

ALPHA BANK CONFERENCE CALL

Banking Sector

Flash Alert
9M 2005 Results

Tips from the Conference Call (Wednesday, 30 November 2005) on 9M 2005 Financial Results

[9M Results 2005 presented by M. Yannopoulos, CFO, and M. Massourakis, Manager]

Financial Highlights made by the Management

- ⊙ Financial results for the 9-month period 2005 were in line with analysts' expectations. Third quarter was the strongest so far in 2005.
- ⊙ As far as the Greek market is concerned, the Management foresees loan growth of 20%-25% for individuals, and of 15%-16% on aggregate basis, during 2006.
- ⊙ The Management emphasized on strong customer funds and loan growth for the Group, which was higher in Southeast Europe as compared to the Greek market. Due to restructuring, the Group's loan portfolio tends to be more balanced, with 53% of total loans generated from retail banking (consumer loans, mortgages, small enterprises), whereas the remainder relates to medium and large enterprises.
- ⊙ Alpha Bank remained as the leader in corporate loans with a market share of 15.7%. Corporate loan portfolio is under restructuring with the Group targeting lower NPLs and provisions.
- ⊙ In mortgage market, Alpha Bank is the second largest player with market share of 14.9% as of September 2005. The Management expects stronger market share in the future.
- ⊙ In consumer loans, Alpha Bank commands a market share of 12.3% lagging behind other major Greek commercial banks. Targeted market share is at 16.0%.
- ⊙ Historically, allowances for impairments stand at 100 bps, however for 2005 they should be ranging between 95 and 100 bps due to gains from loan restructuring.
- ⊙ Loans to deposits ratio stood at 103%, which is lower than the European average.
- ⊙ As far as the Southeast European markets are concerned, Alpha Bank targets a network of 400 branches until 2008, with the domestic branch network stabilizing at 380. Alpha Bank's market share in the SE European region settles at 5.7%, with a targeted market share of 10% in all markets of activity until 2010. Stronger presence should be expected in Romania and Serbia.
- ⊙ Total capital adequacy ratio stood at 14.5% with core Tier I ratio at 8.3% as of September 2005. Both ratios evolved downward as compared to the beginning of 2005, whereas the Management anticipates gradual contraction in the future.

Outlook & Prospects

© The Management foresees 5% growth in fees and commissions in 2005. Alpha Bank targets a dividend payout ratio of 50%, with the effective tax rate at 20%-22% for 2005 and 22%-23% for 2006.

© Alpha Bank reiterated the Group's strategic priorities, which consist of stronger expansion in retail banking, greater penetration in the SE European region and more efficient cost management. RoE target is above 26% for the year 2007.
