



ALPHA BANK

Press Release

ANNUAL GENERAL MEETING OF THE SHARE HOLDERS OF ALPHA BANK 2009

At the Annual General Meeting of Shareholders of Alpha Bank, which took place on Tuesday June 23, 2009, spoke the Chairman of the Board of Directors Yannis S. Costopoulos and the Managing Director Demetrios P. Mantzounis.

The Chairman of the Board of Directors Yannis S. Costopoulos stated: "In 2008, despite the unprecedented financial crisis, we continued to grow. Operating in a difficult environment, we succeeded in maintaining profitability at a satisfactory level.

Credit expansion growth declined significantly, especially following the uncertainty caused by the collapse of Lehman Brothers. Access to the international money and capital markets came basically to a halt. The cost of money rose to excessive levels, as competition to attract term deposits increased.

Such an environment of market instability calls for securing adequate liquidity levels and sufficient funding, coupled with increased provisions for credit risk. To this end, we put to use all the options at our disposal. We strengthened our liquidity by securitising assets which were pledged with the European Central Bank to obtain liquidity. Also, we participated in the Government's programme to strengthen the liquidity of the economy. At the same time, and in order to support our balance sheet, we also took precautionary provisions for the expected rise in bad debts. Our capital adequacy was strengthened by our profits and the issuance of preference shares to the Greek Government. It is thus sufficient to cover the growth of our activities as well as potential challenges that may result from the unfavourable financial environment.

In 2009 we expect negative global economic growth. However, it is encouraging that a recovery of the global economy may be forthcoming from 2010 onwards, although there is still great uncertainty about future developments. The volume of global trade is also expected to increase while smooth capital flows to the developing economies may be restored following the drying-up of funds this year. There are increasingly more and more signs that we are emerging from the recession, following the timely mobilisation of governments in the developed countries, particularly so in the USA, the EU and Japan.

In the developed countries, fiscal policy stimulus measures are being implemented. These measures, coupled with the monetary policy of near-zero interest rates and the central banks' measures for providing liquidity, contribute to the boost of economic activity. The focus is on preventing a further increase of unemployment, which has already grown significantly in the USA and in Europe. There is also an urgent need for reversing in a timely manner, and through specific measures, the adverse downward cycle affecting the real estate market in many countries. These efforts are expected to exert a satisfactory and sustainable impact, together with measures taken to ensure the bank restructuring and restoring the normal operation of the global financial system. The target is further normalising the financing of businesses and households in the developed as well as in the developing economies.



Economic activity in the countries of Southeastern Europe is forecast to decrease significantly, due to the international crisis and to the slowdown of capital inflows from abroad, as the willingness to undertake risk diminishes. Many of these economies remain vulnerable to the crisis, because of the widened deficits on their balance of payments. Moreover, high growth in these economies in recent years was driven by rapid credit expansion without, however, being accompanied by the necessary progress in structural reforms.

For the Greek economy, the year 2009 is a turning point as, after a long period of dynamic economic growth, Greece is impacted upon by the negative international economic environment, yet to a maybe lesser degree than in other countries. The gravity of the situation makes all the more urgent the need to address effectively the structural weaknesses of the economy and to improve its international competitiveness. A top priority should be, to take measures with no further delay, to reduce the fiscal deficit and the public debt. This will make possible a substantial reduction of the cost of money for the public and private sectors of the economy. Moreover, it will ensure the growth of domestic savings and the reduction of the current account deficit. Actions are also required to make markets operate more efficiently, to strengthen competition and, finally, to promote essential reforms in the public administration.

Due to the adverse economic environment, in 2009 banking operations are expected to be reduced and risk to increase. Under these circumstances, we are intensifying efforts to make the Bank more resilient. Among others, we apply stricter credit criteria, and we take measures to control our operational costs. At the same time, we proceed with repricing our loans and reducing the high interest rates of time deposits so as to raise the net interest margin of the Bank.

Alpha Bank knows how to adapt in order to ensure its successful operation under any circumstances and has done so during its long and successful history. Alpha Bank relies on its strong brand name, excellent organisation and high-quality Personnel, the long-standing relationships of trust forged with its Customers, and the conservative risk underwriting policy it applies. At this juncture, the priority is to strengthen our balance sheet and maintain good relationships with the clientele. This ensures that when the recovery sets in, Alpha Bank will be in an advantageous position to resume its dynamic and outward looking growth.

It is well known that Alpha Bank is the only listed company on the Athens Stock Exchange which has been paying out a dividend uninterruptedly since 1948. This year, despite the satisfactory profitability, the law 3756 forbids the distribution of a cash dividend. Following this, the Board of Directors has decided to recommend to the General Meeting of the Shareholders the non-distribution of dividend for 2008. The distribution of a stock dividend would not be in the best interest of the Shareholders, under present circumstances.

We want to assure our Customers that, in this period of hardship caused by the crisis, we are standing by their side. Together, we will find the way out of the crisis.

To the 15,700 Employees of Alpha Bank, who understand the difficulties in the business environment and work tirelessly to help the Bank achieve its goals, we express our gratitude.

Finally, to our Shareholders, we reiterate our firm commitment to protecting their interests. We take steady and carefully planned steps to deal effectively with the crisis, as we prepare the ground for resumption of dynamic and profitable growth".

Next, the Managing Director Demetrios P. Mantzounis spoke about the Bank's performance in 2008: "In 2008, operating in a difficult business environment, our profitability remained at a satisfactory level. We confirmed our business potential and the prudent policies that we have consistently applied throughout our long history.



Profit before income tax, excluding provisions and income from financial operations, grew by 4% from the record-high result achieved in 2007 to Euro 1.2 billion. Net profit stood at Euro 512 million, down 33% from the respective 2007 figure, mainly as a result of the precautionary increase in provisions for credit risk to Euro 542 million. We have ensured that sufficient resources remain available so as to protect against a potential deterioration of credit conditions in Greece and in Southeastern Europe. Earnings per share stood at Euro 1.26 while the return on equity stood at 16%. Amid the deterioration of the international economic climate, these results are encouraging and confirm our well-balanced operating base both in Greece and in Southeastern Europe where profit before income tax stood at Euro 112 million.

Net interest income grew by 12% to Euro 1.8 billion, driven by the increased cost of liquidity, especially during the second half of the year. The net interest margin remained almost unchanged at 3%. Despite a decline by 28% of income from customer assets under management and investment banking activities, fee and commission income remained at last year's level.

On the cost side, operating expenses grew by 15% to Euro 1.178 billion, driven mainly by the growth of operating costs in Southeastern Europe. This is due to the expansion of our Network with the addition of 206 new Branches, and the increase in the number of Personnel with 2,100 people joining the Group, thus creating a Network with more Branches in Southeastern Europe than in Greece. To strengthen our position in retail banking and asset gathering operations we also expanded our Network in Greece, rolling-out 36 new Branches. The new Branches established in Greece and in Southeastern Europe have lower staffing requirements.

Our primary goal has been to strengthen our balance sheet, focusing on capital adequacy, provisions, and liquidity.

For 2008, the capital adequacy ratio stood at 10.1%, with the Tier I ratio standing at a particularly satisfactory level of 8.3%. We should point out that the quality of our capital base is very good, as it is not affected by goodwill from acquisitions, which only stands at Euro 140 million.

Despite the significant problems in the operation of the international markets, the liquidity of the Bank has been sufficient. On 31.12.2008, customer funds under management exceeded Euro 48 billion, of which Euro 42.5 billion represented deposits, posting an increase of Euro 8 billion or 22.7% from 2007. Alpha Bank's strong brand name, its business strength and the trust of its Customers contributed to the above increase. Our aim is to always ensure a balance between the growth of deposits and credit expansion. Priority was given to new deposit, investment and bankassurance products. In addition to the growth of deposits, however, liquidity needs in Greece and in Southeastern Europe were covered through the securitisation of mortgage and consumer loans, which were pledged to obtain liquidity from the European Central Bank. In particular, in July 2008 we were the first bank to complete a Euro 2 billion issue of mortgage covered bonds in Greece, which received the top rating (AAA) from credit rating agencies. Equally successful was the very first securitisation of consumer loans through a Euro 1.5 billion issue carried out by the Bank. During 2009 our reserve of securities eligible for refinancing with the European Central Bank is expected to grow by Euro 4.4 billion through additional securitisations of Bank assets. Also, the Bank has already made use of market funding by issuing at the beginning of June 2009 Euro 500 million bonds without the Greek government's guarantee. Furthermore, from the government plan to strengthen the liquidity of the economy, the Bank's share is approximately Euro 5.5 billion.

Loans grew by 21.1% to Euro 52 billion. In the Greek market, mortgage and consumer credit, and small business financing, despite their declining trend, are still growing at a rate which is significantly higher than in other Eurozone countries. On 31.12.2008, mortgage loan balances stood at Euro 11.16 billion, posting a growth of 13.3% despite the reduced demand during the second half of the year. In mortgages we gained market share and retained our second place



ranking in Greece. In the first quarter 2009, despite the challenging economic conditions, new mortgage disbursements amounted to Euro 214 million as we approved more than 2,100 loan applications. Consumer loan balances grew by 19.5% to Euro 3.57 billion. As regards credit cards, Alpha Bank is the only issuer and acquirer in Greece of all three major international credit cards (American Express, Visa and MasterCard), and its portfolio is one of the largest in the market. In 2008, we increased our market share in consumer retail by 0.6 percentage points.

At the organisational level, we established the Retail Credit Division. This new Division is responsible for the centralised evaluation of applications for consumer credit products, and for monitoring the standards and policies for credit risk management which are formulated by the Retail Banking Credit Risk Management Division, another newly-established Division. With respect to consumer and mortgage credit, all Branches have adopted centralised procedures for loan approvals. This helps the Bank to achieve its goal of managing uniformly and effectively its retail credit portfolio and of limiting operational and credit risk.

Lending to small corporates grew by 14%. Out of these balances, loans to very small businesses posted a significant growth of 20%. A large contributing factor to the above growth was the creation of new products offering business solutions to this corporate segment. During 2008, a number of infrastructure and restructuring projects were completed in order to strengthen our services to small businesses. These projects include the reorganisation of the lending operations of Branches through establishing different operating models between Basic Service Branches (whose activities are geared to providing prompt service to small businesses), and Full Service Branches. Our collaboration with the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME) was continued successfully. More recently, we have strengthened our association with the European Investment Bank for financing investment plans of small and medium-sized enterprises (SMEs). Through these actions, Alpha Bank actively supports Greek SMEs and, by extension, the Greek economy during 2009, which is expected to be a difficult year. Indicative of this is that in the first three months of 2009 loan disbursements to SMEs reached Euro 1.7 billion, meeting 14,500 loan requests.

In the framework of the new organisational structure of our business operations geared to medium-sized businesses, the establishment of the Commercial Centres was completed in 2008, as planned. These Centres, ten in total, already manage successfully 6,500 medium-sized business customer relationships, leading to 15% lending growth in 2008. As regards large corporates, business credit balances grew by 14% to Euro 10.6 billion, with deposit balances growing by 73%. Moreover, special mention should be made with regards to shipping, where the balance of the Bank's high-quality loan portfolio stood at Euro 1.6 billion, up 18.5% from 2007. At the same time, the deposit balances of shipping customers stood at Euro 1.8 billion, growing by 120%.

The early detection of credit risk and the adoption of measures to address it are a key priority for us as well as a distinct competitive advantage. To ensure effective management of credit risk, in addition to the organisational changes introduced, we are constantly developing our systems in order to provide timely and effective support to the operational units in their decision-making process, and prevent a potential negative impact on the Group's financial results. As a result, the non performing loans ratio grew only slightly during 2008 to only 3.9%, versus 3.7% in 2007. Accumulated provisions against doubtful claims stood at Euro 1.275 billion, covering 61% of non performing loans. Thus, taking also into account the high quality collateral, the coverage ratio of non-performing loans stands at 140%. This is a very satisfactory ratio, considering the conservative composition of our portfolio.

The improvement in the operating efficiency of Alpha Bank is largely due to the extensive restructuring programme applied in recent years. Significant work was also carried out to support the new products developed during 2008 and to upgrade existing ones. The year 2008 was also marked by the completion of the establishment of a number of specialised central



units which are dedicated to providing support for products and services. Placing emphasis on alternative distribution channels, we improved the quality of our Web Banking services for both individuals and businesses, we installed 79 new ATMs and 118 Automated Pay Centres, bringing the share of transactions conducted through the Branch Network down to 52% of total transactions. Another major project carried out during 2008 is the installation and activation of the new system for the management of collections of customer arrears, which was given top priority. The programme for improving the quality of the services provided also includes the certification of Units in accordance with the ISO 9001 standard, an activity which will be continued into 2009. During 2008, the certification of the Customer Service Department and of the International Trade Unit was completed and the Bank's software applications' certification was renewed.

In Southeastern Europe, challenges were met by increasing the productivity and, most importantly, enhancing the visibility of the Alpha Bank brand, through increasing our branch concentration with the establishment of Branches in urban areas as well as in the broader periphery. Our Branch network has already reached nation-wide coverage. The presence of the Bank in almost all major cities is supported by an extensive Network consisting of 610 Branches with 7,120 Employees. At the organisational level, results have been greatly improved by the establishment of retail and corporate banking business Units, together with the corresponding support Units, the installation of a new IT system, the centralised management of procedures, and the support and coordination of foreign operations by the respective Units in Greece. Alpha Bank is gradually emerging as one of the major banks in Southeastern Europe, playing an important role in the stabilisation and the restructuring of the economies in the wider region, under the auspices of the European Union and international organisations.

In 2008, due to the maturity of our Branch network, our deposits increased at a pace significantly higher than that of the market, in a challenging economic environment. With regards to loans, emphasis was given to maintaining our portfolio quality by continually improving the approval procedures and risk management systems. As a result, the non performing loan ratio continued to be low and amounted to 2%. This has been the result of the Bank's model for expansion abroad, which is not based on the acquisition of banks but rather on the organic growth of its Branch network through the application of the policies, structures and systems of Alpha Bank in Greece.

Our policy on Human Resources, the environment, and social affairs is described in the Corporate Social Responsibility Report, which is issued as a separate document. In particular, the Bank acknowledges, rewards and takes steps to ensure the development of its Human Resources. Educating and training the Employees are top priorities for Alpha Bank. We created a state-of-arts Training Centre in Agios Stefanos in Attica. It has 16 fully equipped teaching classes, as well as an [amphitheatre](#) of 150 seats for lectures, conferences, seminars and other educational events. In 2008, more than 4,300 Employees from Greece and abroad were trained in more than 800 programmes. The Bank also promotes Volunteerism, through a variety of initiatives of a social and environmental nature. It should be noted that the Bank's volunteers participate systematically in recycling, tree-planting and coast-cleaning activities.

For yet another year, the Bank's social contribution was significant. The Bank responded positively to numerous requests for sponsoring events and programmes promoting Culture and Sports. Among these are the "Alpha Bank Sports Panorama" in Greece and abroad and the Bank's sponsoring of the "Athens Classic Marathon" event, as well as other educational programmes. Special mention is due here to the valuable contribution in this area of activities of the J.F. Costopoulos and Eustathia J. Costopoulos Foundations.

Our policy for the protection of the environment, apart from recycling and withdrawal of hazardous materials, includes actions in all our buildings, promoting a variety of environment-friendly practices, such as conservation of water and electrical power, utilisation of underground water, reduction of heating oil consumption by using natural gas and use of



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environment-friendly materials. It is also worth mentioning the new bioclimatic building on Athinon Avenue 103, possessing an avant-garde, energy saving and environmentally friendly architectural design. In addition, the Bank also provides financial assistance by sponsoring environmental programmes such as the “Blue Flags” and “Garbage-Free Nature” programmes of the Hellenic Society for the Protection of Nature, and the educational programme “Watersave” of the MedSOS Network promoting the conservation of water.

The continuous growth of our operations is firmly based on our governing principles and values, social and environmental awareness, consistent and responsible behaviour towards customers and the support we enjoy from our Shareholders.

Finally, I would like to thank the Personnel for their active involvement in the development of the Bank. The enthusiasm, dedication and continuous improvement of their skills are key for a successful future”.

Athens, June 23, 2009