

# Growth Opportunities Post the Crisis

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October 7<sup>th</sup>, 2008

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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 415 branches
  - ✓ €36.3bn of customer loans, equivalent to 15% market share
  - ✓ €31.0bn of customer deposits, equivalent to 12.7% market share
- Rapidly growing presence across SEE
  - ✓ €9.7bn of customer loans, up 74.0% y-o-y, translating into a 8% market share
  - ✓ Out of 447 branches only 323 have reached mature equivalent sales capacity
  - ✓ Significant presence in Romania and Cyprus
- Current market capitalisation of €6.5bn

## Geographical Footprint

	Greece		
	H1 '06	H1 '08	CAGR
Branches	384	415	4%
Loans (€bn)	26.8	36.3	16%
Deposits <sup>1</sup> (€bn)	24.4	31.0	13%
Operating Income (€m)	818.6	974.3	9%



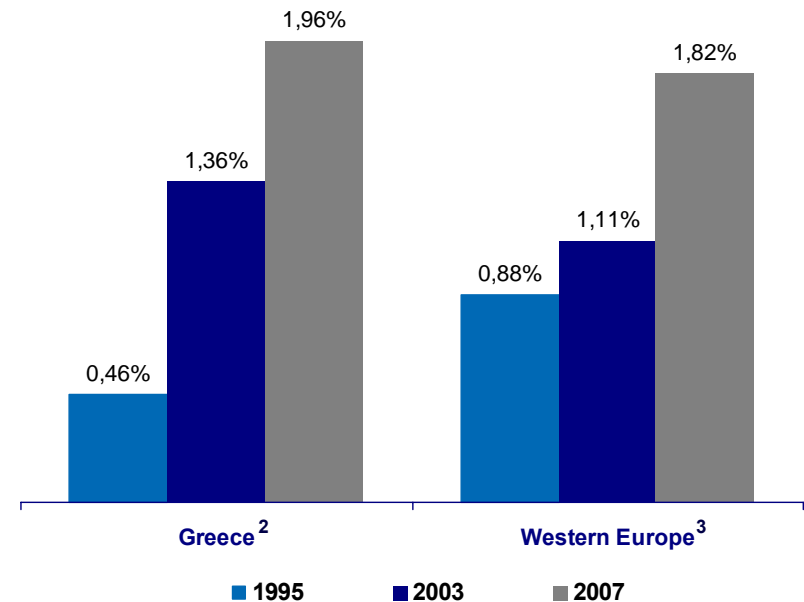
	SEE			Contribution to Group	
	1H '06	1H '08	CAGR	1H '06	1H '08
Branches	209	447	46%	35%	52%
Loans (€bn)	3.3	9.7	71%	11%	20%
Deposits (€bn)	3.2	5.9	36%	11%	16%
Operating Income (€m)	120	230	38%	13%	19%

Note: Financial information as of 30<sup>th</sup> June 2008. Market capitalisation as of 11 September 2008  
<sup>1</sup> any reference to 'Time Deposits' includes also Alpha Bank retail-targeted bonds, unless stated otherwise

## Considerations

- Significant Underpricing of risk
  - ✓ Structured credit exposure, investment banking
  
- “Unlimited” access to cheap funding
  - ✓ Long-term average funding spread for a 5-year senior unsecured issue of a “A” rated bank of 25-30bps vs. 250-300bps today<sup>1</sup>
  - ✓ Loan/ deposit ratio increasing to 126% vs. 118% in 2000
  
- Emerging market exposure
  
- Gearing
  - ✓ Increased leverage, i.e. 22.3x today vs. 18.2x in 2000

## Pre-tax Profits / GDP Evolution



Source: ML Research, Hellenic Bankers Association, EIU

(1) Based on ML estimates for Greek banks

(2) Based on stand-alone accounts; includes Greek banks that have published their accounts to the Hellenic Bankers Association

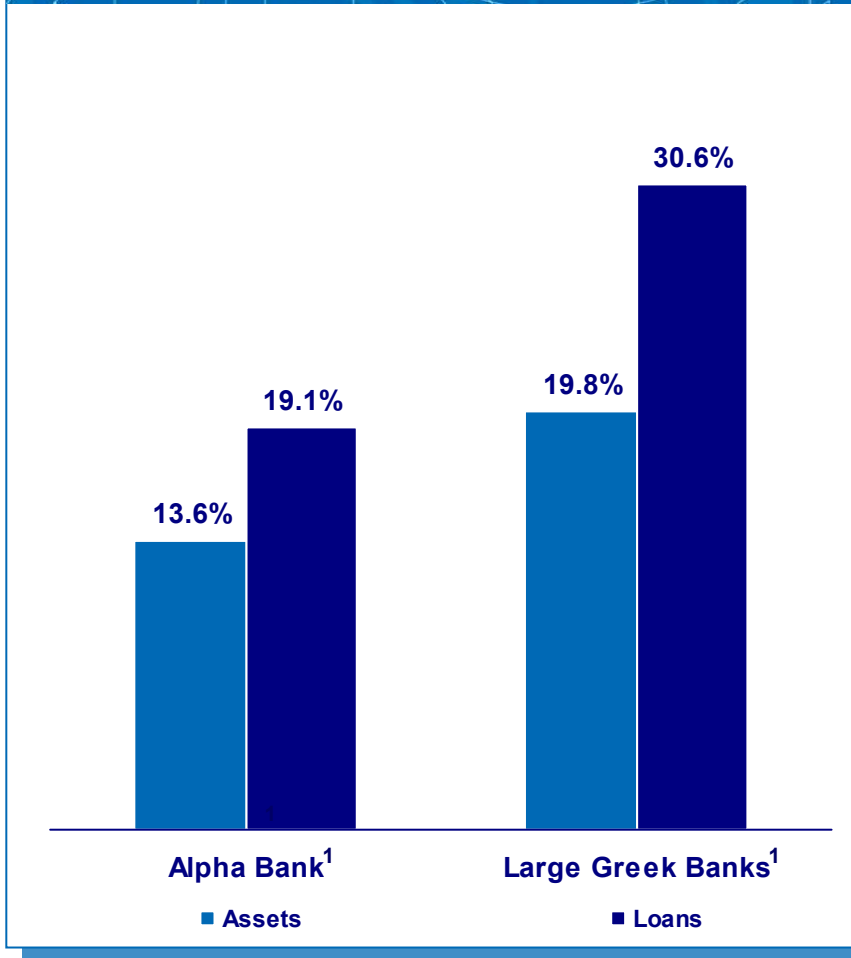
(3) Includes: France, Germany, Italy, Spain, Sweden, Switzerland and the UK

## Key Challenges and Success Criteria

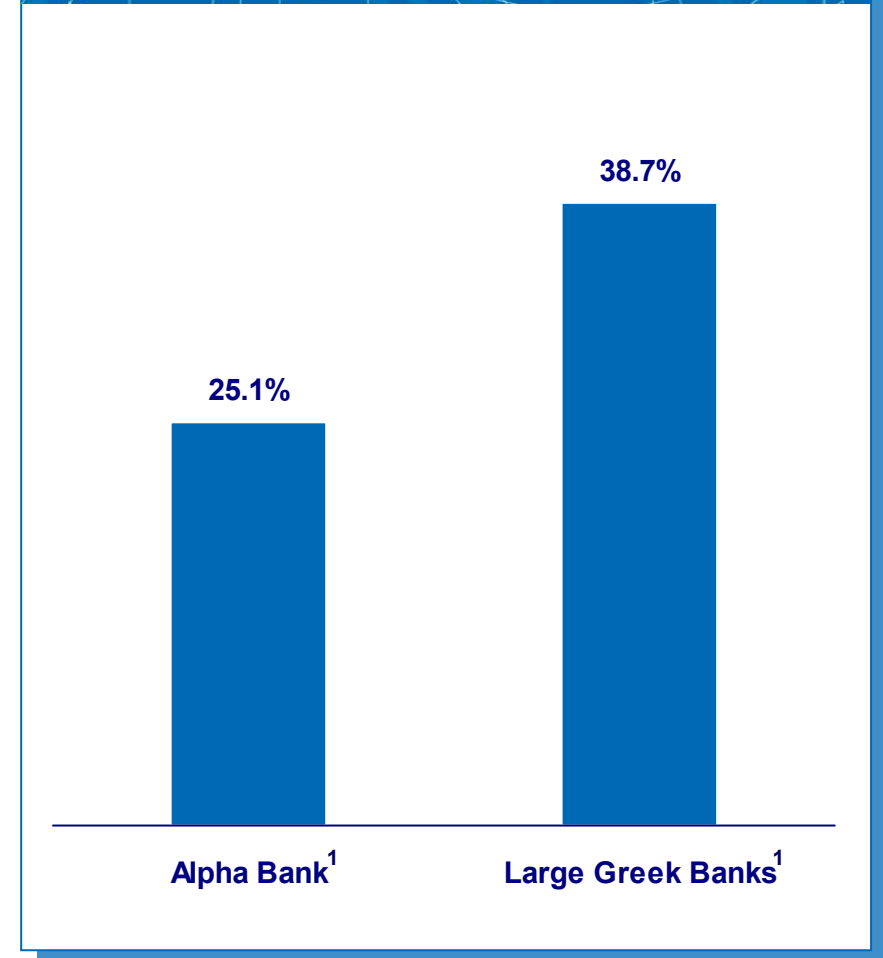
- |   |  |   |   |
|---|--|---|---|
| 1 | Limited Access to Funding at Increased Costs | ➔ | Funding diversification with access to stable deposit base; ability to offset increased funding costs through asset repricing |
| 2 | Preference for Reduced Leverage              | ➔ | Strong capital position; stable balance sheet   |
| 3 | Adequate Pricing of Risk                     | ➔ | Prudent risk management   |
| 4 | Prudent Growth                               | ➔ | Coherent business strategy, both in terms of geography and products; exposure to sustainable growth areas                     |

# Alpha Bank has Historically Maintained a Balanced Growth

### Assets and Loans Growth CAGR (2002 - 2007)



### EPS CAGR (2002 - 2007)



Source: Company disclosures  
Note: Large Greek Banks includes: NBG, EFG Eurobank and Piraeus Bank  
(1) On a consolidated basis

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**Alpha Bank: Well Positioned for The New World**

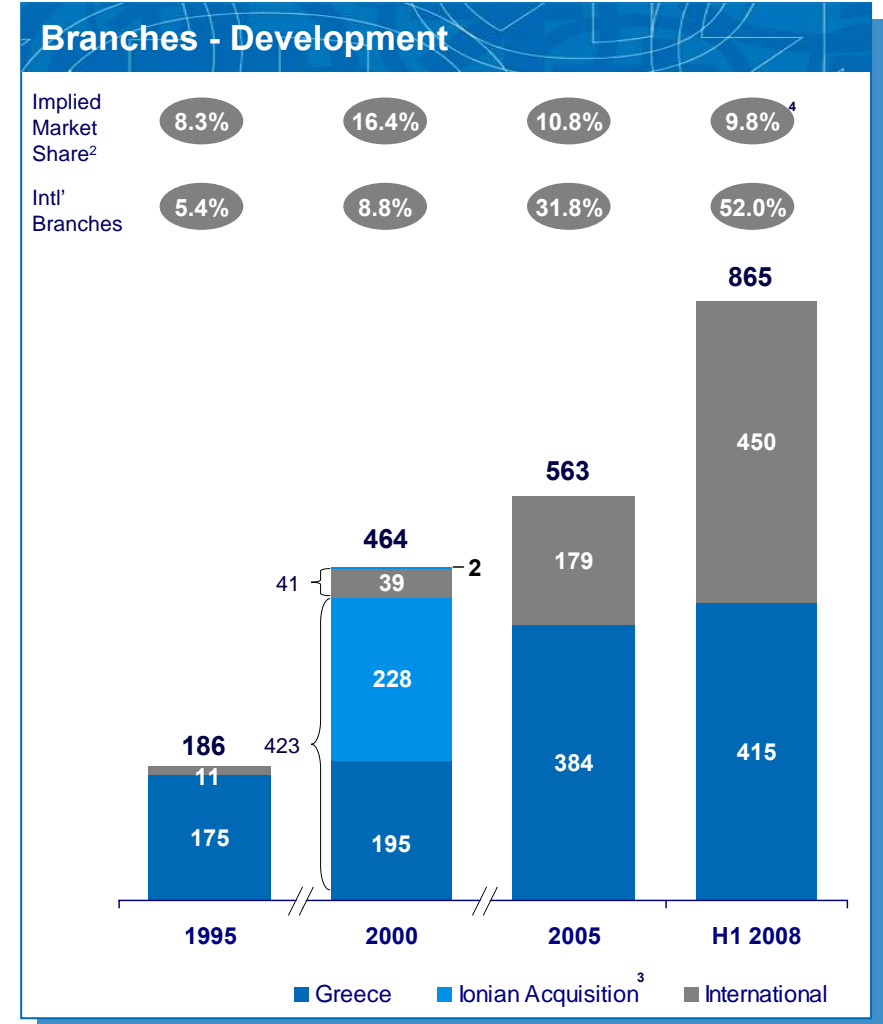
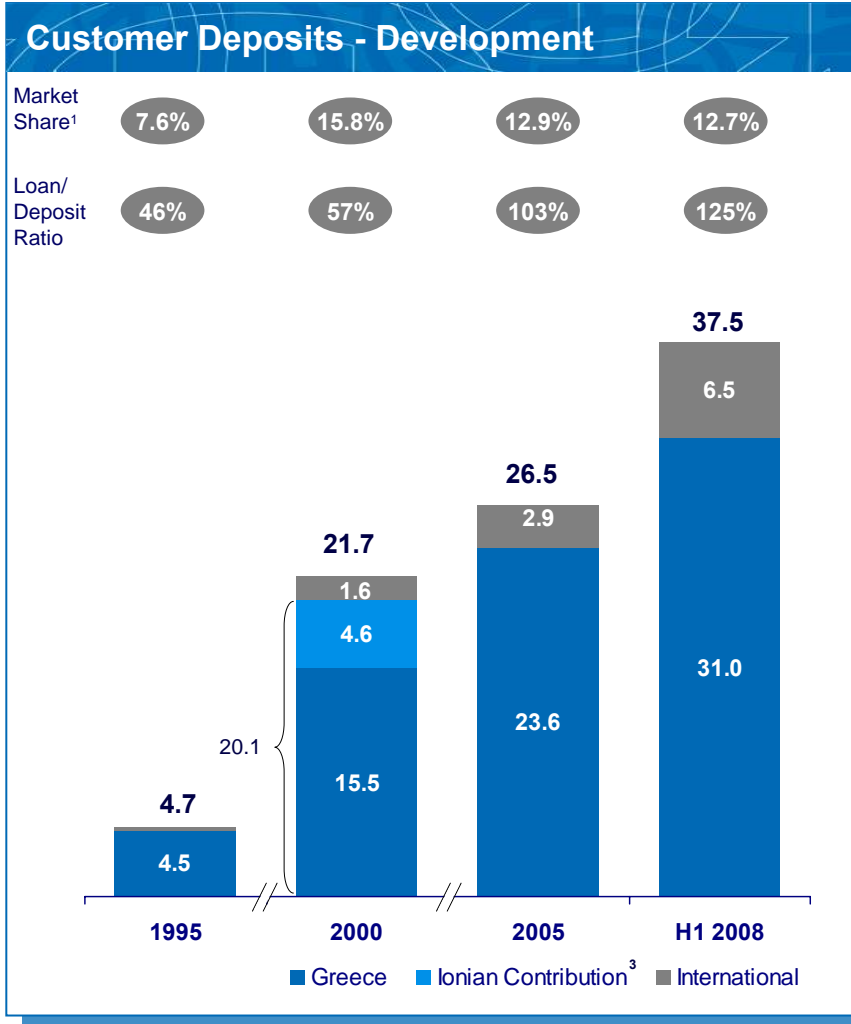
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# 1 Deposit Gathering a Key Priority for Alpha Bank for a Long Time



(1) Market share volatility between 2000 – 2005 primarily due to declining balances of Repos in the Greek market  
 (2) Only Greece, i.e. excluding Cyprus and SEE  
 (3) Contribution of Ionia Bank acquisition in 1998; deposit and branches figures as at the acquisition year  
 (4) Data as at Dec. 2007, Hellenic Bankers Association

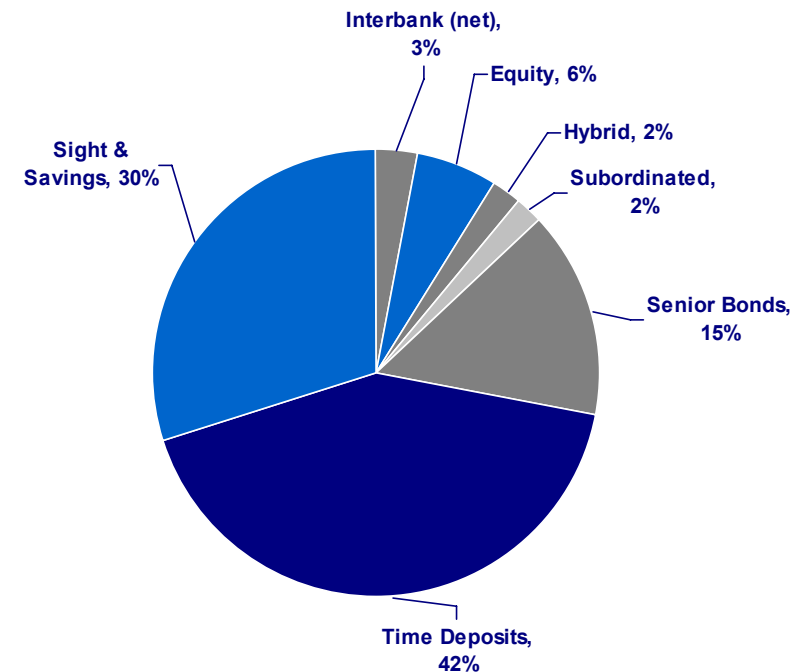


# 1 Deposits Are an Important Component of Alpha Bank's Funding Mix

## Comments

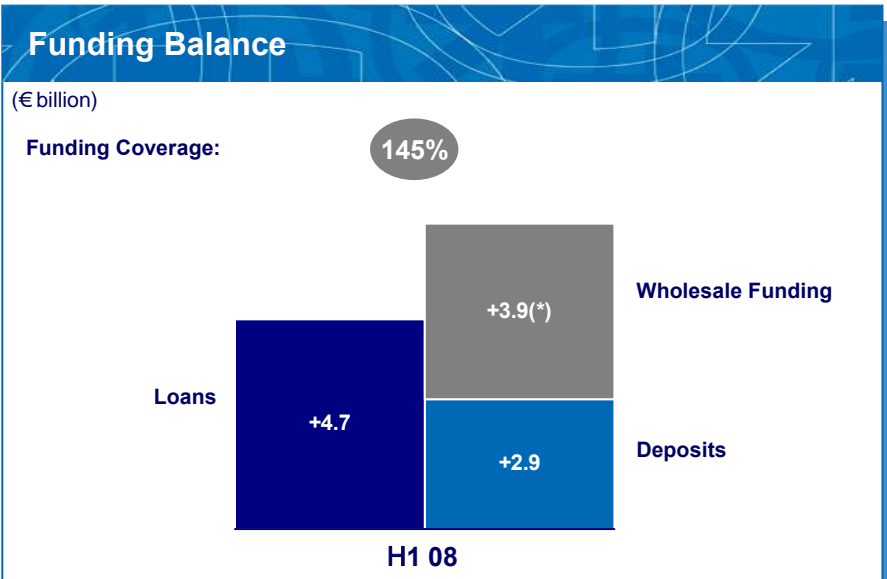
- Proven deposit gathering track record in Greece and SEE at a very early stage
  - ✓ Extensive branch network in the region
  - ✓ More than 300 new branches in 2005-2008
- Diversified funding mix
  - ✓ First Greek bank to establish an EMTN in 1999
  - ✓ No securitisations so far; totally unlevered balance sheet
- Additional wholesale sources
  - ✓ ECP programme
  - ✓ Covered bonds
  - ✓ US MTN programme

## H1 2008 Funding Base<sup>1</sup>

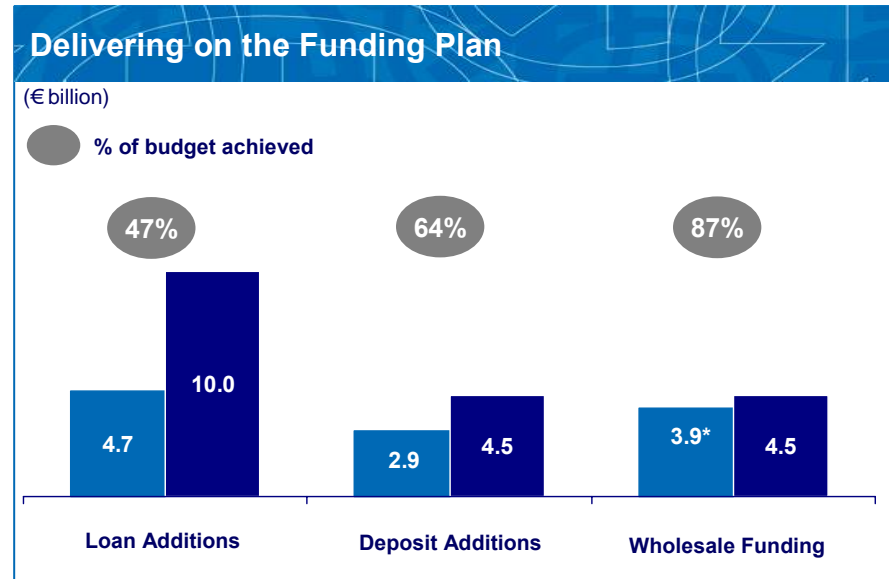


(1) Excludes other liabilities

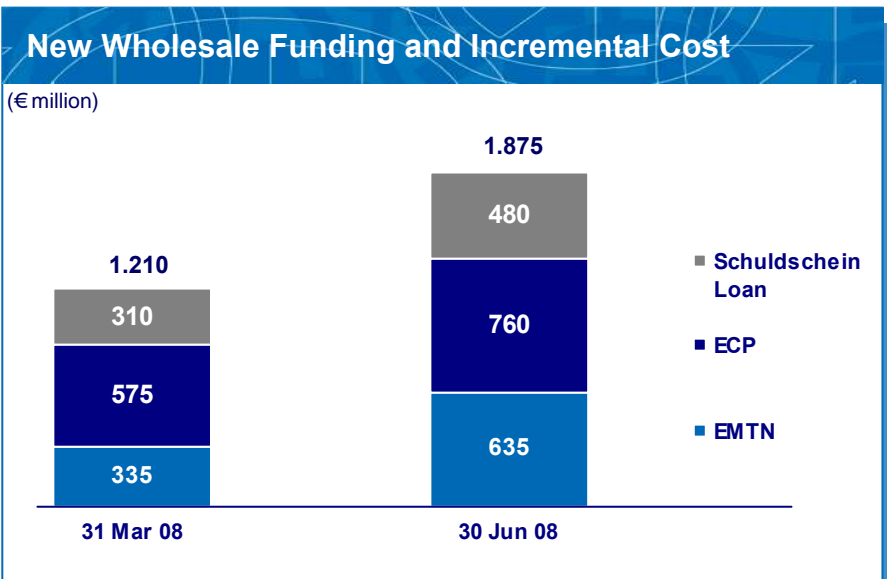
# 1 Wholesale Funding Only Considered Incremental to Deposits



(\*) Including €2 bn under Covered Bonds Programme



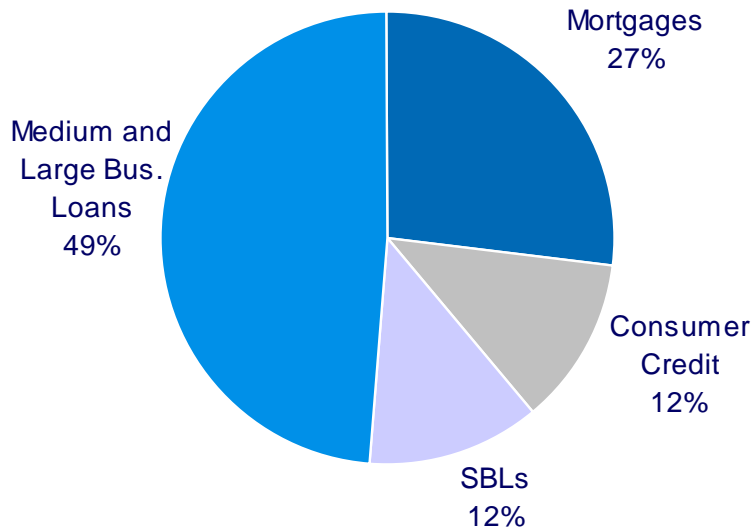
(\*) Including €2 bn under Covered Bonds Programme



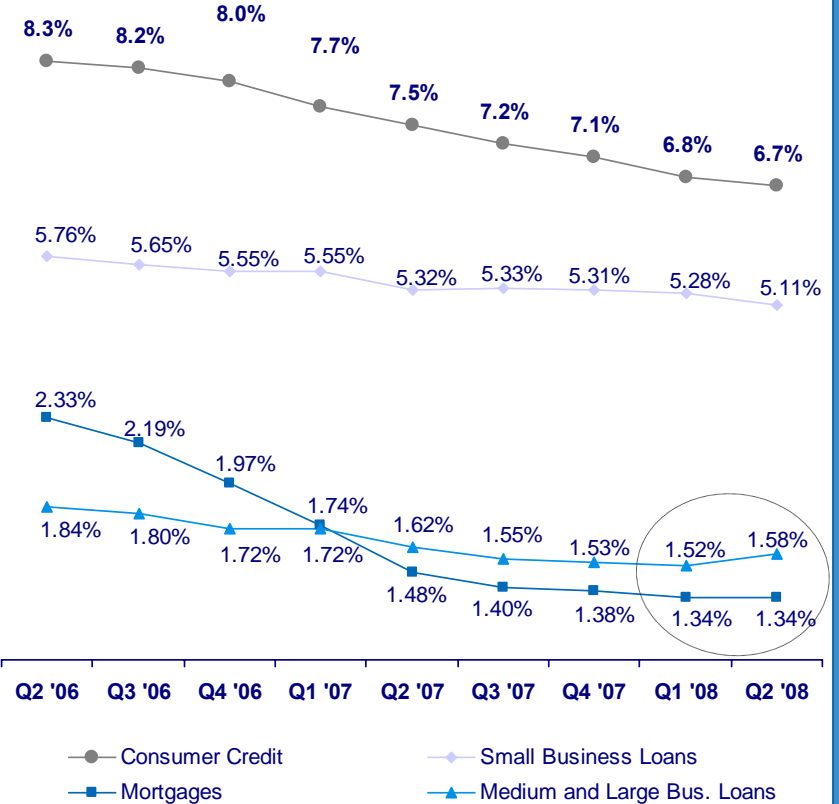
- ### Comments:
- ✓ Balanced approach allows for mobilising all retail and wholesale funding options
  - ✓ 87% of 2008 Funding Plan achieved year to date
  - ✓ \$ 7.5 bn USMTN programme in place
  - ✓ € 8.0 bn covered bond programme established in July 08 with € 2bn inaugural issue

# 1 Asset Repricing Possible, but Within Limits

## Group Loans Breakdown (1H 2008)

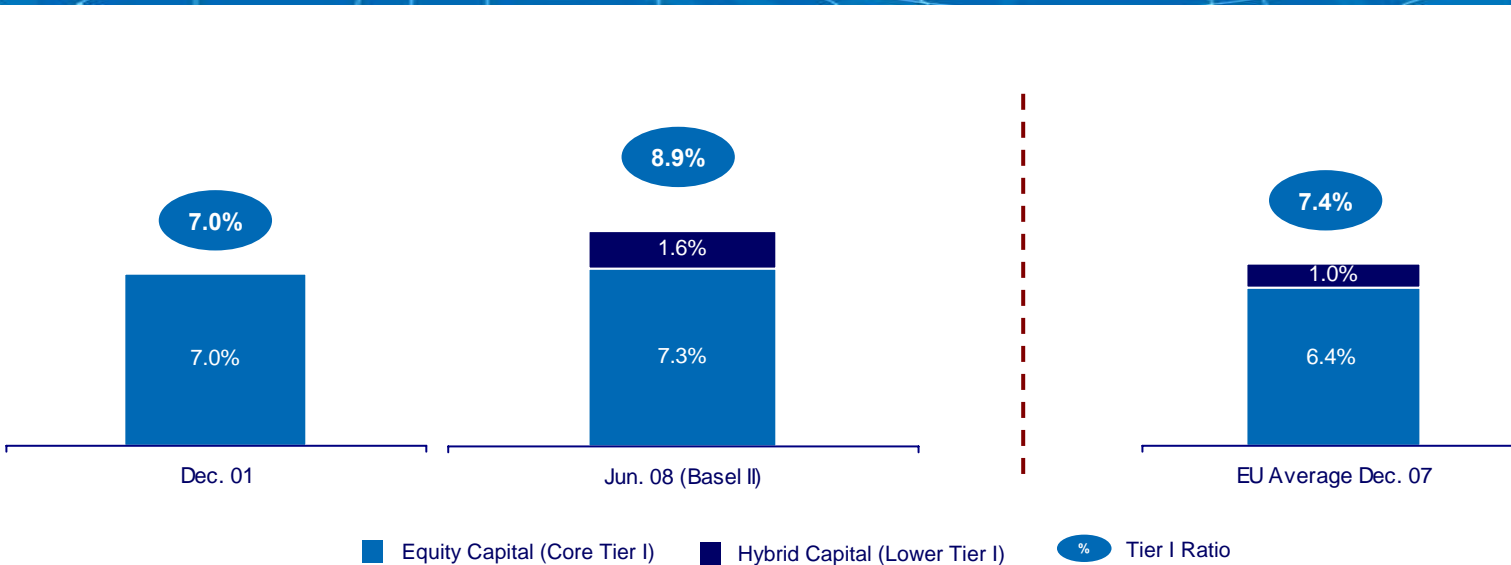


## Spread Development



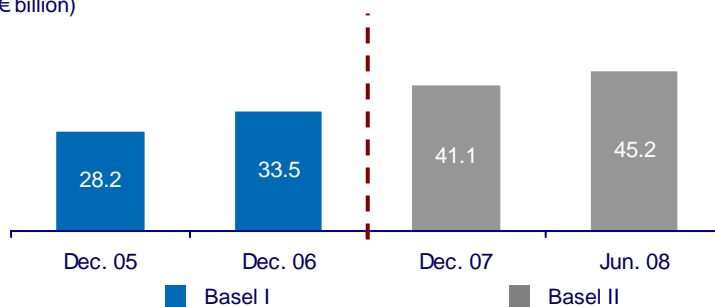
## 2 Capital: Acting from a Position of Strength

### Capital Adequacy Ratios



### Risk Weighted Assets

(€ billion)



### Considerations

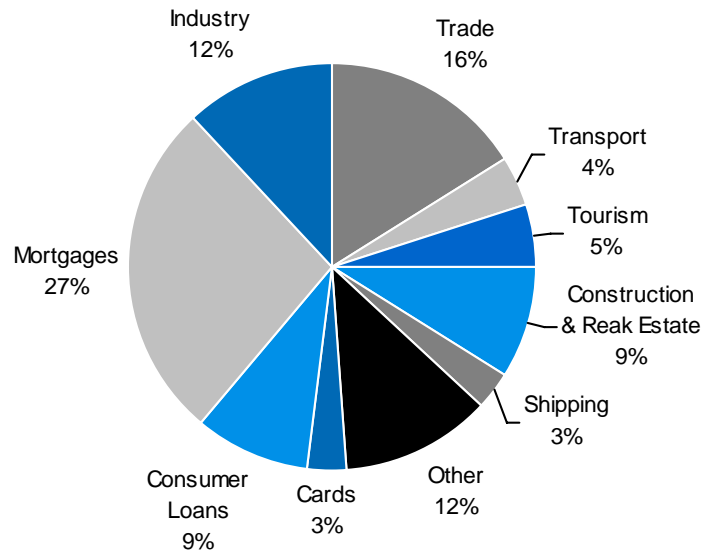
- Goodwill on our books of only €60mn; Equity of €3.3 bn in June 2008
- Alpha Bank better capitalized relative to the EU retail banks
  - Estimated 08E tangible equity to assets ratio of 5.6% vs. EU average for retail banks of 4.5%<sup>1</sup>

Source: Company data, Merrill Lynch Research (Retail Banks)

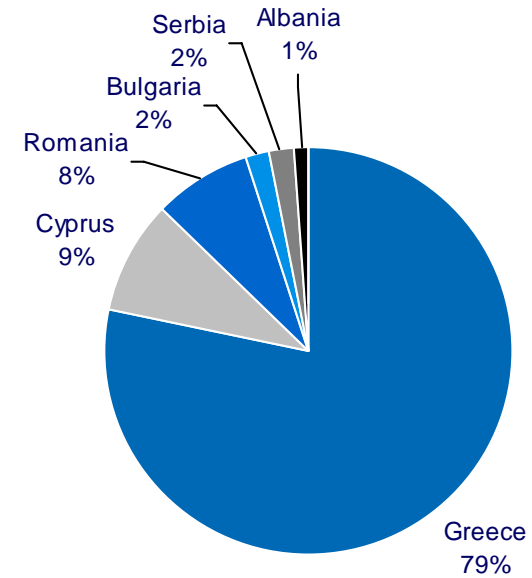
(1) Merrill Lynch estimates; EU retail banks universe includes Postbank, Swedbank, Erste, KBC, Banesto, Anglo Iris, Banco Popolare, MPS, Intesa, Sabadell, Banco Popular, BPM

### 3 Highly Diversified Loan Portfolio, both by Geography and Industry

#### Loans by Sector (1H 2008)

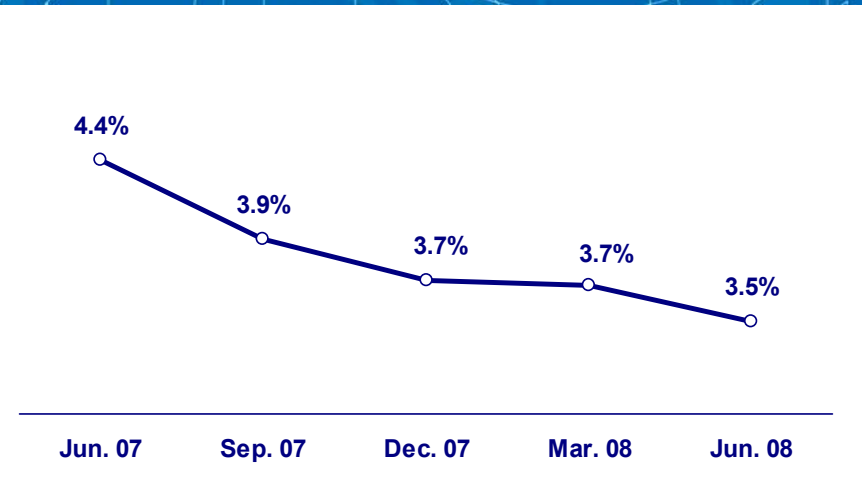


#### Loans by Geography (1H 2008)

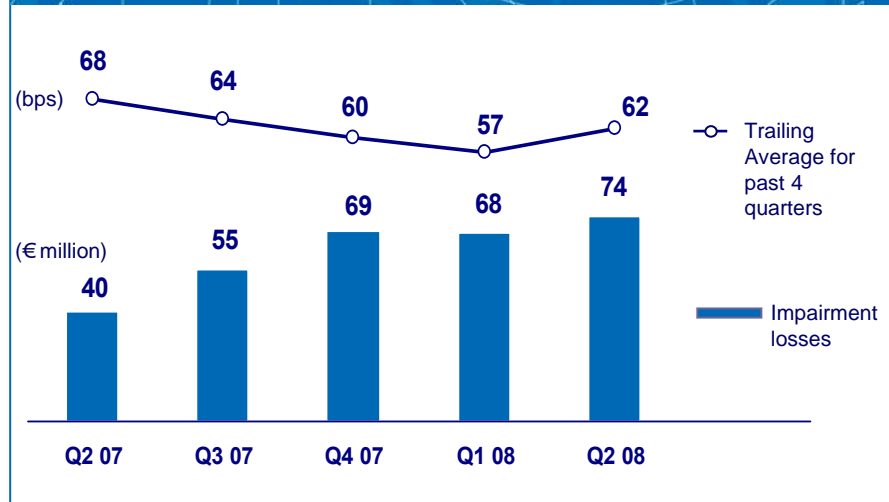


# 3 Prudent Risk Management Ensuring That Credit Risk is Firmly under Control

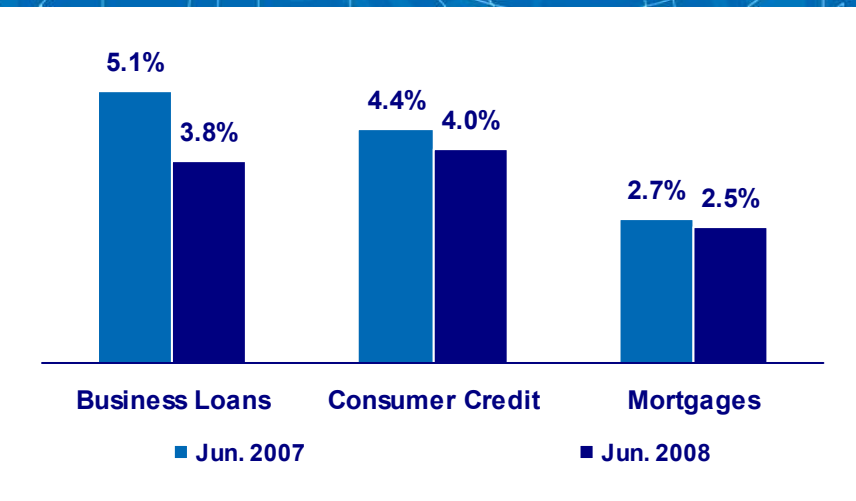
Group Loans in Arrears (IFRS 7: past due > 90 days)



Group Impairment losses (% of avg. loans)



Loans in Arrears per Segment (% of loans per segment)

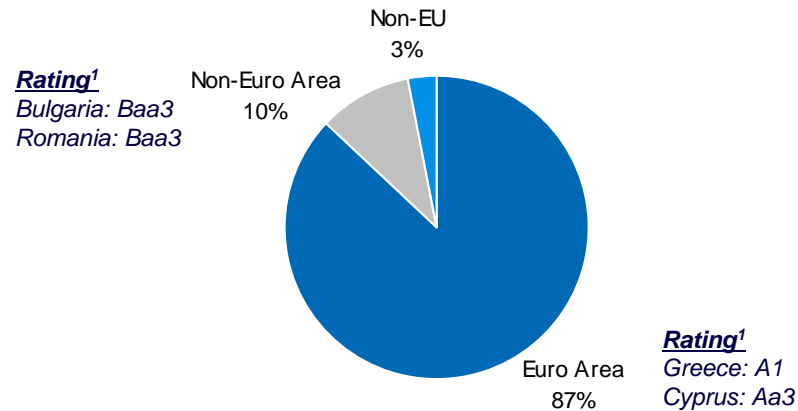


## Comments:

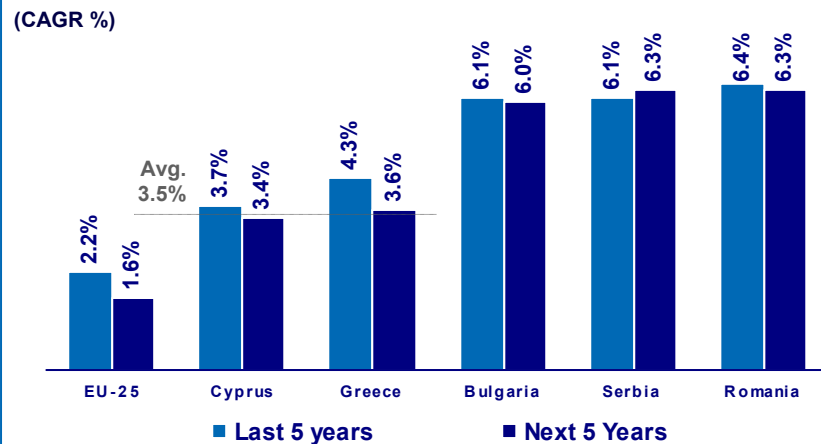
- Significant improvement over past 12 months mainly due to
  - ✓ Re-engineering efforts across the credit value chain
  - ✓ Write-offs of about € 290 mn
  - ✓ Benign macro environment
  - ✓ Increasing penetration of mortgages
- Coverage at 133% implies our strong legacy in business lending as we have secured significant collaterals from our borrowers

## 4 Exposure to Stable Growth

### Loans Exposure Primarily Within the EU



### GDP Growth<sup>2</sup>



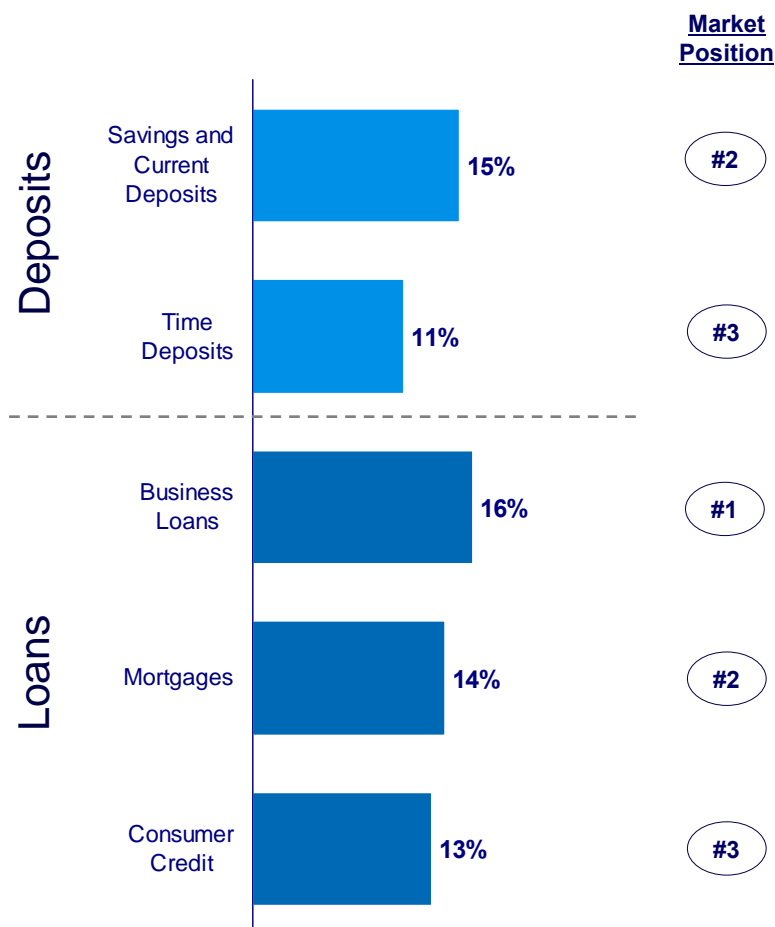
### Comments

- 97% of loan exposure within EU Countries
- 87% of loan exposure within Euro-area countries with sovereign rating of A1 and Aa3 (by Moody's)
- SEE activities with strong defensive profile, i.e. only limited exposure to perceived high risk countries
- Average forecast growth in core markets, i.e. Greece and Cyprus, of 3.5% relative to an EU average of 1.6%

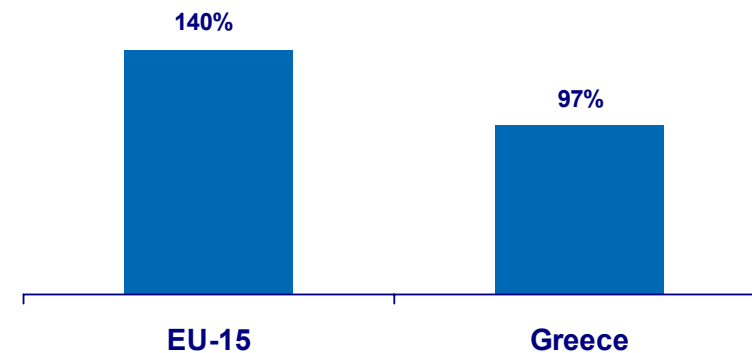
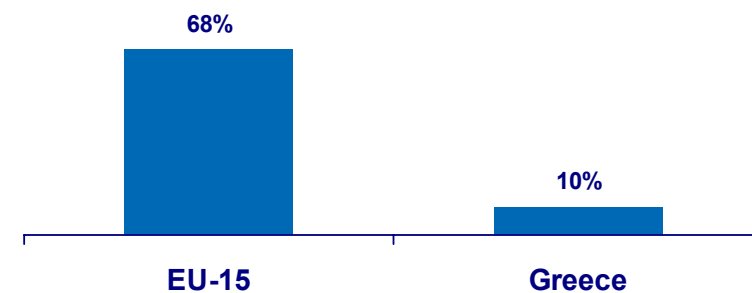
(1) Moody's sovereign ratings

(2) Source: Economist Intelligence Unit for historical data, Alpha Bank estimates for forecasts

## Alpha Bank's Market Shares in Greece (1H 2008)



## Loans / GDP

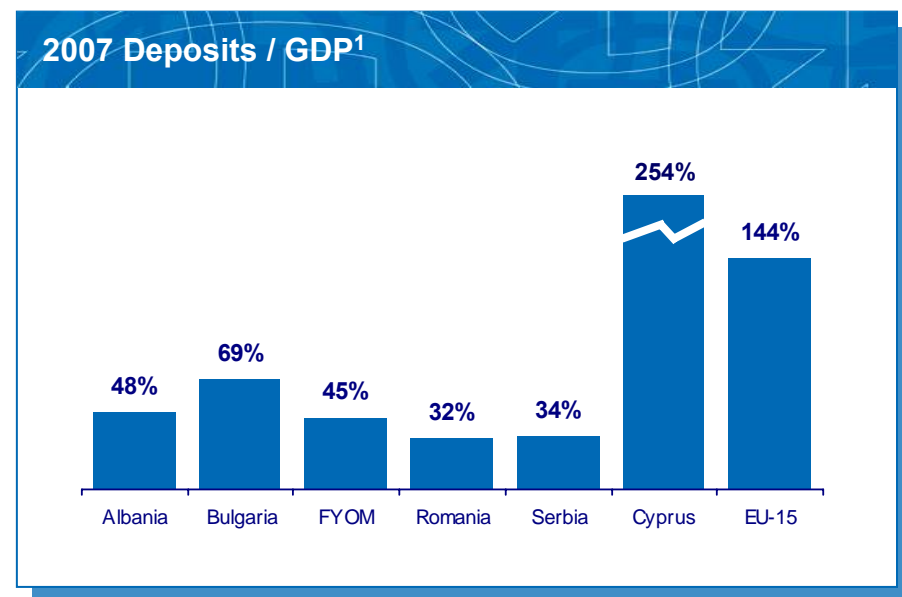
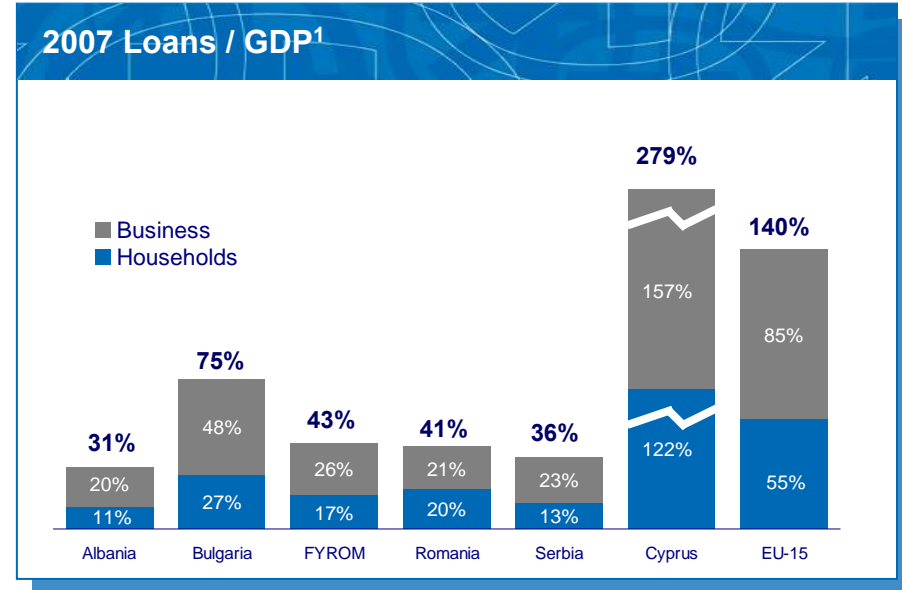
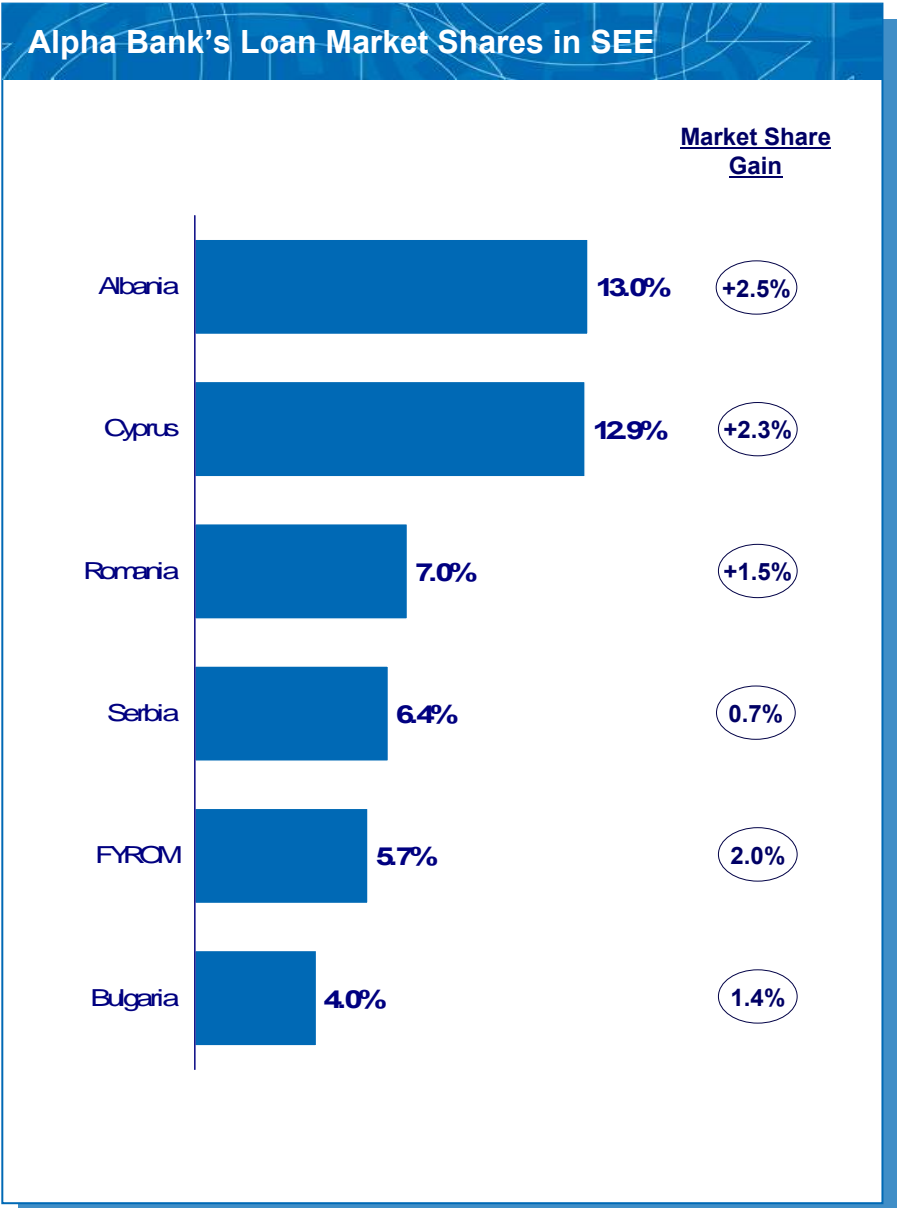
Assets under Management / GDP<sup>2</sup>

(1) Source: Economist Intelligence Unit

(2) As of 2006, European Fund and Asset Management Association



# 4 SEE Presence as Additional Growth Engine



(1) Source: National Central Banks, Eurostat, IMF, Alpha Bank research  
 (2) Source: Broker research

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Appendix

- ✓ **Alpha Bank is a well established institution with a consistent strategy**
- ✓ **Financial markets are currently subject to an unprecedented crisis**
- ✓ **Crisis is redefining the rules of the game, both in terms of growth and success factors**
- ✓ **Given its prudent approach, both in good and bad times, Alpha Bank is well positioned to also "flourish" in this new environment**

# *Appendix*

(€ million)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	H108//H107 % Change
<b>Operating Income</b>	<b>624.2</b>	<b>591.0</b>	<b>605.9</b>	<b>574.8</b>	<b>536.9</b>	<b>519.7</b>	<b>15.0%</b>
Net Interest Income	455.9	442.0	437.1	415.7	390.3	362.2	19.3%
Impairment Losses	(74.4)	(67.6)	69.0	55.1	40.2	62.4	38.4%
Net Interest Income (net of impairment losses)	381.5	374.4	368.1	360.6	350.1	299.8	16.3%
Net fee and commission income	118.5	115.3	123.3	119.6	114.2	107.5	5.5%
Income from Financial Operations	23.2	17.1	23.7	18.2	10.7	29.9	-0.7%
Other Income	26.5	16.7	21.9	21.2	21.7	20.1	3.4%
<b>Operating Expenses</b>	<b>(286.7)</b>	<b>(263.5)</b>	<b>285.3</b>	<b>254.8</b>	<b>251.7</b>	<b>233.5</b>	<b>13.4%</b>
Staff Costs	(146.0)	(139.3)	136.2	132.0	131.4	127.3	10.3%
General Expenses	(118.9)	(104.0)	125.9	102.8	102.1	89.3	16.4%
Depreciation and amortization expenses	(21.9)	(20.3)	23.2	19.9	18.2	16.9	20.1%
<b>Profit before tax</b>	<b>263.1</b>	<b>259.9</b>	<b>251.6</b>	<b>264.9</b>	<b>244.9</b>	<b>223.8</b>	<b>11.6%</b>
<b>Income Tax</b>	<b>(53.3)</b>	<b>(54.7)</b>	<b>64.8</b>	<b>48.7</b>	<b>45.4</b>	<b>49.2</b>	<b>14.2%</b>
<b>Tax on Reserves</b>	<b>0.0</b>	<b>0.0</b>	<b>6.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Net Profit from continued operations</b>	<b>209.7</b>	<b>205.1</b>	<b>180.4</b>	<b>216.2</b>	<b>199.5</b>	<b>174.6</b>	<b>10.9%</b>
Profit from discontinued operations	0.0	0.0	0.0	0.0	(1.4)	81.8	
<b>Net Profit</b>	<b>209.1</b>	<b>205.0</b>	<b>180.3</b>	<b>215.7</b>	<b>197.8</b>	<b>256.1</b>	<b>-8.8%</b>
<b>Recurring Profit (*)</b>	<b>209.1</b>	<b>205.0</b>	<b>180.3</b>	<b>215.7</b>	<b>199.2</b>	<b>174.3</b>	<b>10.9%</b>
Net Interest Margin (net of impairment losses)	2.7%	2.7%	2.8%	2.8%	2.7%	2.4%	
Cost / Income	45.9%	44.6%	47.1%	44.3%	46.9%	44.9%	
Return on Equity After Tax and Minorities (ROE)	25.4%	24.5%	22.3%	28.7%	26.7%	35.6%	

(\*) Net Profit excluding income from sale of Alpha Insurance to AXA in 2007 (profit from discontinued operations)

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