



ALPHA BANK

## Competing in the “New Normal”

Mr. Marinos Yannopoulos  
General Manager, CFO and  
Board Member

Bank of America Merrill Lynch  
Banking & Insurance CEO Conference

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# A Strong Franchise with a Regional Footprint



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## Alpha Bank at a Glance

- Founded in 1879 by the Costopoulos family which today controls 11% of the Bank
- Consistency in management ensuring firm implementation of Alpha Bank's strategy
- A leading franchise in Greece
  - ✓ 3rd largest branch network with 455 branches
  - ✓ €39.7bn of customer loans
  - ✓ €35.8bn of customer deposits
- Well-established presence in SEE
  - ✓ €6.6bn of customer loans in SEE (excl. Cyprus), up 14% y-o-y
  - ✓ €4.5bn of customer loans in Cyprus, up 13% y-o-y
  - ✓ Nationwide coverage across all SEE countries with a network of 619 Branches.

## Geographical Footprint

	Greece			
	FY 07	FY 08	H1 09	H109/H108 (yoy)
Branches	411	445	455	9.6%
Loans (€bn)	34.0	39.1	39.7	9.4%
Deposits (€bn)	28.8	35.9	35.8	15.7%
Pre-Provision Income (€m)	1,059.8	955.4	486.1	(13.2%)



	SEE				Contribution to Group
	FY 07	FY 08	H1 09	H109/H108 (yoy)	Sep. 09
Branches	403	621	619	38.5%	58%
Loans (€bn)	7.6	11.2	11.0	13.8%	21%
Deposits (€bn)	5.3	6.1	6.3	5.7%	15%
Pre-Provision Income (€m)	144	202	101.6	1.4%	17%

Note: Financial information as of 30<sup>th</sup> June 2009

# Parameters of the “New Normal”



## Parameters of the “New Normal”

Increased capital requirements

Counter-cyclical buffers

Increased focus on liquidity

Macro-deleveraging

Tighter regulation

## Success Factors in the “New Normal”

De-risking

Prudent risk management

Balanced funding with  
strong deposit  
gathering capabilities

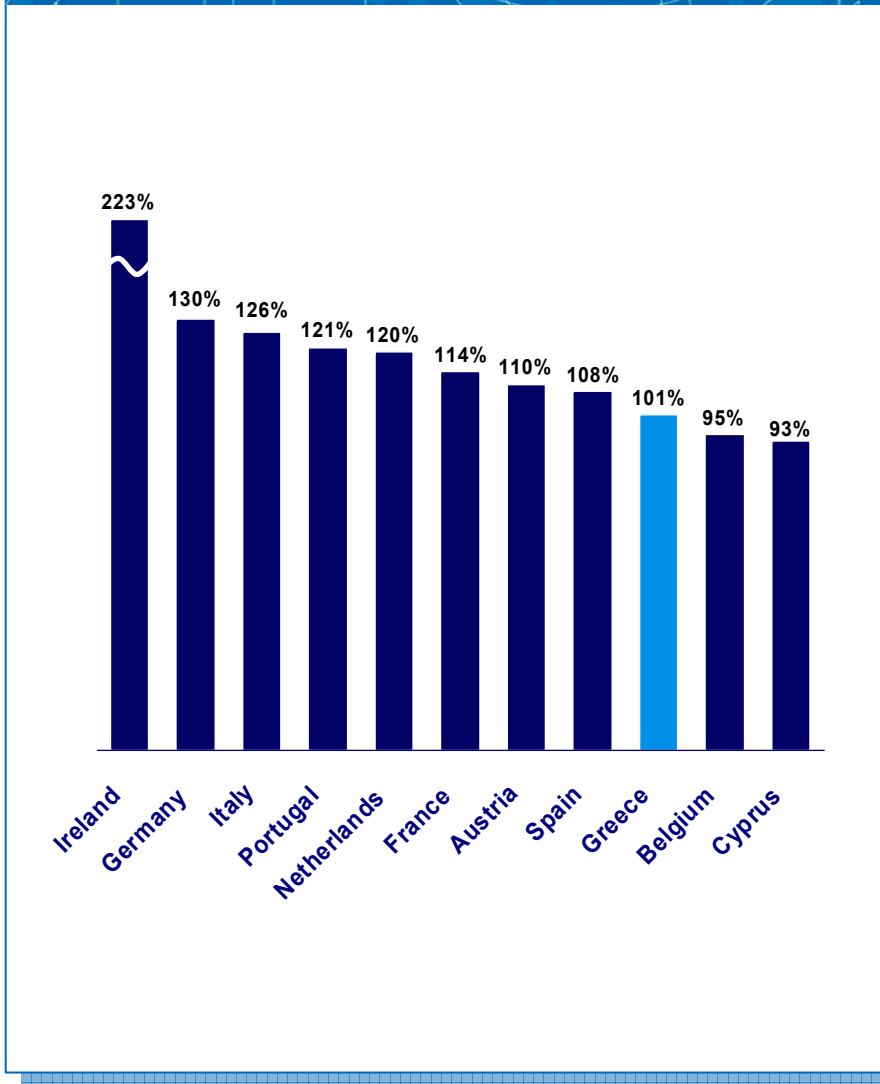
Cost efficient platform

Back to basics

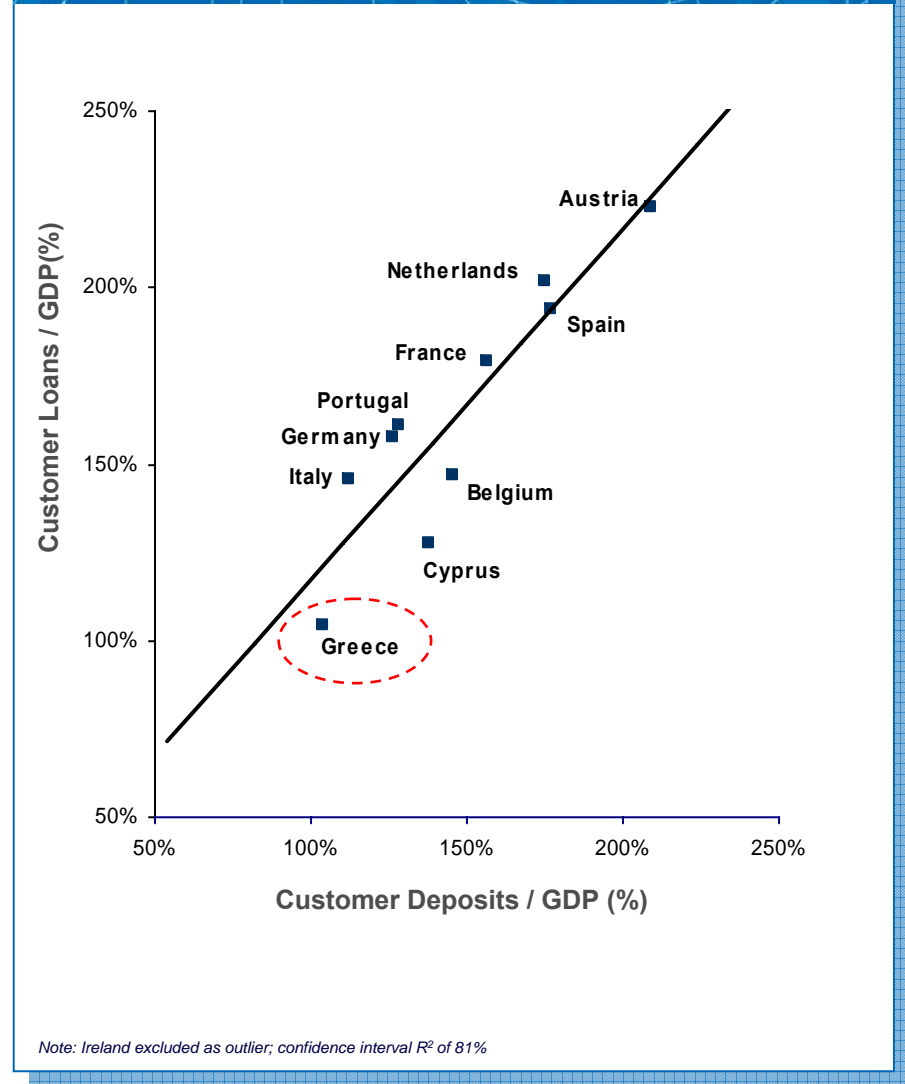
# Greek banking system generally well positioned for the “New Normal”



European Countries – Loan/Deposit Ratios (H109, in %)



European Countries – Penetration Levels (2008, in %)

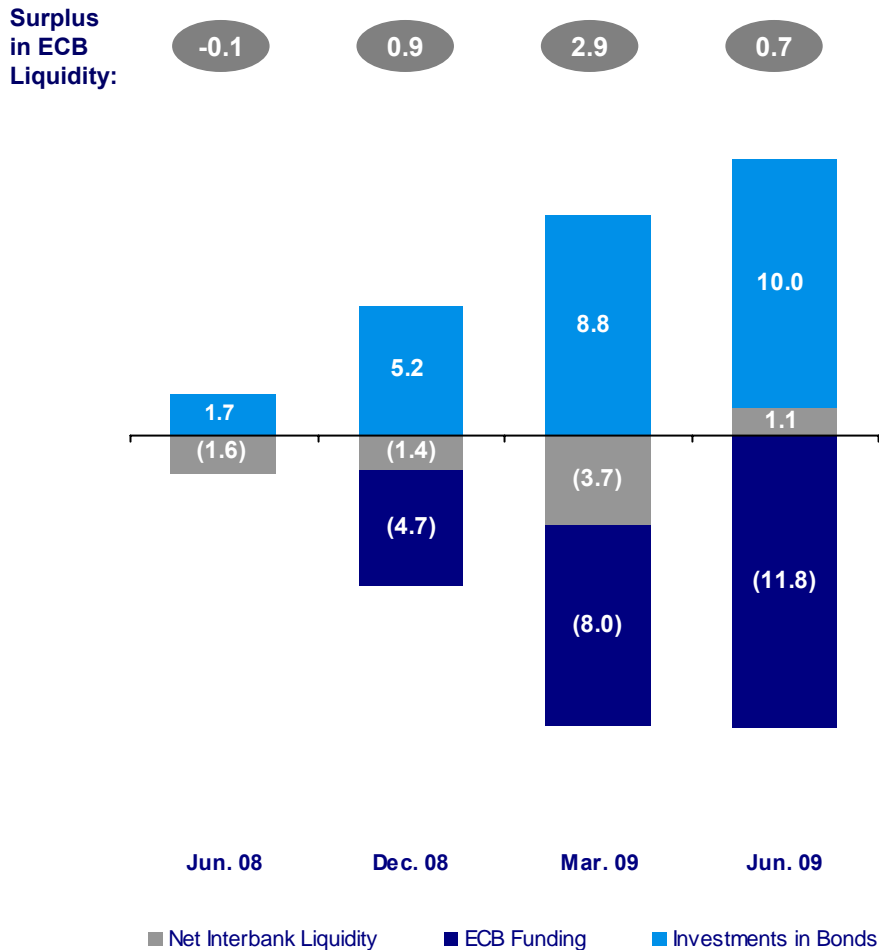


Note: Ireland excluded as outlier; confidence interval R<sup>2</sup> of 81%

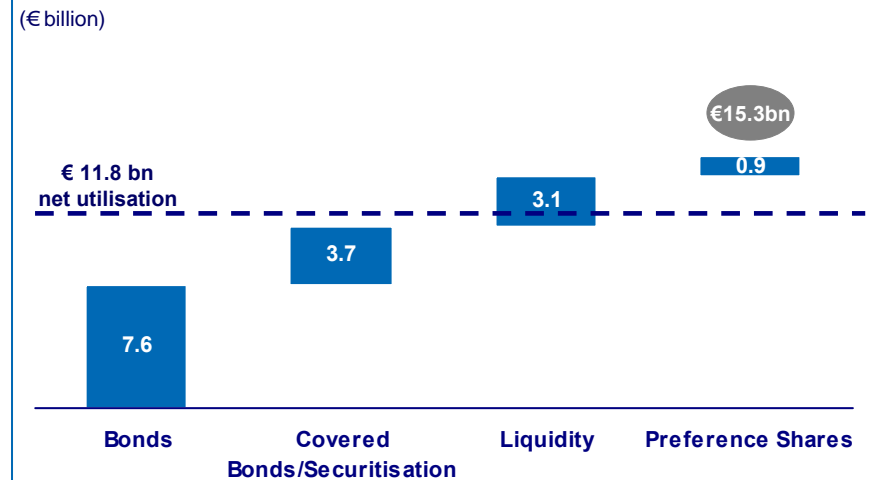
Source: Central Banks

# ECB funding not essential for liquidity purposes

## ECB Funding and Bond Portfolio Evolution (as of June 2009, in €bn)



## ECB Funding – Net Utilisation and Collateral (in €bn)



## Proven Access to Public Funding

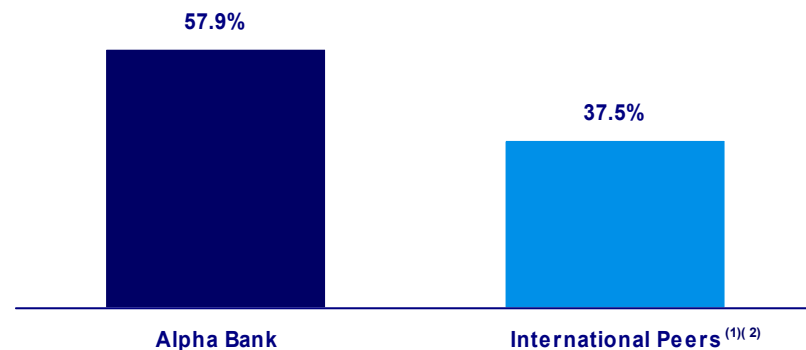
- 8 Sep 2009: Issuance of €750m bond due 2012 at 190bps over mid-swaps
- 28 May 2009: Issuance of €500m bond due 2011 at 285bps over mid-swaps – now trading at 183bps over
- Both rated A2 by Moody's

# Deposit franchise at the core of the business

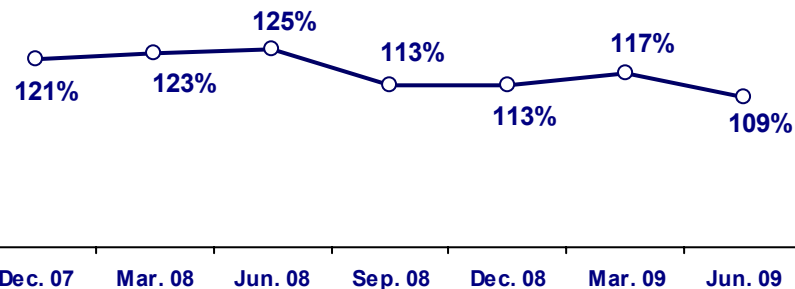


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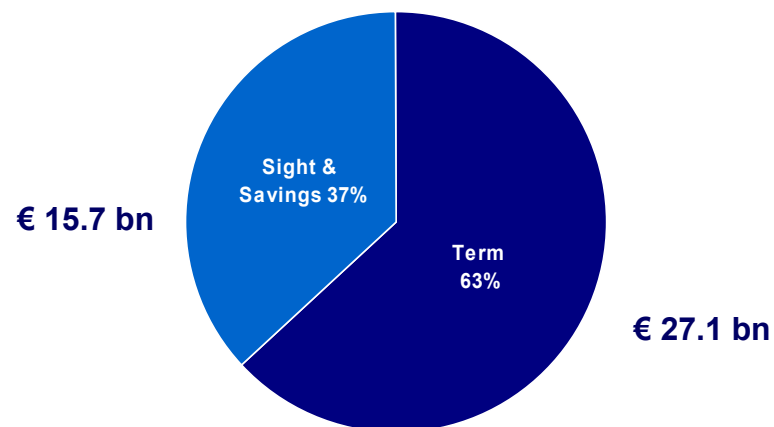
Deposits / Assets (H109, in %)



Loan / Deposit Ratio Evolution (in %)



Group Deposits Structure (H109, in %)



## Strong Deposit Franchise

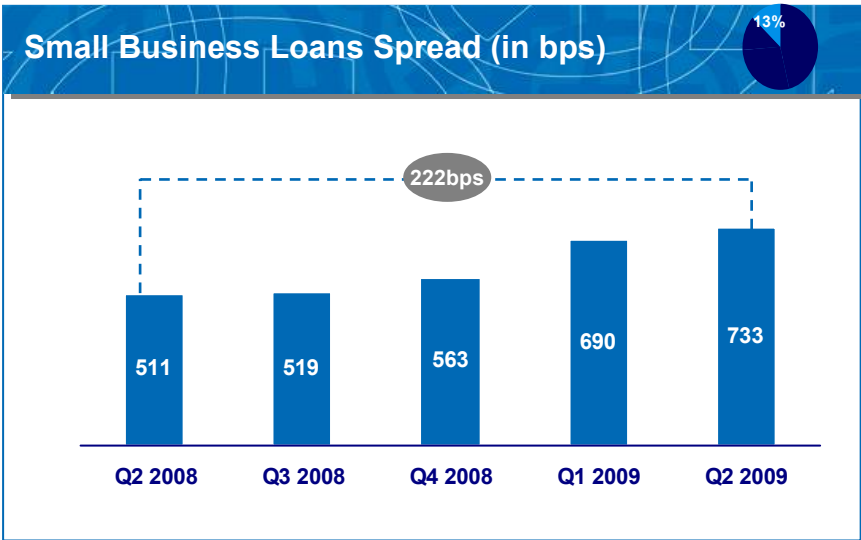
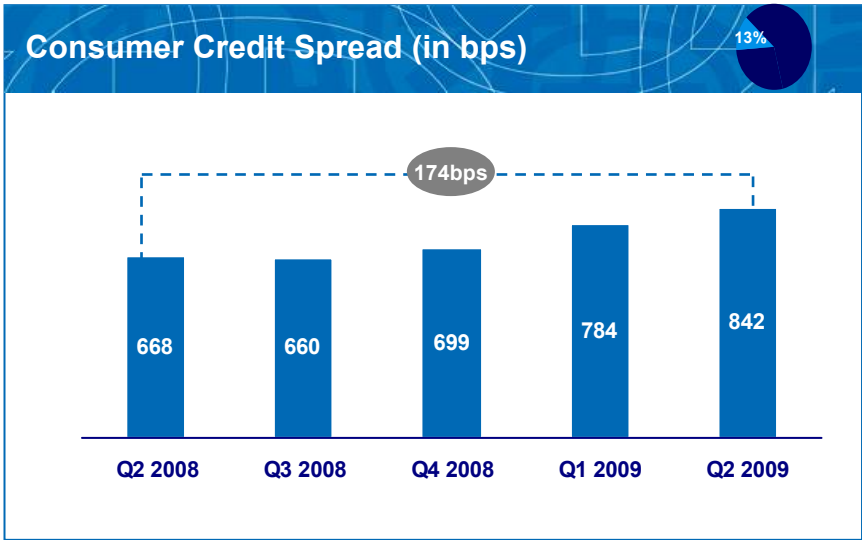
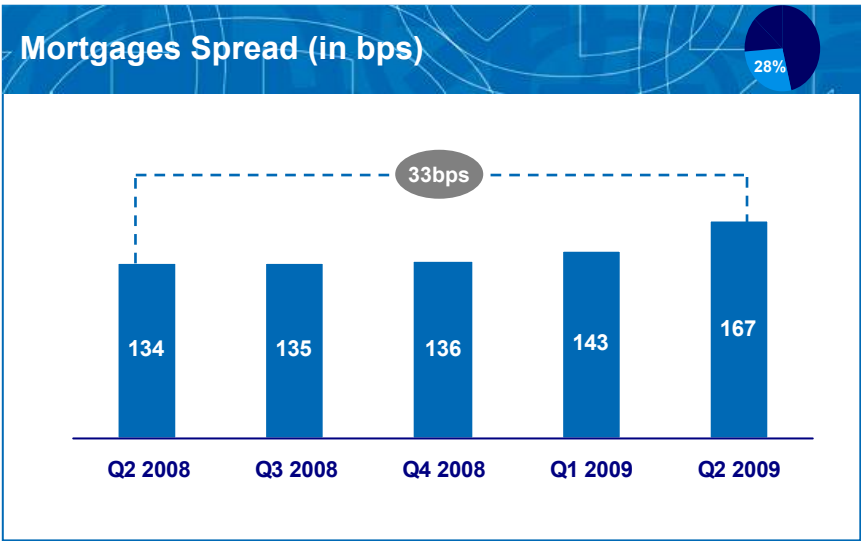
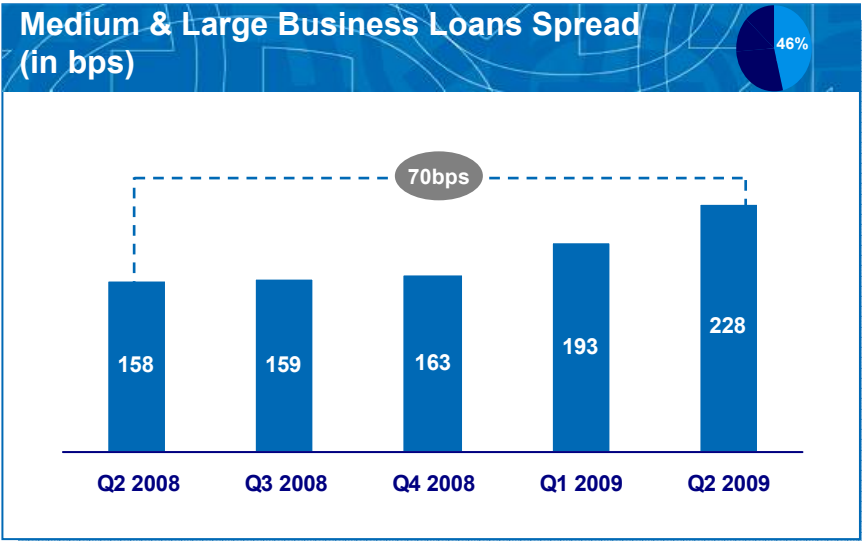
- No further migration from savings to time deposits
- Loan / deposit ratio at comfortable levels
- Strong deposit generation in 2Q 2009

Source: Companies data

(1) International selected peers include UniCredit, Intesa Sanpaolo, Erste Bank, Raiffeisen intl', Nordea, Swedbank

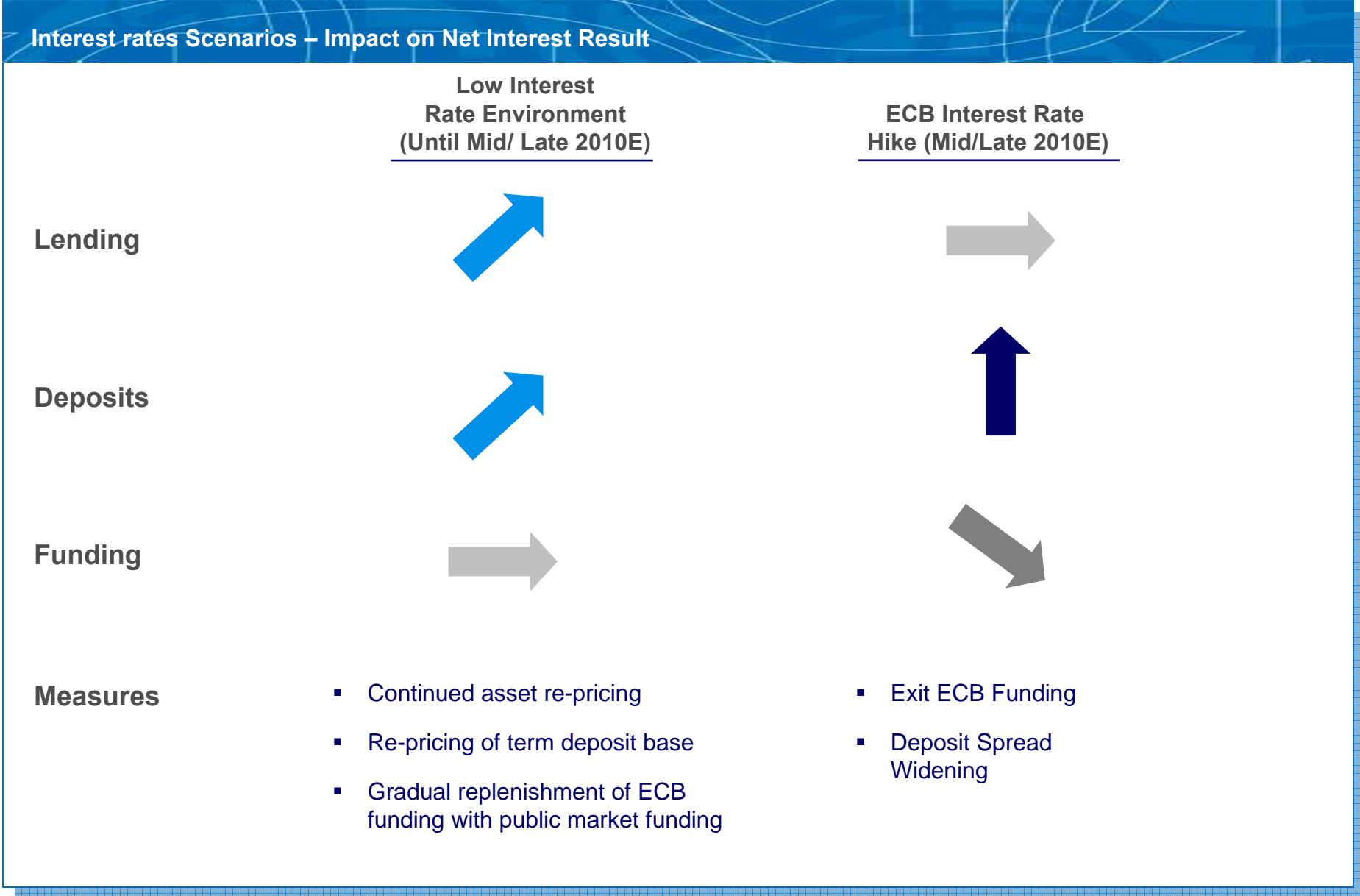
(2) Asset weighted average

# Re-pricing of the asset side set to continue



Note: Indicated spread and loans splits refer to Greece only

# Net interest result expected to remain strong

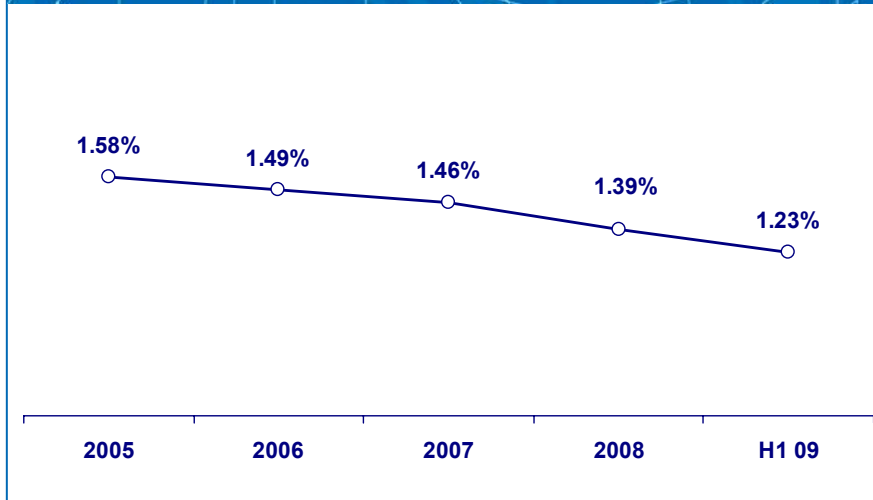




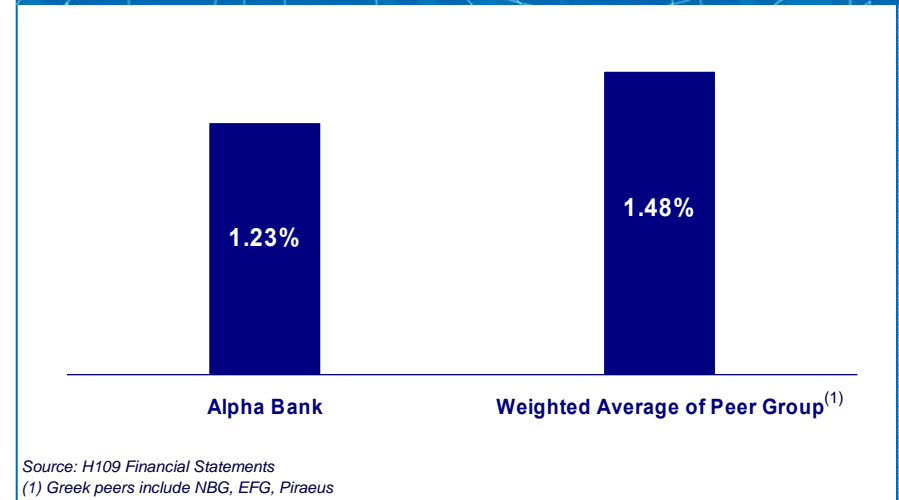
# Long track record in managing operating expenses efficiently, despite sizeable investments



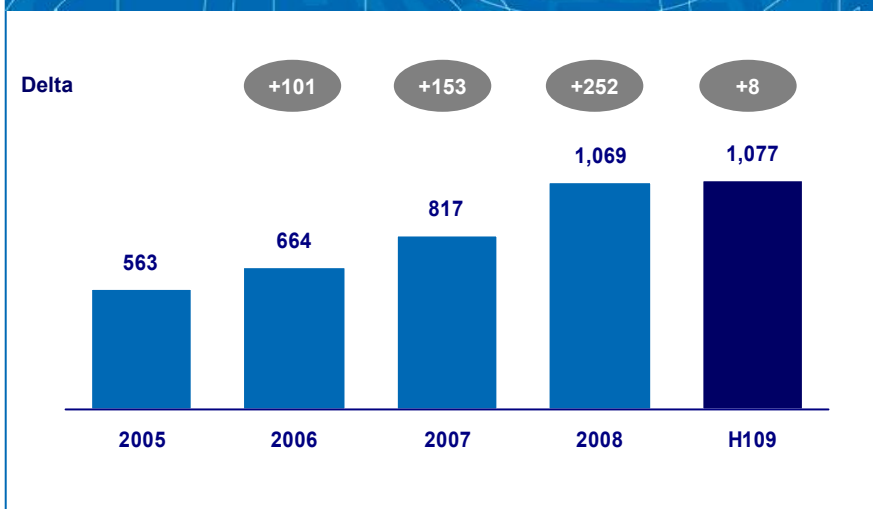
Cost / Customer Exposure (Avg. Loans + Avg. Deposits)



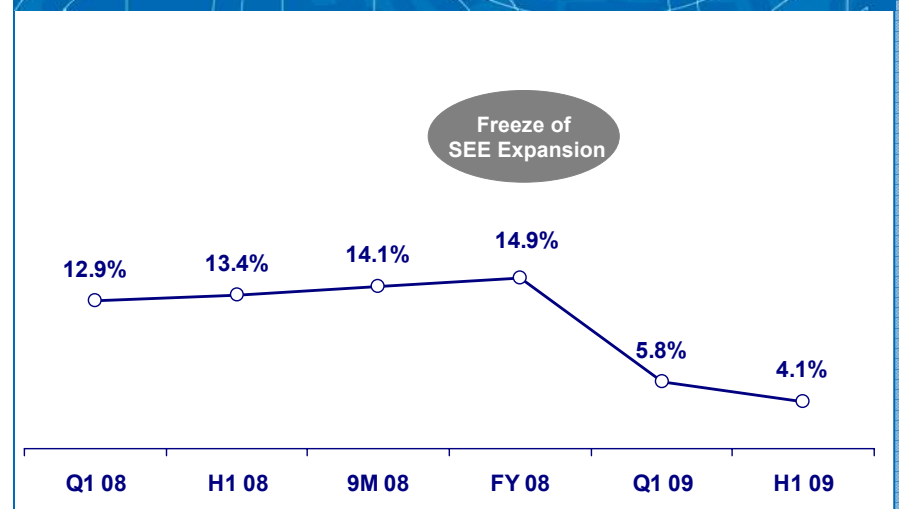
Cost / Customer Exposure (Avg. Loans + Avg. Deposits)



Branches Evolution



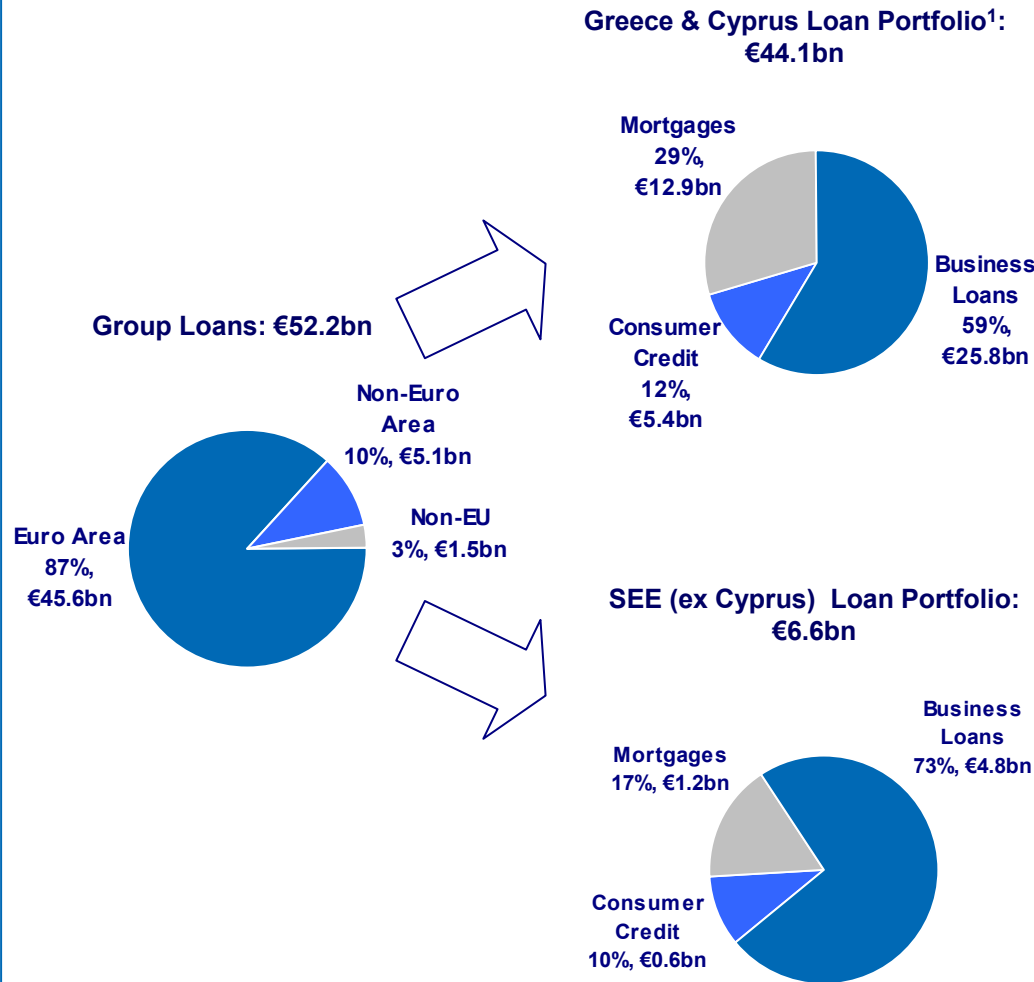
Operating Expenses – Y-o-Y growth



# Highly diversified loan portfolio with distinct defensive characteristics



## Gross Loan Portfolio Breakdown (June 2009, in €bn and in %)



## Comments

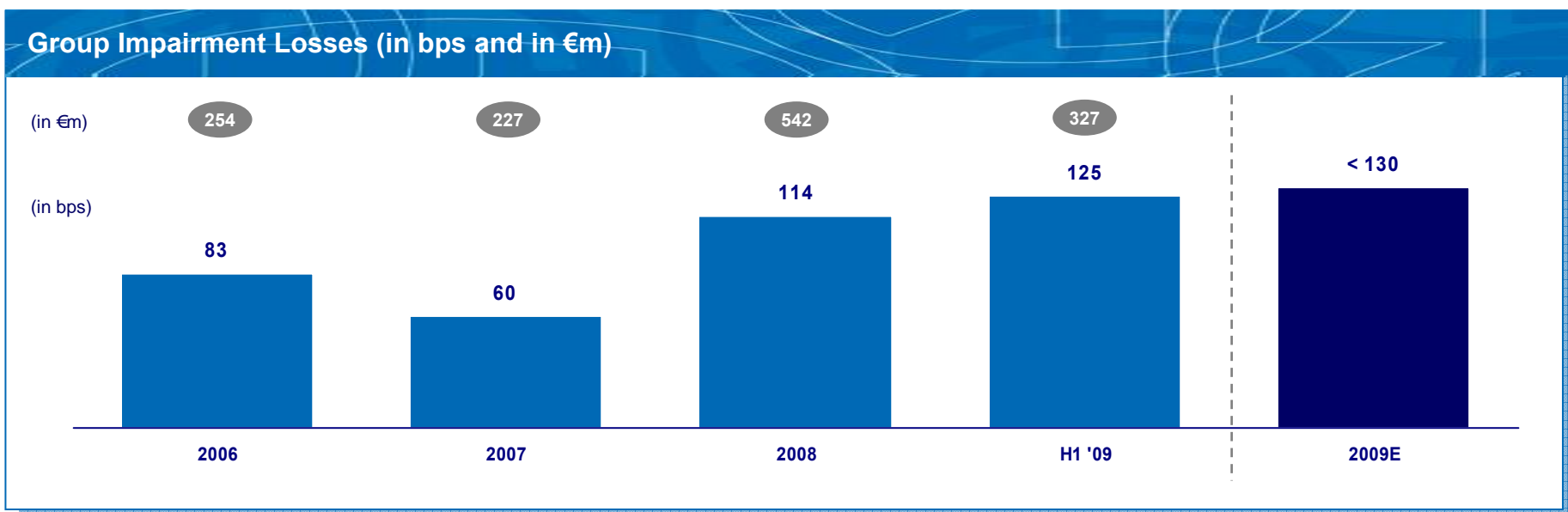
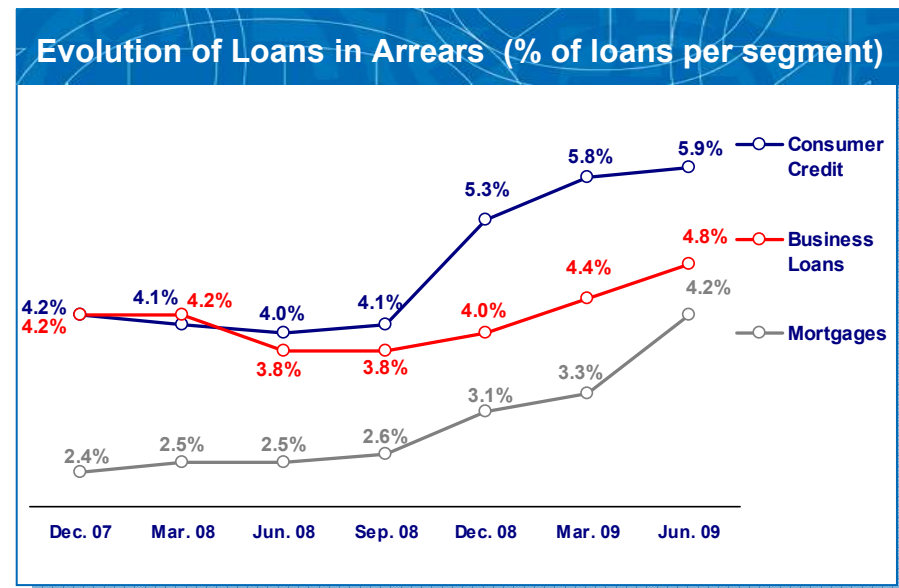
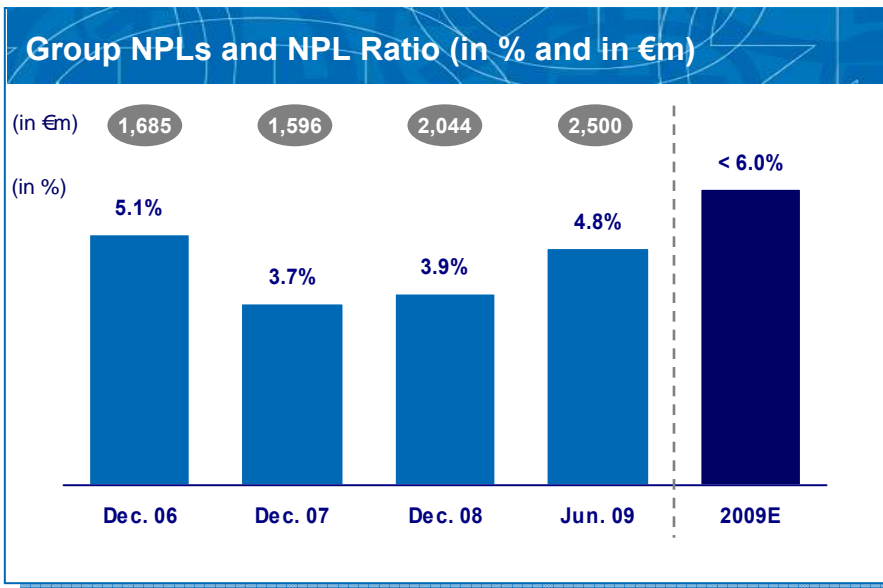
- 97% of loan exposure within EU countries
- SEE (ex Cyprus) loan exposure only amounting to 13%, coupled with a strong defensive profile
- Total consumer lending (incl. SEE) only amounting to 12%
- Greek & Cypriot mortgages accounting for 25% of loan exposure

(1) Excluding UK

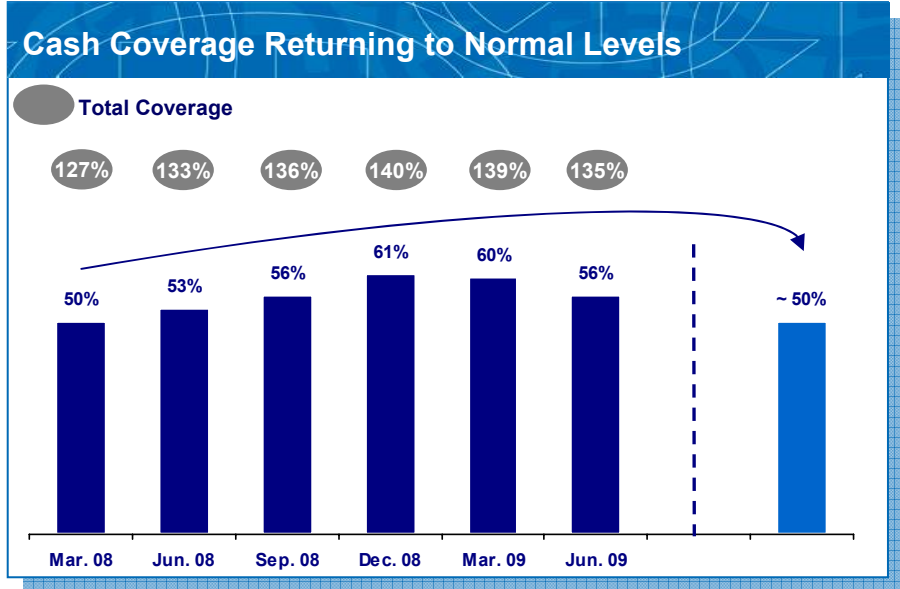
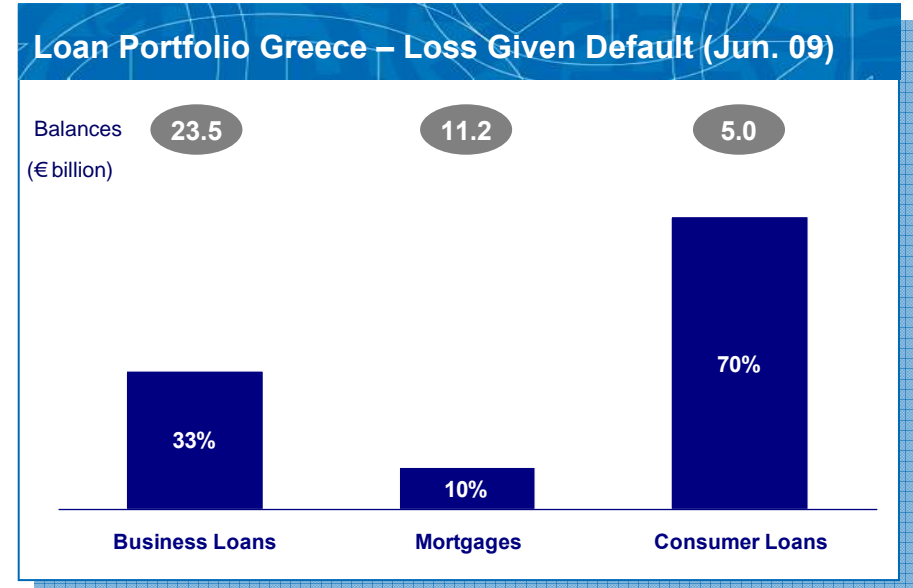
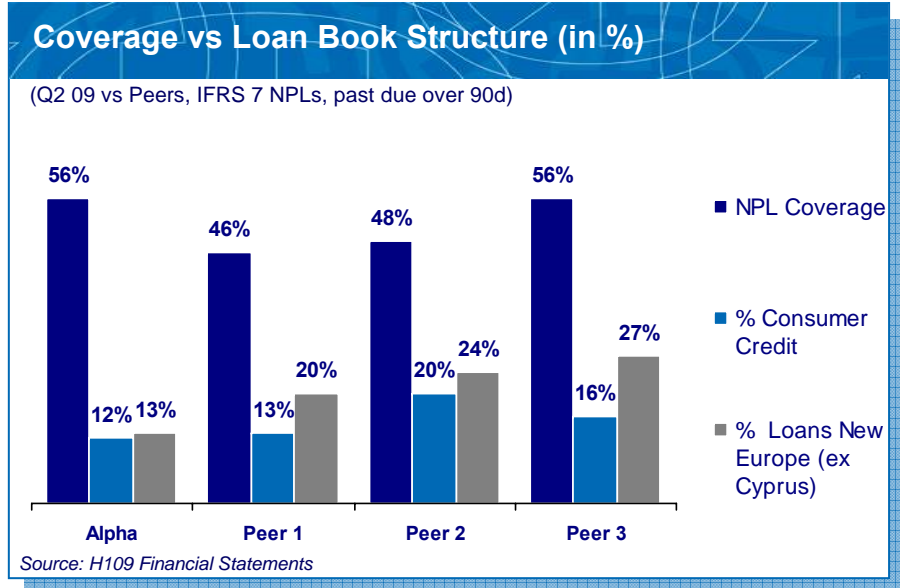
# Credit quality deteriorating at anticipated pace



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# Quality of risk management reflected in sound coverage and low business loans LGD

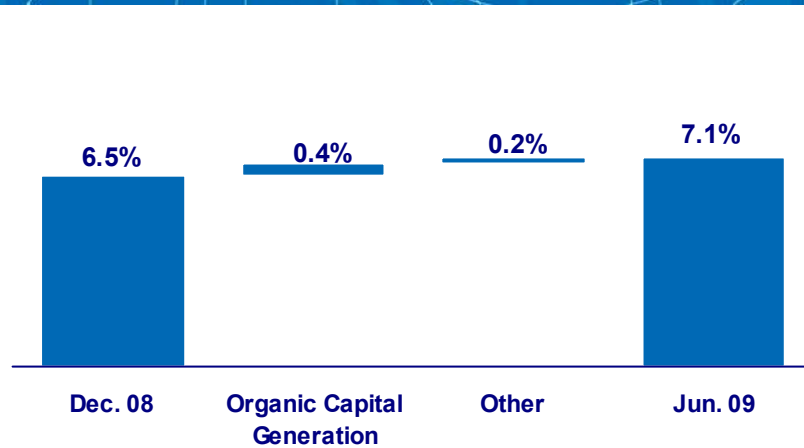


- ### Comments
- Loan book of defensive structure
  - € 1.2 billion in pre-provision income (annualized)
  - Accumulated provisions of € 1.4 billion
  - LGD at 30%

# Sound capitalisation levels with further upside

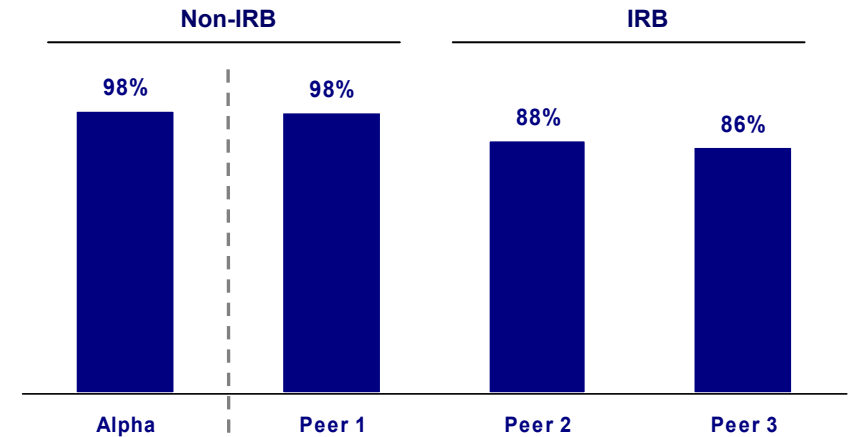


## Strong Organic Capital Generation - Core Tier I<sup>(1)</sup>



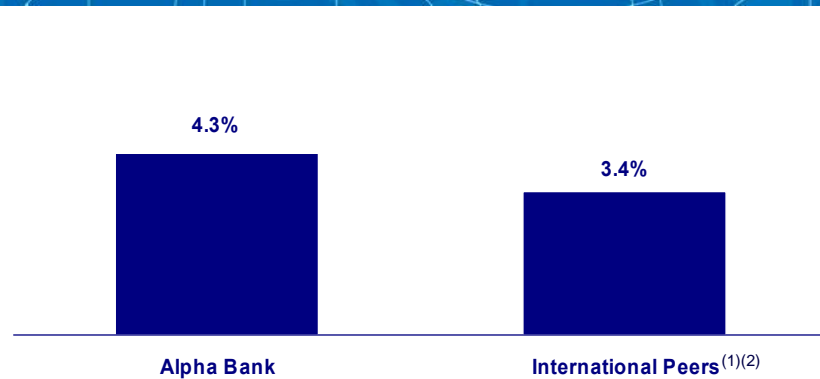
(1) Proforma, including treasury stock placement (Aug. 31<sup>st</sup> 2009)

## Further Room for Potential Improvement in Capital (RWAs/Net Loans, H109)



Note: Peers include NBG, EFG, Piraeus

## Sound Leverage Ratio (Tangible Equity/Total Assets, H109)



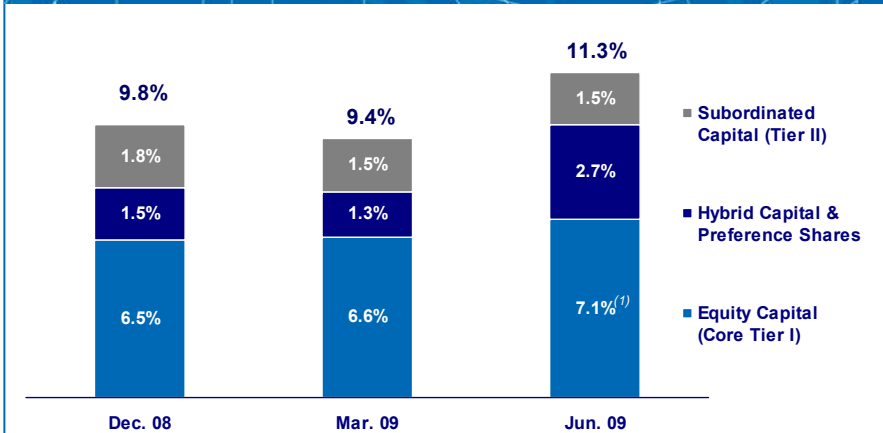
Source: Companies annual and interim reports and investor relations

Note: tangible equity calculated as shareholders' equity including minorities and excluding hybrid

(1) International selected peers include UniCredit, Intesa Sanpaolo, Erste Bank, Raiffeisen intl', Nordea, Swedbank

(2) Asset weighted average

## Capital Adequacy Ratios



(1) Proforma, including treasury stock placement (Aug. 31<sup>st</sup> 2009)



- “New Normal” is set to redefine the characteristics of banking, both in terms of growth and profitability outlook
- Greek banks are in general well positioned for the “New Normal”, in particular with respect to funding and growth outlook
- Alpha Bank’s earnings capacity has stabilised and is set to improve further, underlining Alpha Bank’s success in managing its balance sheet
- Alpha Bank has a track record in maintaining high operating efficiency, while still retaining scale to fully capture growth in a recovery
- Alpha Bank has demonstrated a pro-active and prudent approach to risk management, i.e. “New Normal” with only limited impact in this aspect
- Alpha Bank enjoys solid capitalisation levels allowing for further growth



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# *Appendix*



(€ million)	H1 2009	H1 2008	% Change H1 09/H1 08
<b>Operating Income</b>	<b>1,166.9</b>	<b>1,215.2</b>	<b>(4.0%)</b>
Net Interest Income	844.9	897.8	(5.9%)
Net fee and commission income	191.2	233.8	(18.2%)
Income from Financial Operations	98.7	40.3	144.9%
Other Income	32.2	43.2	(25.4%)
<b>Operating Expenses</b>	<b>572.9</b>	<b>550.3</b>	<b>4.1%</b>
Staff Costs	278.1	285.3	(2.5%)
General Expenses	248.5	222.8	11.5%
Depreciation and amortization expenses	46.3	42.2	9.7%
<b>Impairment losses</b>	<b>326.7</b>	<b>142.0</b>	<b>130.2%</b>
<b>Profit before tax</b>	<b>267.3</b>	<b>522.9</b>	<b>(48.9%)</b>
<b>Income Tax</b>	<b>53.5</b>	<b>108.1</b>	<b>(50.5%)</b>
<b>Net Profit after tax</b>	<b>213.9</b>	<b>414.9</b>	<b>(48.4%)</b>
<b>Net Profit attributable to shareholders</b>	<b>214.7</b>	<b>414.1</b>	<b>(48.2%)</b>
Net Interest Margin (net of impairment losses)	2.4%	3.2%	
Cost / Income	49.1%	45.3%	
Return on Equity After Tax and Minorities (ROE)	13.6%	24.9%	





(€ million)	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
<b>Operating Income</b>	<b>625.6</b>	<b>541.4</b>	<b>523.2</b>	<b>607.4</b>	<b>624.2</b>	<b>591.0</b>
Net Interest Income	442.3	402.6	436.2	464.5	455.9	442.0
Net fee and commission income	98.4	92.8	111.1	119.4	118.5	115.3
Income from Financial Operations	68.9	29.8	(45.0)	(2.2)	23.2	17.1
Other Income	16.0	16.2	20.8	25.6	26.5	16.7
<b>Operating Expenses</b>	<b>294.1</b>	<b>278.8</b>	<b>333.5</b>	<b>294.5</b>	<b>286.7</b>	<b>263.5</b>
Staff Costs	139.2	138.9	153.0	151.3	146.0	139.3
General Expenses	131.4	117.1	156.4	120.7	118.9	104.0
Depreciation and amortization expenses	23.5	22.8	24.2	22.6	21.9	20.3
<b>Impairment losses</b>	<b>169.5</b>	<b>157.3</b>	<b>275.7</b>	<b>124.1</b>	<b>74.4</b>	<b>67.6</b>
<b>Profit before tax</b>	<b>162.1</b>	<b>105.3</b>	<b>(86.1)</b>	<b>188.8</b>	<b>263.1</b>	<b>259.9</b>
<b>Income Tax</b>	<b>33.5</b>	<b>20.0</b>	<b>30.0</b>	<b>34.1</b>	<b>53.3</b>	<b>54.7</b>
<b>Net Profit after tax</b>	<b>128.6</b>	<b>85.3</b>	<b>(56.1)</b>	<b>154.7</b>	<b>209.7</b>	<b>205.1</b>
<b>Net Profit attributable to shareholders</b>	<b>129.0</b>	<b>85.7</b>	<b>(55.8)</b>	<b>153.7</b>	<b>209.1</b>	<b>205.0</b>
Net Interest Margin (net of impairment losses)	2.5%	2.4%	2.7%	3.0%	3.2%	3.2%
Cost / Income	47.0%	51.5%	63.8%	48.5%	45.9%	44.6%
Return on Equity After Tax and Minorities (ROE)	16.3%	11.3%	(7.0%)	18.5%	25.4%	24.5%

# Investor Relations Contacts



ALPHA BANK

**Mr. Marinos Yannopoulos**, General Manager and CFO, +30210 3262 366, [myannopoulos@alpha.gr](mailto:myannopoulos@alpha.gr)

**Mr. Michael Massourakis**, Group Chief Economist, +30210 3262 828, [mmassourakis@alpha.gr](mailto:mmassourakis@alpha.gr)

**Mr. Vassilios Psaltis**, Head of Group IR, Corporate Development & Capital Management +30210 326 4 009, [vpsaltis@alpha.gr](mailto:vpsaltis@alpha.gr)

**Mr. Dimitris Kostopoulos**, Assistant Manager, Investor Relations, +30210 3264 195, [dkostopoulos@alpha.gr](mailto:dkostopoulos@alpha.gr)

**Ms. Elena Katopodi**, Investor Relations Officer, +30210 3264 184, [ekatopodi@alpha.gr](mailto:ekatopodi@alpha.gr)

**Ms. Maria Chatzi**, Investor Relations Officer, +30210 3264 112, [mchatzi@alpha.gr](mailto:mchatzi@alpha.gr)

**Ms. Stella Traka**, Investor Relations, +30210 3264 182, [straka@alpha.gr](mailto:straka@alpha.gr)

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## ALPHA BANK

40, Stadiou Street, 102 52  
Athens, Greece

Internet : [www.alpha.gr](http://www.alpha.gr)

Reuters : ACBr.AT

Bloomberg : ALPHA GA