2005	% change
Total Income	76.4	76.9	(0.7%)
Total Expenses	32.8	33.0	(0.6%)
Profit before tax	43.6	43.6	(0%)
Return on Regulatory Capital	15.6%	22.8%	...
Risk Weighted Assets	3,495	2,386	46.5%
Cost / Income Ratio	43.0%	43.0%	...