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To
The Board of Directors of
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Our ref mat/MIK (951882)

1 February 2005

Certified Auditors' Report in accordance with the provisions of articles 321 and 327 of the Regulation of the Athens Exchange (Decision No. 1/304/10.06.2004 of the Capital Market Committee, Gov. Gazette B 900/16.06.2004)

Presented below is a summary of the Certified Auditors' Report in connection with the proposed merger by absorption of:

the Société Anonyme "DELTA SINGULAR A.E.P." (to be referred to hereafter as "DELTA SINGULAR" or "the Acquiree")

by the Société Anonyme "ALPHA BANK A.E." (to be referred to hereafter as "ALPHA BANK" or "the Acquiror"),

in accordance with the provisions of articles 68 par. 2, 69-70 and 72-77 of Coded Law 2190/1920, articles 1-5 of Law 2166/1993 and article 16 par. 5 and par. 18 of Law 2515/1997.

1 Introduction

In accordance with the instructions of ALPHA BANK's and DELTA SINGULAR's (also to be collectively referred to hereafter as "the Companies") Boards of Directors of 27 July 2004, we have performed the following:

- a. **confirmed that the balance sheet of the Acquiree** as of the effective merger date was properly extracted from the books and records of DELTA SINGULAR,
- b. **reviewed the signed Draft Merger Agreement dated 2 December 2004**, that is a revised version of the signed Draft Merger Agreement dated 5 August 2004, and

- c. **expressed an opinion**, in accordance with article 16, par. 5 of Law 2515/1997, on whether the share exchange ratio proposed by the Boards of Directors of the Acquiror and the Acquiree, is fair and reasonable (Fairness Opinion).

With regards to our work in relation to the provision of the Fairness Opinion, we have valued the Companies in order to determine a range of fair and reasonable relative values and share exchange ratios. Our conclusions are set out in this letter.

In the context of the valuation work, we examined the Companies' comparative financial position. Our assessment included, inter alia, consideration of the following:

- a. terms and conditions of the proposed merger by absorption,
- b. competitive and macroeconomic conditions of the Companies' sectors,
- c. main factors and relevant trends, which had an impact on the Companies' historical financial data and figures,
- d. the Companies' financial position as at the merger balance sheet date, i.e. as at 31 July 2004, taking into consideration the share capital increase of ALPHA BANK through the exercise of stock options, that was approved by ALPHA BANK's Board of Directors on 23 November 2004 and was completed and certified on 2 December 2004,
- e. data sourced from public and other sources, as well as information provided to us by the Companies' managements,
- f. information arising from discussions with the Companies' officers in connection with the current position and the prospects of the Companies in their respective sectors,
- g. the Companies' market capitalisation during the 12 months preceding the announcement of the intention to merge by the Companies' Boards of Directors dated 10 June 2004,
- h. other information, studies and analyses, as well as financial and stock market data that we considered relevant and suitable for the purposes of our work.

2 Companies Valuation

The valuation work was carried out in accordance with generally accepted principles and methodologies that are used internationally and our conclusions take into account the suitability of the various valuation methodologies. The methodologies adopted and the relative weighting of each one's results are reasonable and suitable for the particular assignment.

The opinion on the reasonableness and fairness of the relative values is based on the aforementioned data and other information and data provided to us by the management of the Companies, who have confirmed to us that such information is accurate and complete.

In particular, we have considered and used as deemed appropriate, the following internationally accepted valuation methodologies:

<u>Valuation methodology</u>	<u>Company</u>
α) Adjusted Book Value	DELTA SINGULAR
β) Market Multiples	ALPHA BANK
γ) Discounted Dividends	ALPHA BANK
δ) Stock Market Quotation (Capitalisation)	DELTA SINGULAR and ALPHA BANK

In accordance with internationally recognised valuation practice for financial institutions, the application of Adjusted Book Value methodology for the valuation of ALPHA BANK was not deemed to be particularly appropriate.

In addition, the application of Discounted Dividends and Market Indicators methodologies for the valuation of DELTA SINGULAR was omitted, since the nature of DELTA SINGULAR's future revenues will be significantly altered, as a consequence of the sale to third parties of Information Technology Services, Information Systems Integration and Software Production business segments, i.e. of the major part of its business operations and its fixed assets.

No impediments or difficulties arose during the valuation of the Companies using the above methodologies.

The valuation of the Companies refers to the total value of their issued share capital which comprises 235 105 567 and 123 525 000 common registered shares, for ALPHA BANK and DELTA SINGULAR, respectively.

The results of each valuation methodology, the way each methodology was applied and the principal underlying assumptions are set out in further detail below.

2.1 Valuation methodologies assumptions

Adjusted Book Value

This methodology is static, since it only reflects the financial position of a company at a particular point in time. Consequently, it does not take into account the company's prospects for future growth and profitability. For this reason, this methodology has not been used for the valuation of ALPHA BANK.

By contrast, the Adjusted Book Value was considered appropriate for the valuation of DELTA SINGULAR, since the nature of its future revenues will be significantly altered, as a consequence of the sale to third parties of Information Technology Services, Information Systems Integration and Software Production business segments, i.e. of the major part of its business operations and its fixed assets. Thus, the results of this methodology bear a significant weighting in the determination of a range of absolute values for DELTA SINGULAR.

The Adjusted Book Value position of DELTA SINGULAR was derived from the merger balance sheet of 31 July 2004 and was further adjusted in order to reflect the current (marked-to-market) values of DELTA SINGULAR's participations portfolio as at 31 July 2004 and the notes on the auditor's report.

Market Multiples (Comparable Companies)

With regards to ALPHA BANK, we considered the market capitalisations for a sample of 24 European banks, for the period from 1 January to 9 June 2004. Particularly, we examined three (3) sub samples: Sample 1 which consists of 20 banks active in European countries except Greece, sample 2 which consists of 14 banks (included in sample 1) active in the Euro zone and finally, sample 3 which consists of 4 Greek banks.

The sample selection was based on a combination of criteria including the maturity level and the development stage of the foreign economies and corresponding capital markets, the efficiency and effectiveness of the banking sectors in the markets into consideration, the specific characteristics of each bank with regard to their product and service mix, their competitive position and market presence, the geographical focus of their business activities and other matters.

Based on the market capitalisations identified above and the publicly available financial information for each bank, the following value multiples were estimated: a) Market Capitalization over Net Assets and b) Market Capitalisation over Net Interest Income.

Discounted Dividends

ALPHA BANK'S valuation was based on the Business Plan for the period 2004 – 2006, provided by the Company's management. These projections have been extended to a 10-year horizon, so that the potential for growth of the Greek banking market would be taken into account. The management projections were reviewed and adjusted by KPMG to the extent considered appropriate, in order to determine a base case valuation scenario.

For the purposes of ALPHA BANK's valuation, a financial model was prepared in which the above projections and related assumptions were incorporated. This model calculates the value of the Company as the present value of the maximum dividends that the Company could distribute to its shareholders, on an annual basis. Such dividend stream is calculated after taking into account the regulatory provisions regarding capital adequacy, as required by the Bank of Greece.

In the context of the valuation and with the aim of examining the reasonableness of the assumptions and the conclusions of our work, key performance ratios derived from the financial model have been compared to corresponding indicators for banks operating mainly in the European market. The latter were considered to constitute an appropriate basis of comparison in view of their operating into more mature markets.

The current strategic position of ALPHA BANK in the Greek market was also taken into consideration along with the existing conditions and economic outlook of the Greek banking sector.

The revenues and expenses of ALPHA BANK from the bank's participations in financial and non-financial companies, which are either fully consolidated or accounted for under the equity method, have been excluded from the financial model. Instead, the value of this portfolio has been considered separately and added to the net present value of ALPHA BANK as this was derived from the valuation model.

In addition, the main value drivers of ALPHA BANK have been assessed and a sensitivity analysis was performed on various parameters, including the cost of capital and the growth rate of dividends to perpetuity in order to estimate the impact on the conclusions of our analysis of any deviation from the base case scenario. In both cases, the rest of the assumptions of the base case scenario remained unchanged.

Considering the documents and information stated at 1(a) to 1(h), the main underlying assumptions of the base case scenario are as follows:

- Gradual convergence of the total credit expansion of the Greek market as a percentage of Gross Domestic Product (GDP) to the average of the Euro zone by 2013.
- Sustainability of ALPHA BANK's market shares for the period 2007 – 2013 at the levels projected by Management for 2006.
- Maintenance of the amount of hybrid securities and subordinated loans of ALPHA BANK throughout the period 2007-2013 at the levels projected by ALPHA BANK's management for 2006. Gradual increase of senior debt for the period 2007-2013 through the extension of the Euro Medium Term Note Programme (EMTN).
- Gradual decrease in the growth of net commission income.
- Financial gains during 2007 – 2013 have been limited to amounts that are considered to be sustainable and recurring.
- Maintenance of the number of ALPHA BANK employees at the levels projected by the management for 2006.
- Growth of other operating expenses by a rate that varies between inflation rate and 2 basis points above the inflation rate, depending on the type of expense.

- Provisions for non-performing loans gradually decrease from 1% to 0.9% of average amount of loans, in the period 2007-2013.
- Constant annual growth of 3% from 2013 to perpetuity.
- Various adjustments in accordance with the forthcoming application of International Financial Reporting Standards.

Stock Market Quotation (Capitalisation)

For the purpose of determining a range of values for each of the Companies and also a range of relative values between ALPHA BANK and DELTA SINGULAR, we examined the market capitalisations of the said companies at periods within the last 12 months and specifically those as of 12, 9, 6, 3 and 1 month prior to the public announcement of the intention to merge. The market values of the Companies and the respective relative values after the aforementioned date have not been taken into consideration in our report as it could be reasonably expected that such values were affected by the recent announcement.

2.2 *Range of fair and reasonable relative values and share exchange ratios*

Set out in the table below are the ranges of relative values and respective share exchange ratios for each of the valuation methodologies applied:

	Indicative range of relative values	Indicative range of share exchange ratio
Valuation methodology	ALPHA BANK to DELTA SINGULAR	Shares of DELTA SINGULAR versus one share of ALPHA BANK
Stock Market Quotation ALPHA BANK over Stock Market Quotation DELTA SINGULAR	from 17.14 to 19.23 for 1	from 9.00 to 10.10 for 1
Discounted Dividends ALPHA BANK over Adjusted Book Value DELTA SINGULAR	from 18.13 to 21.50 for 1	from 9.52 to 11.30 for 1
Market Indicators ALPHA BANK over Adjusted Book Value DELTA SINGULAR	from 18.32 to 20.56 for 1	from 9.63 to 10.80 for 1

Our final valuation range of each of the Companies was based on the suitability of each of the applied methodologies. The resulting range of relative values is as follows:

from 17.89 up to 20.49 to 1 (DELTA SINGULAR to ALPHA BANK)

During our estimation of share exchange ratio, actions detailed in the Draft Merger Agreement were also taken into consideration.

3 **Evaluation of the Draft Merger Agreement**

We have examined the Draft Merger Agreement in order to evaluate whether the proposed transaction is both fair and reasonable and that it derives from the aforementioned valuation of the two merging Companies.

4 **Conclusions**

The Companies' Boards of Directors, in accordance with the signed Draft Merger Agreement dated 2 December 2004, propose a share exchange ratio as follows:

- a. Each shareholder of the Acquiree (excluding the Acquiror) shall exchange 10 common registered voting shares at a par value of EUR 0.31 each held in the Acquiree for one (1) common registered voting share of the Acquiror, at a new par value of EUR 5.35 each.
- b. After the completion of the merger, the shareholders of the Acquiror shall continue to hold the same number of shares in the Acquiror, as prior to the merger, though at a new par value of EUR 5.35 each.

Note: Any fractional balances will be settled in accordance with a relevant decision to be authorised at the General Assembly.

In our opinion, the relative values proposed by the Companies' Boards of Directors of,

DELTA SINGULAR to ALPHA BANK	19,0330 to 1
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and the proposed share exchange ratio of:

Acquiree shares (DELTA SINGULAR) to 1 share of Acquiror (ALPHA BANK)	10 for 1
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fall within the range of relative values and share exchange ratios resulted from the Companies' valuation and therefore considered as **fair and reasonable**, in accordance with the provisions of the article 16 par 5 of Law 2515/1997, the Coded Law 2190/1920 and the provisions of the Regulation of Athens Exchange.

5 **Effect of the merger on the Acquiror's financial position**

Based upon the combined PRO-FORMA financial statements (of the Acquiree and the Acquiror), that were created on the basis of the audited merger balance sheets as of 31 July 2004 of the merged entities, which combined PRO-FORMA statements were audited by another Certified Auditor who compiled a relevant Audit Certificate, and taking into consideration the share capital increase of ALPHA BANK as mentioned in par. 1.d, the completion of the merger will result in:

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- the Acquiror's Net Assets increasing by approximately 5.55%, as compared to the corresponding Net Assets prior to the merger,
- the Acquiror's Total Assets decreasing by approximately 0.02%, as compared to the corresponding Total Assets prior to the merger, basically due to the elimination of intragroup balances and of the elimination of the participation of ALPHA BANK in DELTA SINGULAR,
- the Profit before Tax for the period from 1 January to 31 July 2004 will be increased by approximately 39.31%, as compared to the corresponding Profit before Tax prior to the merger.

The effect of the merger on the Acquiror described above is solely on the basis of the changes that will occur to its financial position at the date of the merger balance sheet. We have not considered the consequences on future results of any positive or negative matters that may arise from the merger, such as the enhancement of the bank's credit-granting capacity due to improvement of its capital adequacy, potential for economies of scale, other synergies, merger costs and other impacts.

KPMG Kyriacou Certified Auditors A.E.

Michael Kokkinos
Certified Auditor Accountant
Reg. No. SOEL 12701

Important note: This is a translation of the original document, which was prepared in Greek. In the event of translation discrepancies or misunderstandings between the original Greek and the English documents, the Greek document will prevail.