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ALPHA BANK

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ANNUAL REPORT
2003

ATHENS 2004

ALPHA BANK
OFFICIAL BANK

Alpha Bank: The Official Bank of the ATHENS 2004 Olympic Games

Alpha Bank Panorama of Olympic Sports

During the last three years, the Panorama has visited 60 cities, has toured 46 Prefectures in Greece and in Cyprus, covering 15,000 *kilometers and traveling* to 14 islands.
Attendance was very successful: over 1,000,000 people of all ages lived a unique experience.

ATHENS 2004 VISA Cards

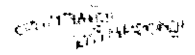
Part of the income from the subscription fees and usage of the cards is remitted to the Organising Committee for the *ATHENS 2004 Olympic Games* and the Greek Olympic Team.

Greek Athletes Sponsorship

Alpha Bank supports the effort of Greek Olympians and Champions in preparation for the Olympic Games.

The biggest Reward Scheme

Our customers will win 14,000 ATHENS 2004 Olympic Games tickets through the products *Alpha 1|2|3, Alpha Consumer* Loans, Visa Credit Cards, Alpha Pentathlon, Alternative Channels, Deposits Accounts.



Olympic Messengers and Volunteers *Programme*

The Programme includes educational visits and presentations for the Bank's *Employees at the International* Olympic Academy, in Ancient Olympia.

Athens Classic Marathon

The athletes' participation in 2003 exceeded expectations. The participation percentage *increased by 36%, as* compared to 2002. 3,400 athletes from 52 countries competed, among whom seven Alpha Bank Employees.

Contents

Basic Financial Indicators of the Group*

(in thousand Euro as at December 31)

	2003	2002	2001
Total Assets	30,802,887	28,855,243	29,105,595
Deposits	21,655,365	23,004,499	24,639,154
Loans and advances and corporate bonds	20,571,152	18,013,222	15,292,173
Equity capital (including minority interests)	2,254,286	1,316,216	1,370,020
Net profit before tax and the minority shareholders' share	416,571	282,374	393,552
Net profit after tax and the minority shareholders' share	284,221	174,368	238,844
Consolidated earnings per share after tax, Directors' fees, profits distributed to senior management *and the minority shareholders'share (in Euro)*	1.53	1.03	1.41

Basic Financial Indicators of the Bank*

(in thousand Euro as at December 31)

Total Assets	29,591,639	27,263,745	27,406,665
Deposits	20,100,135	21,141,319	22,768,947
Loans and advances and corporate bonds	18,258,465	15,869,407	13,279,636
Equity capital	2,274,225	1,602,381	1,501,744
Net profit before tax	356,410	243,591	379,479
Net profit after tax	260,368	169,143	276,451
Dividends payable	117,502	74,069	168,461
Dividends per share (in Euro)	0.60	0.40	0.91
Number of Shares (equivalent)	191,228,709	185,171,560	185,171,560
Earnings per share after tax, Directors' fees and profits distributed to senior management (in Euro)	1.34	0.89	1.46

**Some figures and the number of shares have been adjusted for comparison reasons. Repos are included in deposits.*

To the Shareholders, Clients and Staff

The year 2003 has been significant for our Group. We continued on our course of growth and expanded our activities, while attaining a considerable increase in operational profitability in all sectors. Revenues, in conjunction with the restriction of operating costs and a conservative risk policy, create the preconditions for further growth of our activities and increased profitability.

We developed new, innovative and very competitive products, and posted correspondingly higher revenues in all sectors. Mainly however, we have continued to improve our image in the market and develop strong ties of confidence with our clientele.

The restructuring of our Group has yielded considerable benefits. The sharp expansion of Network activities fuelled organic growth. The concentration of support activities in Support Centres and the restructuring of our Network enabled us to make better use of our systems and deploy rationally our Personnel's capabilities, increasing productivity.

Our capital base more than doubled, via the disposal of the Bank's treasury stock (mainly to international institutional investors), the readjustment of the value of real estate and the absorption of Alpha Investments by the Bank.

Our activities are steadily expanding in the Greek market - one of the fastest-growing economies in the Euro Zone. The performance posted by the Greek economy in 2003 was satisfactory, despite the difficult conditions prevailing globally in the last three years.

Stability has contributed to rising business and consumer confidence, helping to maintain a high rate of economic growth.

At Alpha Bank, we are particularly honoured to see the name of our Bank linked to the great national event of the Olympic Games. We are already reaping the benefits of our position as the Official Bank of the Games, and expect our profitability to be enhanced thereby in the future too. We apply to best advantage the right to use the Olympic marks, intensifying the pace as the date of the Games approaches. Our connection to this highly significant national event reinforces our relations and associations with our clients, other sponsors, and all entities involved in conducting the Games.

The "Panorama of Olympic Sports", which will have reached 75 cities in Greece and Cyprus by July 2004, enables us to promote our products and services while providing information about the Games; the public's response has been very positive.

As regards global expansion, the Group has been active abroad for more than a decade. It is currently present in eight countries, deploying 67 Branches and approximately 1,400 employees. The banking units in these countries are flanked by subsidiary companies active in the wider financial sector, offering banking, but also brokerage, investment, insurance and leasing services. The total assets of units outside Greece amounted in 2003 to Euro 4.5 billion, or 16% of the Group's total assets. As regards our presence in Albania, Bulgaria, Romania, FYROM and Serbia in particular, in 2003 deposits rose by 27%, loans by 47% and earnings before tax by 27%, as against 2002.

In 2003 the Group's net earnings after tax and minority rights increased by 63% and amounted to Euro 284.2 million (Euro 174.4 million in 2002), mainly due to the dynamic growth of financing to individuals, which yields higher returns, and the strict cost-cutting programme, which we apply consistently.

Earnings from purely banking activities increased by 12.8%, mainly due to a 16.6% increase in net interest income, which amounted to Euro 892 million as against Euro 766 million in 2002, and to an increase of 3% in commissions.

Net interest margin (on an annual basis) amounted to 3% as against 2.7% in 2002, mainly due to a considerable rise in housing loans and consumer loans (which obtain higher interest margins), and to the higher margins in loans to small and medium sized enterprises.

Revenue from commissions rose by 3%, driven by a sharp rise in the last quarter due to invoicing of transactions and fees from loan advances (mainly housing and consumer loans), and to commissions from brokerage activities, financial consultant services to firms, and sales of mutual funds. This year such revenues are set to rise further, in view of the recent adoption of a new pricing policy and the increase in the volume of activities that we expect for 2004.

Revenue from financial transactions, amounting to Euro 11.8 million, contributed significantly to earnings. It was derived from corporate and government bonds, and from the liquidation of Alpha Investment's stock portfolio following the company's absorption.

Total earnings were further reinforced by the reduction of the nominal tax rate by five percentage points following the absorption of Alpha Investments, as provided by law. According to the relevant provisions, this tax benefit will recur in the next fiscal year.

Profits have also been reinforced by extraordinary, one-off earnings derived from the sale of real estate owned by the Group in the last quarter, following the merger of several Branches.

Total loans and advances rose by 13% on an annual basis, mainly due to advances to individuals (housing and consumer loans), which now account for 28% of the total portfolio, as against 25% at the end of 2002. The increase in the individual loan portfolio was encouraged by the lifting of restrictions on consumer loans as of July 2003, and the concurrent commencement of the operation of the Interbank Credit Bureau, which collects data on the credit standing of individuals who are granted consumer and housing loans. These developments are apparent in the increase of consumer credit (consumer loans and credit cards) by 30%, to Euro 1.3 billion, and of housing loans by 29%, to Euro 3.9 billion. Our market share in loans to individuals has risen from 9.5% in 2001 to 13% in 2003, due to the dynamic growth of our activities in this field from 2001 onwards.

Loans to small and medium sized enterprises - the backbone of our customer base- rose by 13%. Loans to large corporations rose by 3.5%. This increase does not reflect the real expansion of our activities, since a large part of the portfolio, in particular that related to shipping, is expressed in dollars, which depreciated considerably as against the euro in 2003. Our activities in the shipping sector increased by 11% in the past year.

The increase in loans and advances has not compromised the quality of our portfolio. As always, provisions against bad/doubtful debts were effected at the maximum permissible tax efficient rate (1%), so that total provisions now amount to Euro 508 million.

In 2003 we improved further our internal credit risk valuation models. In addition, in view of the application of the International Accounting Standards, whereby banks must assess only special provisions against bad/doubtful debts, we have modified our provision management policy to reflect the applicable supervisory framework. Thus, given the lower provisions against bad loans, we created a special reserve to cover 100% of any excess bad loans; we continue to make provisions against other defaults (defined as loans in default for more than 90 days) via a general reserve.

In 2003 we retained the lowest index in the market for loans in default, which at the end of the year did not exceed 2.8% of total loans and advances. We regularly monitor the sufficiency of reserves against loans in default by applying a special co-efficient to each class of loan; currently, such reserves are at satisfactory levels.

Total client funds, including deposits, repurchase agreements, mutual funds, and funds managed under private banking contracts, rose by 7% in 2003, to Euro 32 billion. Traditional sight and savings deposits rose by 6%, a performance that is deemed satisfactory.

During 2003, there was an acceleration in the trend of transferring savings funds from money-market deposits to longer-term financial instruments, such as bonds issued by the Bank and guaranteed-capital products. In particular, client placements on bonds issued by the Bank since May 2003 (when they were first made available to the public) amounted to approximately Euro 1 billion. In the context of providing many alternative options to our clients, in November 2003 we launched Alpha Plus, a new series of products enabling clients to invest in a combination of repurchase agreements and higher-yield mutual funds.

Portfolio management accounts (private banking, prime brokerage), money market mutual funds and other mutual funds, posted an impressive increase of 74%, 54% and 33% respectively, counter-balancing the outflow of capital from repurchase agreements. This swing in favour of mutual funds has been the result of the high-yields produced by the Group's funds, in view of their effective management, the introduction of new products, and improved market conditions. Assets under management amounted to Euro 4.6 billion, extending the Bank's market share to 15%. In particular, equity funds gained the top position with a 22% market share; two thereof are among the largest Greek mutual funds and posted returns of 33% and 29% on an annual basis. The Group's balanced and bond funds are always classed among the top funds in Greece as to returns.

In 2003 the Bank's capital base was considerably expanded, a result of a series of interventions realised during the year, and more than exceeded capital requirements for the expansion of our activities and the allocation of higher dividend. The sale of the treasury stock added Euro 383 million to equity capital, and the re-adjustment of the value of the Group's real estate in accordance with a recent law passed in the context of preparation for the application of the International Accounting Standards as of 2005, added another Euro 464 million. The above factors reinforcing our capital base, in conjunction with non-allocated earnings, led to an increase of equity capital by 116%, to Euro 2.1 billion. Return on equity stood at 18.2%, as against 17.9% in the previous year. The capital adequacy ratio rose sharply at the end of the year, to 14.6% (as against 9.8% at the end of 2002), and the Tier I capital ratio stood at 10.4% (6.9%).

It should be noted here, that following the sale of the treasury stock, we are the only Greek bank to have attained full dispersion of our shares, which are now owned by 127,000 shareholders holding up to 20,000 shares (40% of the total), and by Greek and international institutional investors (45%).

Operating expenses, including depreciation, rose marginally by 1.9%, to Euro 715 million. Staff expenses were reduced slightly by 0.5%

and amounted to Euro 328 million, while payments into the Personnel Insurance Fund rose by 23%, due to additional charges that arose from the annual actuarial study conducted in September 2003. General expenses rose by 4% to Euro 244 million, mainly due to the higher promotion and advertising expenses required for the Bank's new products. Information technology and equipment maintenance expenses fell by 0.9%. The cost-cutting measures we have applied throughout the Group have yielded significant results: the expenses of the companies of the Group overall were also reduced, by 10%. Thus the ratio of operating expenses to revenue improved considerably, and stood at the historic low of 54.2%, as against 60.8% in 2002. In particular:

The redeployment of the Network was completed by merging 49 Branches and opening new ones (seven in Greece and seven abroad); the aim was to eliminate overlapping without compromising the quality of customer service. In addition, Personnel was reduced by 4.7% on the Group level and on a net basis. In total, 681 employees departed, many in the context of the voluntary retirement scheme. Note that earnings before tax derived from the Network rose by 34%, to Euro 251 million.

Our focus on restructuring and automating procedures, in conjunction with developing specialised Centres for each product, is expected to yield further benefits in the forthcoming years. Several such projects have now been finalised, and they are having an immediate impact on cutting costs and reducing the number of human resources deployed. They include a central cheque-book issue service, consolidation of similar activities, and centrally administered SWIFT systems for Branches abroad. Projects currently in progress include, inter alia, creating a central payment support unit, transferring the accounting process from the central system to the uniform accounting system, and discontinuing Branches' accounting independence. Also in progress, are electronic cheque management and handling systems (day and post-dated cheques), to ensure their safe, fast processing at reduced cost through automating the relevant procedures, the international trade activities centre, and the letter of guarantee centre. In addition, we are introducing a uniform technology infrastructure for the Network abroad, and we are purchasing supplies through "e-auctions", at markedly reduced cost.

In 2003 we launched a number of dynamic initiatives in banking activities directed at individuals and small and medium sized enterprises, and intensified the marketing and promotion of our products, towards gaining a larger market share and improving further the quality of our customer service.

Such actions were related to the following programmes:

Alpha 1|2|3 Youth line for children and young people, a product based on full banking services; includes a reward scheme.

Pentathlon, a programme that rewards small firms and professionals, aimed at strengthening cross sales.

Epathlon, a programme that rewards individuals, holders of the ATHENS 2004 VISA credit card issued jointly by the Bank and OTE (Telecommunications Corporation) and Cosmote (mobile telephony), and relating to the products and services marketed by the three grand sponsors of the Olympic Games.

American Express card products, including the Blue credit card addressed to the wider consumer public, the Platinum and Centurion debit cards addressed to the high-income segment of the clientele, and the internationally issued corporate American Express card.

Our ongoing promotion activity for card products throughout 2003 resulted in the issue of more than 300,000 new credit and debit cards (an increase of 20%); the number of active cards issued by the Bank currently amounts to two million.

We have also focused on the ongoing expansion of alternative distribution networks for our products. We are improving our electronic card systems via the development, in association with Eurobank, of a new, modern, uniform POS terminal network to effect fast, secure transactions in an electronic environment. In addition, we have consistently pursued agreements with firms selling consumer products towards providing on-the-spot consumer loans to their customers, and we provide incentives to attract private clients from among the personnel of companies to which the Bank provides payroll services.

On the basis of the powerful capital structure we shall maintain, we believe that we can attain the growth rate we have set as our target for the forthcoming years, while applying a dividend policy involving distribution of 40-50% of earnings. Therefore, the Board of Directors decided to recommend to the General Meeting of Shareholders the distribution of a dividend increased by 50%, i.e. at Euro 0.60 per share, as against Euro 0.40 per share in 2002.

On behalf of the Board of Directors, I would like to extend our gratitude to all who contributed to the attainment of our Group's objectives in 2003, and especially to the Shareholders and Clients for their confidence, and to our Staff, for their work and dedication which enable us to reach even higher attainments.

Athens, February 24, 2004

Yannis S. Costopoulos

The International and the Greek Economy in 2003
Prospects for the year 2004

A. The International Economy

International economic activity accelerated in 2003, and global GDP rose by 3.8% in real terms, as against 3.0% in 2002, 2.4% in 2001, and 3.9% (on average) during the years 1995-2000. The rise in global GDP in 2003 was the result of economic growth in the developed world (2003: 2.0%, 2002: 1.8%), in developing economies (2003: 5.0%, 2002: 4.6%, 2001: 4.1%), but also in transition economies (2003: 4.9%, 2002: 4.2%, 2001: 5.1%). Thus the recovery of the international economy is continuing in the wake of the sharp slow-down that occurred in 2001, fuelled by a rise in global consumer spending, an upswing in capital markets, and improved confidence indices.

The volume of global trade in products and services rose by 2.9% as against 3.2% in 2002. This is attributed to faster-growing imports and slower-growing exports in developed economies, and slower rates of increase in both exports and imports (as compared to previous very high levels) in developing countries. Inflation rose slightly in both developed countries (2003: 1.8%, 2002: 1.5%) and developing economies (2003: 5.9%, 2002: 5.3%), while in transition economies it fell slightly (2003: 9.7%, 2002: 11.1%). However, oil prices rose considerably in 2003 (2003: 14.4%, 2002: 2.8%, 2001: -14.0%), as did the prices of other commodities excluding oil (2003: 5.0%, 2002: 0.6%, 2001: -4.0%). The year 2003 was marked by the continuation of a low interest rate policy, aimed at strengthening the recovery of the major developed economies. Concurrently however, considerably higher general government deficits were incurred both in the U.S.A. and in Europe, a development that contributed to the sharp fall of the dollar in international foreign exchange markets, but also led to undermining the Stability and Growth Pact (SGP) in the Euro Zone. Finally, the risks associated with international terrorism and geopolitical tensions continue to impede growth conditions of the global economy, and have a particularly negative impact on certain sectors, such as tourism and international transportation.

Developments by major economic area have evolved as follows:

The US economy is recovering sharply, at a growth rate of 3.1% in 2003, as against 2.4% in 2002 and 0.3% in 2001. The US recovery is based on higher private consumption attained through an expansive fiscal and monetary policy (tax cuts or refunds, higher public expenditure, especially in the defence sector, very low interest rates), while the American economy is also benefiting from the depreciation of the exchange rate of the dollar against the euro and other major currencies (with the exception of China and other developing economies, which have linked their currencies to the dollar), which overall helps improve the US position in international commerce.

In Japan, macroeconomic indices improved: the rate of GDP growth rose to 2.9% in 2003 (up from 0.2% in 2002), accompanied by an increase in exports to the U.S.A. and countries in Southeast Asia (especially China). The Japanese capital and bond markets also posted a recovery. However, the Japanese economy is still burdened by lasting problems connected to disinflation (downward trends in prices), the slow pace of restructuring of the banking system, and high fiscal deficit as well as debt.

In the Euro Zone economic activity was weak, with GDP growing at a rate of 0.4% in 2003 (2002: 0.9%). Most member-states posted low growth, with the exception of Greece and Spain. Unemployment increased to 8.8% of the workforce as against 8.4% in 2002, and inflation fell to 2.1%, down from 2.3% in 2002. Domestic demand and exports registered low growth, while the appreciation of the euro had a negative impact on export capacity. Macroeconomic policy was mainly based on fiscal management, through the use of stabilisers of the economic system such as the tax cuts applied in many member-states, which led to considerably wider general government deficits; Germany and France and some other Euro Zone countries overstepped the SGP deficit limit of 3%. Easing monetary policy was restricted to reducing the base rate of the European Central Bank to 2%, i.e. at levels markedly higher than those applying in the U.S.A.; this also contributed to the appreciation of the euro. However, it was not sufficient to enhance the recovery of economic activity in the Euro Zone. Rather, the slight upturn posted in the Euro Zone was helped by the dynamic growth posted by the US economy in the second half of 2003, despite the fact that the appreciation of the euro is limiting exports and leading to higher imports, to the detriment of competitive products manufactured in Euro Zone member-states. However, the acceleration of structural reform measures in the major Euro Zone economies enhances the prospects for satisfactory growth in the Zone for 2004 and 2005.

In the ten countries about to accede to the European Union, the average rate of GDP growth was 3.3% in 2003 as against 2.9% in 2002, while inflation was lower. However, the rate of economic prosperity and monetary stability is sharply differentiated between the various countries, depending on how extensive their structural reforms have taken root. Some of the acceding countries have recently faced high fiscal deficits and pressure on their currencies. Such developments may push back even further their accession to the Euro Zone, despite them being full EU members as of May 2004. The inflow of capital in the form of direct investments has been an important factor in improving economic conditions in these countries.

The emerging markets in Asia posted the fastest growth in 2003. China's economy grew at a rate of 9.1%, as against 8.0% in 2002, in a large part due to the linking of its currency with the US dollar, which led to its depreciation against the euro and the yen. The result is that the surplus in China's balance of trade is widening, leading to disputes with the major developed economies which are now threatening to impose trade restrictions on imports from China. The Indian economy also posted an impressive rate of growth (2003: 8.1%, 2002: 4.0%). The economies of Latin America posted a recovery, due to a considerable increase in exports and improved terms of financing from abroad.

The growth rate of the global economy is expected to increase in the current year, and economic activity is projected to return to normal levels. In particular, global GDP is forecast to rise 4.6% in 2004 (up from 3.9% in 2003), barring unforeseen, non-economic unfavourable developments. The optimism is due to an expected de-escalation of geopolitical instability, the positive impact of policies aimed at strengthening effective demand in the international community, and the dynamic recovery of the US economy.

Developing economies are expected to maintain in 2004 the high growth rate of 2003, while the average rate of GDP growth is seen to rise faster in developed countries. In the Euro Zone economic activity seems to be recovering at a relatively slower pace, and GDP growth is expected to reach 1.7% in 2004. Factors impeding growth are gradually receding. In particular, inflation is falling, while real disposable income is rising. Financing conditions are now more favourable, in view of the lower short-term interest rates applied by the European Central Bank in 2003; these rates are not expected to rise in 2004. There is wider optimism in capital markets too, since the financial condition of European businesses has stabilised and is now improving. A very important element is the process of reforming the labour market and the social security systems in Germany. Prospects for the course of the international economic system are also relatively favourable, in view of the intensifying efforts to achieve co-ordination between Europe and the US in several fields, such as technology, international commerce, and stabilisation of oil markets and confidence indices, while the exchange rates of major currencies are also becoming more stable.

B. The Greek Economy

The overall performance of the Greek economy in 2003 was satisfactory, despite unfavourable external developments - especially the marked slow-down of economic growth in the Euro Zone during the past three years. In general, a high degree of macroeconomic stability has been achieved in recent years, following long-lasting efforts aimed at a sustainable convergence that would rendered possible accession to the Euro Zone. The conditions of stability have contributed to a rise in business and consumer confidence, so that the rate of economic growth is maintained at a high level (much higher than the Euro Zone average) and further progress is made in attaining real convergence. Employment rose faster than in 2002 and unemployment was further reduced, though it remains at a high level. Inflation was also reduced in 2003 and early 2004, as was its deviation from the Euro Zone average. On the contrary, fiscal performance was negative, leading to a larger fiscal deficit and only a limited reduction of public debt as a percentage of GDP. The balance of payments deficit was once again at a relatively high level (5.7%) in part due to the lower competitiveness of domestically produced goods and services.

The main developments of the Greek economy in 2003 were as follows:

(a) GDP growth exceeded 4.2 % in 2003, compared with 3.9% in 2002, 4.0% in 2001 and 4.4% in 2000, making the Greek economy the fastest growing economy in the European Union in 2003 and in 2004. Buoyant domestic demand has been boosted by low interest rates, fast increasing disposable incomes (due to the social packages, tax cuts and high wage and pension increases in 2002 and 2003) and, more importantly, by the acceleration of the implementation of the sizable investment programme related to the Olympic Games. In fact the implementation of the Community Support Framework III (CSF III) investment programme (which is co-financed by the EU) was held back in 2003 in order to facilitate the fast implementation of Olympics related projects. Also, high GDP growth was achieved on the back of further deterioration of the deficit of the external balance of goods and services of Greece, with imports growing at 10.5% in 2003 and exports by only 1.5%, due mainly to the negative output growth and falling exports registered by the tourist sector. In fact tourism is stagnating in the last two years, mainly as a consequence of aggravated international geopolitical tensions and the recession characterising most of Euro Zone economies. More specifically, domestic demand grew by 6.2% in 2003, compared with 3.9% in 2002, with private consumption rising by 4.0% (2002: 2.8%) and public consumption rising by 6.0% (2002: 5.8%) reflecting the slow progress of fiscal adjustment. Fixed capital investment rose by 12.6% in real terms (2002: 5.7%), with investment in equipment growing by 17.0%. Business investment and investment in housing were also buoyant in 2003, reflecting the high rate of growth of business and housing loans, as well as the extensive investment programmes in renovating hotels and tourist venues in advance of the Olympic Games in mid-2004.

(b) Consumer Price Index Inflation reached 3.5% on average in 2003 (2002: 3.6%) and 3.1% at the end of December 2003 (2002: 3.4%). Harmonised Inflation fell to 3.4% on average in 2003, compared with 3.9% in 2002, with the difference from the Euro Zone average falling to 1.2 percentage points (down from 1.8 percentage points in 2002). Finally, core inflation fell to 3.3% in December yoy and to 3.2% on average in 2003 from 3.6% in 2002, reflecting the impact of the euro's appreciation in 2003 and the nullification of the escalating impact brought upon inflation by the introduction of the euro in 2002. However, a series of special, short-term factors, such as unfavourable weather conditions, the rise in oil prices, and the demand dynamic in the economy, contributed to a level of inflation that is markedly higher than the Euro Zone average (2003: 2.1%).

Inflation is expected to fall in 2004, due to the appreciation of the euro and (probably) better weather conditions than in 2003. Even though oil prices are not expected to fall much below the current levels of USD 31-33 per barrel, average inflation in 2004 is expected to fall to 3.1%.

(c) Fiscal policy was expansionary in 2003. The deficit of the general government sector widened, to more than 3.0% of GDP in 2003 (1.4% in 2002). This failure in fiscal management is mainly attributed to overstepping the primary expenditure limits provided under the Ordinary Budget, due to the considerable increase in public sector wages and pensions, and in public investment projects financed by national resources exclusively, in view of the need to accelerate the pace of projects related to the Olympic Games; another contributing factor was the compensation granted to farmers because of damages sustained during the adverse weather conditions of early 2003. It must be noted here, that reducing considerably the primary expenditure in the Ordinary Budget as a percentage of GDP shall become a vital factor in realising the new Stability and Development Plan for 2003-2006. In addition, the tax cuts of 2002 had a negative impact on tax revenues in 2003. Concurrently, the general government primary - surplus was limited to 2.7% of GDP in 2003 (4.7% in 2002). Public debt was reduced, and amounted to 103.0% of GDP (104.7% in 2002), and is expected to be further reduced, to 101.0% of GDP, in 2004. Despite its gradual fall, mainly due to lower interest rates, public debt as a percent of GDP remains at a very high level, underlining the need to reduce it further, especially when taking into consideration the country's unfavourable long-term demographic prospects, the negative impact of an aging population on the social security system, and the possible rise of long-term interest rates in 2005.

(d) In external transactions, the deficit of the balance of current accounts stood at 5.7% in 2003 (2002: 6.1%). The size of the deficit is mainly linked to the high growth rate posted by the Greek economy in relation to that of its major partners in trade, and to the reduction of primary surpluses in the state sector. As regards the constituent elements of the balance of payments, the trade deficit (excluding fuel) was reduced to 12.1% of GDP in 2003 (2002: 13.6%) because of higher receipts from exports while imports remained at the same levels. Note that there was an increase in all categories of exportable goods, with agricultural produce and the engineering-electronic goods sector making the greatest gains. However, the increase in the balance of current accounts was mainly brought about through the increase in the balance of fuel and the balance of incomes, as also by the concurrent restriction of the surplus in the balance of transfers.

In the balance of trade, we note an increase in revenue from transportation services, due to the high rate of growth posted by Greek shipping, and a reduction in revenues from travel services, due to lower tourist traffic. The deficit in the balance of incomes widened because of higher interest payments on Greek Government bonds, due to the rise in such investments by non-residents since early 2003. In the first months of the year there was a reduction of net transfers from the European Union, while after June there was an increase. In financial transactions, the extensive buying of Greek bonds by foreign investors was the main reason for the considerable net inflow directed towards portfolio investments.

(e) In lending, the rate of increase of loans to firms and individuals was 17%, as against 16.9% in 2002. This development is due to the small increase of loans to businesses (2003: 10.8%, 2002: 9.6%) and a fall in loans to individuals (2003: 27.6%, 2002: 32.2%). An analysis of credit directed at businesses by sector of economic activity indicates that the rate of increase of loans to industry fell to 10.5% (2002: 13.9%), and that credit expansion to the trade sector increased by

5.4% (2002: 0.9%). Loans to the tourism industry also grew considerably (2003: 20.2%, 2002: 33.7%), a development linked to investments on improving tourism infrastructure in advance of the Olympic Games, even though the high rates of increase reflect to a large degree the low amounts involved in loans of this category. The balance of loans to the shipping sector rose by 4.1% (2002: 1.1%). Loans to leasing and factoring companies were reduced (2003: -3.6%, 2002: 68.8%) because of the discharge of loans on the part of leasing firms, some of which issued bonded loans and used the proceeds to discharge part of their bank loans. Credit expansion to the construction sector also grew at a faster pace, and continues to grow (December 2003: 24.2%, December 2002: 14.2%).

In loans to individuals, the balance of housing loans rose by 25% (35.6% in 2002), a development attributed to the gradual maturing of the market. The annual rate of increase in consumer loans was 27.2%, as against 24.2% in 2002. The rate of increase in consumer loans appears to be stabilising, despite the lifting of all restrictions on consumer credit, indicating that individuals are avoiding a further increase in their exposure.

(f) Greece is now in its fourth year of participation in the Euro Zone, a fact that increasingly acts as a catalyst in making further progress in the field of structural reforms. Ongoing structural reforms contribute to increasing the overall productivity of production factors. In this context, it is important to make progress in deregulating markets, strengthening competition, and effecting institutional changes aimed at ensuring the smooth operation of the market for goods and services. We note indicatively the deregulation of the electricity and telecommunications markets, deregulation of internal marine transportation, continued application of the privatisation programme, reform of the pension system, gradual tax reform, labour market reforms, and legislative measures aimed at reinforcing business entrepreneurship. However, there remain serious problems related to the unsatisfactory operation of the labour market and the failure to link it with the educational system - the primary cause of high unemployment among young people. Reforms must also be advanced at a faster pace in order to reinforce the viability of the social security system and the financial and operational restructuring of the health care and education systems. In addition, the preparations for the Olympic Games must be completed in due time in order to ensure their flawless execution, since Greece expects considerable gains from this event, immediately, but equally in long-term future.

(g) The banking system has already experienced extensive changes since the late 1980s, on both the operational and the structural level. The sector has seen continuous improvement in the last years, so that total bank assets stood at 150% of GDP at the end of 2003 (2002: 144%, 1990: 103%). Competition is very intense in sector, especially in the fields of housing and consumer loans which remain the fastest-growing segments, and is mainly expressed through the provision of many different products and services covering a much wider range of financing needs and consumer options.

This fast credit expansion, mainly directed to individuals, strengthens banks' stability and enhances the qualitative composition of their earnings. Individuals' loan burden was equal to 26.6% of GDP in 2003, and remains low when compared to the respective figures applying in the Euro Zone and the US. In addition, the ratio of individuals' loan burden to the total value of the houses and shares they hold directly or indirectly are at a very low level (4%). Typical of the intensity of the competition, is the reduction in the difference between the average weighted interest rate applied by the banks on their new loans and the respective rate on deposits (2003: -0.5%, 2002: -0.4%); this difference has been reduced by more than four percentage points since 1998. A significant development in 2003, besides the considerable improvement in the results posted by commercial banks, was the substantial upgrade of their capital adequacy ratios, either through the sale of significant blocks of treasury stock, or through increased earnings, or through the issue of hybrid capital and reduced security loans that allow them to maintain their capital adequacy ratios at high levels, despite the fast rate of expansion of their claim portfolios.

(h) The expected recovery of the global economy - and especially of the European economies- in 2004-2005, is expected to have a positive impact on the export of goods and receipts from tourism. Other factors will also contribute to a faster GDP growth rate, such as increased investments related to the faster implementation of projects included in the Community Support Framework III and the completion of preparations for the Olympic Games. Note that only 30% of the total resources from the European Union, in the context of the Community Support Framework III, has been absorbed by Greece up to now. Therefore, the remaining 70% shall be absorbed during the period 2004-2008 by intensifying the pace of the projects selected and implemented. In addition, the expected favourable impact of the Olympic Games on tourism and other sectors, in view of the high-level investment projects and restructuring effected in recent years, is expected to contribute to an increase in receipts -both from Greece and abroad- for such sectors. Therefore, GDP is expected to grow by 4.2% in 2004, and sustain a pace of over 3.5% in the following years.

Activities of the Bank and the Group

The year 2003 was significant for the Alpha Bank Group. During its course, the Group continued to develop and expand its activities, posting an increase in operating profitability in all sectors. Revenue increased, and in conjunction with lower operating costs and the conservative risk policy, created favourable prospects for a further expansion in activities and increased profitability. To these developments, there contributed considerably the restructuring of the Group and the development of new, innovative, and very competitive products. The Network contributed substantially to the attainment of the results posted, which were also strengthened by successful management of liquidities.

In the past year, the offering of the Bank's treasury stock, mainly to institutional investors, which was fully successful and underlined the Bank's prestige in the Greek and international market, the readjustment of the value of real estate, and the absorption of Alpha Investments by the Bank, more than doubled the Group's equity capital, not including minority interests.

The Group's net profits after tax and minority rights rose by 63% and amounted to Euro 284.2 million as against Euro 174.4 million in 2002. The increase is mainly attributed to the dynamic growth posted in the field of loans to individuals, which generate better returns, and the strict cost-restriction plan, which is applied consistently.

Revenue from purely banking activities grew by 12.8%, mainly due to the increase of net interest income by 16.6% and of commissions by 3%. Net interest margin on an annual basis was 3%, up from 2.7% in 2002.

Revenue from commissions rose sharply in the fourth quarter, due to the pricing of transactions, fees against provision of credit (mainly consumer and housing loans), and increased commissions from brokerage transactions, financial consulting services to corporations, and sales of mutual funds. Such revenue is expected to rise even further in 2004, following the recent application of a new pricing policy and the expected increase in the volume of activities.

Revenue from financial transactions contributed considerably to profits, amounting to Euro 111.8 million. It was derived from corporate and government bonds, and from the liquidation of the portfolio previously held by Alpha Investments, which was absorbed.

Total loans and advances grew by 13% on an annual basis, mainly due to a 29% rise in loans to individuals. This segment now accounts for 28% of the total portfolio, up from 25% at the end of 2002. The increase in the individual loan portfolio was encouraged by the lifting of restrictions on consumer credit as of July 2003, and the concurrent commencement of the operation of the Interbank Credit Bureau, which collects data on the credit standing of individuals who are granted consumer and housing loans. These developments are apparent in the increase of consumer credit (consumer loans and credit cards) by 30%, and of housing loans by 29%. Our market share in loans to individuals has risen from 9.5% in 2001 to 13% in 2003, due to the dynamic growth of our activities in this field from 2001 onwards. Loans to small and medium sized enterprises -the backbone of our customer base- rose by 13%. Loans to large corporations rose by 3.5%. This increase does not reflect the real expansion of our activities, since a large part of the portfolio, in particular that related to shipping, is expressed in dollars, which depreciated considerably as against the euro in 2003. Our activities in the shipping sector increased by 11% in the past year.

The increase in loans and advances has not compromised the quality of the Group's portfolio. As always, provisions against bad/doubtful debts were effected at the maximum permissible tax efficient rate (1%), so that total provisions now amount to Euro 508 million.

In 2003 we posted once again the lowest index in the market for loans in default, which at the end of the year did not exceed 2.8% of total loans and advances. We regularly monitor the sufficiency of

reserves against loans in default by applying a special co-efficient to each class of loan; currently, such reserves are at satisfactory levels.
Total client funds, including deposits, repurchase agreements, mutual funds, funds managed under private banking contracts, etc., rose by 7% in 2003, to Euro 32 billion. Traditional sight and savings deposits rose by 6%, a performance that is deemed satisfactory.
During 2003, there was an acceleration in the trend of transferring savings funds from money-market deposits to longer-term financial instruments, such as bonds issued by the Bank and guaranteed-capital products.
In 2003 the Bank's capital base was considerably expanded, a result of a series of interventions realised during the year, and more than exceeded capital requirements for the expansion of our activities and the distribution of higher dividend. The sale of the treasury stock added Euro 383 million to equity capital, and the re-adjustment of the value of the Group's real estate in line with current prices added another Euro 464 million. The above factors, in conjunction with non-allocated profits, led to an increase of equity capital by 116%, to Euro 2.1 billion. Return on equity stood at 18.2%, as against 17.9% in the previous year.
The capital adequacy ratio rose at the end of the year to 14.6% (as against 9.8% at the end of 2002), and the Tier I capital ratio stood at 10.4% (6.9%).
Operating expenses, including depreciation, rose marginally by 1.9%, to Euro 715 million. Staff expenses were reduced slightly by 0.5% and amounted to Euro 328 million, while payments into the Personnel Insurance Fund rose by 23%, due to additional charges that arose from the annual actuarial study conducted in September 2003. General expenses rose by 4% to Euro 244 million, mainly due to the higher promotion and advertising expenses required for the Bank's new products. Information technology and equipment maintenance expenses fell by 0.9%.
The cost-cutting measures we have applied throughout the Group have yielded significant results: the expenses of the companies of the Group overall were also reduced, by 10%. Thus the ratio of operating expenses to revenue improved considerably, and stood at the historic low of 54.2%, as against 60.8% in 2002.
The Board of Directors, taking into consideration the marked improvement in profitability and the new capital structure on which the growth rate we have set as our goal will be based, and applying dividend policy providing for the allocation of 40-50% of profits, decided to recommend to the General Meeting of Shareholders a dividend payment increased by 50%, i.e. of Euro 0.60 per share, as against Euro 0.40 per share in 2002.
The operations of the Group encompass retail and wholesale activities; the Bank's Divisions and the Companies of the Group are classed under one or the other, depending on their particular objectives. The Chief Financial Officer also supervises the activities of the Bank and the Group.
With Alpha Bank at the helm of a group of financial-sector companies covering a broad range of activities and reflecting the needs of their clients, both individuals and firms, who are served via the Branch networks maintained by the Bank and the Companies but also by alternative networks, the Group is active:

In retail and commercial banking, leasing, factoring and insurance products and services.

In providing banking and other financial products abroad.

In asset management and private banking.

In the money, currency, capital and derivatives markets.

In corporate banking, in investment banking and brokerage, and in venture capital and equity financing.

In financing services to the shipping sector.

In EDP (Electronic Data Processing), payment systems and consulting and business/consulting services.

In the real estate management sector.

The Group also owns two of the largest hotels in Greece, the Athens Hilton and the Hilton Rhodes Resort.

The potential for cross sales of the products and services offered to the clients of the Group companies has been considerably enhanced. The consolidation of the Group's presence in the domestic market and internationally, leads to improved co-ordination for the promotion on all levels of the products and services marketed by all the companies.

Olympic Sponsorship

The Bank is a Grand Sponsor and Official Bank of the ATHENS 2004 Olympic Games. By undertaking this sponsorship, in support of a great national event, we have reinforced our ties with our clientele. While advancing the Olympic ideals and mobilising the Personnel under our common vision, we offer Olympic banking products and strengthen our associations with other sponsors and entities involved in organising the Games.

The Bank makes the best possible use of the right to use the marks of the Olympic Games, and intensifies the pace as the date of the Games approaches. A broad range of banking and financing services is made available, which in its capacity as Official Bank of the Olympic Games, the Bank is often exclusively entitled to provide. Such activities include the issue of letters of guarantee for tenders announced by the ATHENS 2004 Olympic Games Organising Committee, the financing of Olympic Projects, and activities related to suppliers and other firms contracted with the Organising Committee. Revenue is also derived from the expansion of card-related activities, the sale of tickets to the Olympic Games, and participation in the programme for renting accommodation for the visitors. The greatest benefit of the Sponsorship however, is the growth, on a permanent basis, of our clientele and activities, which will continue to contribute to profitability after the Games.

The tour of the "Panorama of Olympic Sports", familiarising the public with lesser-known Olympic Sports, continued for the third year. In 2003 the Panorama toured in 24 cities, and by July 2004, when the tour will come to a close, it will have visited 75 cities in Greece and Cyprus. Such activities provide excellent opportunities for marketing the Bank's products and services, and the public's response has been very favourable. The publicity surrounding the Olympic Sponsorship is enhanced by the sports performance of our Olympic Medallists and Champions, whose preparation is supported by the Bank.

The Bank also undertook to sponsor, for the period 2001-2004, the Athens Classic Marathon and the 10,000 m. Race. The Marathon is presented as the "Athens Classic Marathon Alpha Bank", to showcase this very important event. The races were held on Sunday, November 2, 2003, and according to the athletes and the Organising Committee they met with unprecedented success, as indicated by the number of participants.

The Bank was engaged to provide 500 Volunteers among its Personnel, to help in the conduct of the Olympic and Paralympic Games. During the course of 2003, four visits to the International Olympic Academy at Ancient Olympia were organised for the 480 Employees of Alpha Bank, Alpha Bank Cyprus and companies of the Group who had volunteered. During their three-day stay they learned about the Olympic Games in ancient and in modern times, studied the principles of Olympism, and trained at the academy's sports facilities. Other volunteers were selected and trained for the Hospitality Programme, while the Personnel also receives information about the Olympic Games in the seminars organised by the Training Division.

Retail Banking

Retail banking activities include deposits, investment products, bancassurance and standard insurance products, banking activities on commission, mutual fund sales, credit cards, fund transfers, payroll services, loans to individuals (consumer and housing loans), loans to small and medium sized firms, letters of guarantee, leasing, and factoring. All these conventional activities but also many new banking services, and other services and products marketed by the Group companies, are made available in order to serve in the best possible way the requirements of our clients.

Branch Network

In the year 2003, special emphasis was given on restructuring the Branch Network in Greece and abroad. We continued our programme for the merger of Branches located in the same areas, in the framework of reducing operational expenses (rents, costs, maintenance, etc.), and aiming at the evaluation and redeployment of equipment and standardised materials for use in new units. Besides the merger of 49 Branches, new ones were established (seven in Greece and seven abroad) in areas where the Group's presence required reinforcement. Thus on 31.12.2003 the Bank's network numbered 369 Branches throughout Greece and 67 Branches abroad.

Alternative Networks

Besides the existing networks, the Bank turns to account its technology capabilities to provide banking services via alternative electronic networks. They comprise:

Automated Service Appliances, such as ATMs, and Automated Payment Centres, which enable transactions via cash deposits.

Alphaline, offering banking services to companies via PC.

Alpha Web Banking, offering banking services via the Internet.

Alpha Bank m-Banking, offering banking services via mobile telephone.

Call Centre.

The Bank's website (www.alpha.gr).

ATM Network The Bank's ATM network is the second largest among all Greek banks. On 31.12.2003 it numbered 470 machines in Branches and 277 off-site. ATMs have also been installed in the Branches of the Group's Banks in Romania and Cyprus, and in the Tirana Branch in Albania.
The services provided by the Bank's ATMs on a 24-hour basis include cash withdrawals, deposits, transfers between accounts, Alpha Bank card payments, payment of mobile telephony subscription bills, card renewal ("topping-up") on mobile telephony card-phones, updates on customer portfolios maintained by Alpha Finance, and settlement of clients' obligations to the Bank or third parties.

Automated Payment Centres These machines enabling transactions through cash deposits, have been installed in Branch premises. Automated Centres process payments in connection with all cards issued by the Bank and with the Alpha 700 loans. They function by means of a touch-screen and accept 5, 10, 20, 50, 100 and 500 Euro banknotes. The existing units confirmed their capability to process a large number of such transactions, relieving Branch cash desks.

Alphaline has been enriched with new features. A new version of the system was developed, addressed to large corporations and enabling operation in a multiple-user network environment. In a corporate environment, it determines approval rules and limits for the parties involved, in order to ensure compliance with the firms' internal regulations. Companies-subscribers may choose either the internet or direct telephone link as a means of exchanging

Alphaline data with the Bank.
Alphaline company-subscribers increased only slightly in 2003, due to the shift of many existing subscribers to the Alpha Web Banking system.

Alpha Web Banking Addressed to individuals and small and medium sized enterprises, Alpha Web Banking provides banking services via the Internet (at www.alpha.gr). The number of subscribers grew by 60% as compared to the previous year.

Alpha Bank m-Banking The Bank's customers can use Wap-enabled mobile telephone appliances to receive updates on their bank accounts, credit cards, or cheques, transfer amounts from one account to another, and settle credit card charges (on cards issued by the Bank), personal loan accounts, and utility bills.

Alphaphone The use of Alphaphone increased considerably following the electronic integration of Alpha Web Banking and Alphaphone subscriber profiles, and the development of infrastructure enabling the extension of the Alphaphone Banking System's (IVR) operation to 24 hours. Alphaphone subscribers increased by 56% in 2003. Following the integration in the Alphaphone system of new payment services provided via specially trained call operators, such transactions and the amounts handled increased considerably.

Call Centre It operates from the premises of Delta Singular, serving customers who request information on products and services, Alphaphone subscribers making banking transactions, and alternative network customers. It also serves marketing functions for products and services, by performing programmed calls on the basis of customer selection criteria.

Activities - Products

The Bank offers a wide range of financial products and services, as well as the products and services marketed by the companies of the Group, via its extensive Branch Network.
The client-centred system applied in order to obtain the best possible relationships with our clientele and promote actively our products and services, focuses on banking services to individuals and small and medium sized enterprises, and is constantly being enhanced through the promotion of new, innovative products, such as the Alpha 1|2|3 Youth line for young people and their families, the Alpha Pentathlon, and the Epathlon.

Alpha 1 | 2 | 3 Youth line for children, teenagers and young people

The Alpha 1|2|3 Youth line was created to cover the needs of young people and Greek families. It is addressed to children, from the day they are born, until they become 27. The products and services of the Line adapt and evolve according to the needs of the children, teenagers, young people and their families, at every stage of their life - as indicated by the Line's logo.
It includes products made available on very favourable terms, such as deposit accounts, insurance programmes, loans to cover the current and future educational needs of the children, and cards for parents and young people.
Participants have the opportunity, depending on their age, to attend cultural events organised in association with other entities.
A new client-information infrastructure was created to cover the needs of the Line and facilitate the provision of services to the customers throughout their long association with the Bank.

Alpha Pentathlon

The Bank's dynamic presence in the corporate sector was underlined by the launch of a specially designed rewards scheme, the Alpha Pentathlon, addressed exclusively to firms and professionals having an annual turnover of up to Euro 1 million. Alpha Pentathlon includes five categories of products and services, and customers who select at least one in each category are declared "Pentathletes" and receive special rewards, such as corporate mobile telephony subscriptions, software packages, participation in educational seminars etc.

Alpha Epathlon

The Bank, in association with OTE (Telecommunications Corporation) and COSMOTE (mobile telephony), issues the ATHENS 2004 VISA credit card which supports the "Epathlon", a scheme rewarding users of the products marketed by the three grand sponsors of the Olympic Games.

Alpha Plus

A series of products consisting of a combination of term deposits and mutual funds investing in domestic and foreign shares. It is made available in a variety of combinations, such as 90% repos and 10% mutual funds or 80% repos and 20% mutual funds, etc. Alpha Plus is intended for investors willing to invest funds in excess of Euro 30,000, increase the return on their investments, and broaden their investment horizon. Alpha Plus products aim at attaining higher yields by turning to account opportunities in the stock markets.

Alpha Bank Capital Guarantee

Intended for investors wishing to differentiate part of their portfolio. A modern type of investment, offering the security of guaranteed capital but also the opportunity to realise gains from a potential future rise in share, currency or interest rate values. They have a mid- to long-term investment horizon, and offer the possibility of high returns. The products guarantee the investor's capital, which is returned to the investor if the specific preconditions for achieving the expected returns are not fulfilled. Alpha Bank Capital Guarantee products are offered in euros or foreign currencies and are of fixed duration.

Financial Planning

The range of services offered to high-income clients (the "mass affluent" segment) has been extended. Investment options were readjusted on the basis of our constant monitoring of market trends, so as to satisfy the multiple needs and demanding requirements of this segment. An upgrade of the software used has been planned, to monitor the evolution of the Bank's complex relationship with such private clients.

Housing Loans

Housing loans grew at a rate of 29% in 2003. The variable rate applying on all housing loans was determined as the sum of the minimum intervention rate of the European Central Bank plus a margin, at a change ratio of 1:1. There was also a readjustment of the terms on loans. Two new, comprehensive housing products are now available:

The **Alpha Housing Plan** is the best option for those seeking to obtain fixed rates for a duration of 3 to 15 years. In the present favourable environment of historic-low rates, especially as concerns medium and long durations, they are considered the most advantageous solution. In addition, an initial low rate facilitates servicing in the first 18 months, while the loan is accompanied by a number of significant benefits.

The **Alpha Euro Rate Housing Loan** was designed in view of customers' interest in banking products linked to European interest rates. The loan has a variable rate set on the basis of the European Central Bank's intervention rate plus a margin, which is determined depending on the amount of the loan.

In addition, the Bank continues to provide Housing Loans for real estate intended for commercial exploitation - a specialised but very active segment of the market, and the Alpha Repair Housing Loans, which are granted after a brief approval procedure.

Consumer Loans

In a market in which the limits on Consumer Credit were lifted in the second half of 2003, Alpha Bank was able to maintain the growth rate of its Consumer Loans and Cards to 30%. This was achieved through restructuring the products in order to improve their special characteristics and provide new servicing options, aiming as always at covering customers' requirements and responding to their wishes.

In the "plastic money" sector, Alpha Bank holds a leading position with various card products, covering the requirements of individuals and companies. It is the only Greek Bank providing full association to the businesses involved, and the entire range of the Visa, MasterCard and American Express cards.

In the case of the American Express cards, the Bank concluded an agreement with American Express International for the extension of their association in Greece for another five years. In the context of this association, Alpha Bank shall retain the exclusive right to issue the entire range of American Express credit and debit cards, and will be the first to launch in the Greek market the Blue credit card, intended for the wider public. Other products include the Platinum and Centurion debit cards, which are intended for the affluent client segment. The international version of the Corporate American Express card will be launched shortly. The Corporate American Express is the top choice of all large corporations and institutions internationally.

In September 2003, Alpha Bank and Eurobank agreed to establish a company in order develop a new, modern, uniform POS terminal network for carrying out fast and secure transactions in an electronic environment. The new network is expected to generate considerable economies of scale with immediate effect on the cost of transaction processing, since Greek retail businesses use different terminals for each issuer and/or type of card. The new network will simplify and encourage the widespread acceptability of the cards issued by the two parties.

International Activities

In the context of restructuring its administrative operations and in view of changes in the international banking market, the Bank, aiming at restricting its operating costs, proceeded with a plan to rationalise its relations with correspondent banks. New agreements were concluded on a European level, and pricing policy regarding correspondents was adjusted, aiming at reducing customers' expenses. In addition, a number of new interbank products were launched successfully.

The Group has been active abroad for more than ten years. Aiming at international growth and at providing better service to its Greek clients, the Bank is now present in major financial centres such as London and New York, in the fast-developing markets of the countries in Southeasteam Europe, and in Cyprus.

The Group has an established presence in eight countries. In the United Kingdom, via the London Branch, Alpha Bank London and Alpha Bank Jersey; in the U.S.A. via Alpha Finance US Corporation; in Cyprus via Alpha Bank Cyprus; in Romania via Alpha Bank Romania; in the Former Yugoslavic Republic Of Macedonia via Alpha Bank a.d. Skopje; and in Albania, Bulgaria, and Serbia via the Bank's Branches.

In total, the Group maintains 67 Branches and deploys approximately 1,400 employees abroad. The total assets of Group units outside Greece on 31.12.2003 amounted to Euro 4.5 billion, or 16% of the Group's total assets.

In addition, the banking units in these countries are flanked by subsidiary companies active in the wider financial sector, offering banking, financial, investment, insurance and leasing services.

London Branch Active since 1994, and specialising in managing the Bank's global joint-venture loans. It is currently located in a building owned by Alpha Bank London and employs 13 persons.

Alpha Bank London

Alpha Bank London is mainly active in retail banking, private banking and shipping credit, and in financing housing development by real estate firms. Alpha Bank London has two Branches in London and offers mutual funds and private banking services to Group clients via its subsidiaries Alpha Bank Jersey, Alpha Bank London Independent Financial Advisers, and Alpha Bank London Nominees.

The Bank's profits before tax amounted to Euro 5.3 million (Euro 5.1 million in 2002) despite the continued fall of interest rates, the devaluation of the US Dollar as against the British Pound, and the overall restriction of deposit margins.

As of October 2002, it has assumed the management of the operations of Alpha Bank Jersey, which in 2003 had customer deposits amounting to Euro 162 million and assets amounting to Euro 171 million.

(Amounts in thousand Euros as at 31.12)

	2003	*2002*
Assets	643,060	629,260
Equity capital	78,443	82,352
Profits before tax	5,268	5,133
Group's stock holding	100.00%	

Growth of activities in Southeastearn Europe

The development of markets in the countries of Southeastearn Europe during the last decade, the improvement in economic and political conditions, the advancement of important structural reforms, the application of sound reconstruction and development programmes, the close co-operation of these countries with Greece, and their prospects of accession to the European Union, have all contributed to the fast growth of the local commercial, industrial and financial sectors, to the increase in the income of the local populations, and to the deployment of many Greek firms in the region. These factors have led to strong growth in demand for financial products and services, and have encouraged the Bank to expand its network in the region. The aim remains to attract as much as possible of the local clientele, while also serving the Greek firms that are active in the region and are associated with the Group.

As regards the Group's presence in Albania, Bulgaria, Romania, FYROM, and Serbia as a whole, deposits increased in 2003 by 27%, loans by 47%, and profits before tax by 27% as against 2002.

Branches in Albania The first Alpha Bank Branch in Albania commenced operations in Tirana, in January 1998. Currently, besides Tirana, Branches also operate in other major Albanian cities: Durres, Elbassan, Gjirokaster, Berati, Vlora and Fier.

Our Branches in Albania offer the full range of banking services, while the Tirana Branch provides 24-hour ATM service for cash withdrawals. In 2003 special emphasis was given on housing loans.

The positive image created by the Bank in Albania is reflected in the increase of deposits by 29% over 2002, and of loans by 14%. In particular, the loan portfolio includes many of the largest Greek and Albanian firms. The Bank's market share is 33% and profits before tax grew by 26%.

Plans for 2004 include a further expansion of our Network.

Branches in Serbia The Bank has now been active in Serbia for two years. The first Branch commenced operations in Belgrade, in July 2003, and was quickly followed by two more. The Bank's Branches in Belgrade now employ 30 persons in total, and offer the entire range of banking services. Two of the Branches are housed in buildings owned by the Bank in central locations of the city, while the third is housed in rented premises, within a department store controlled by Greek interests.

Sofia Branch The Branch has been operating since 1995 and undertakes all banking activities.

It employs 27 people. The year 2003 was very successful for its operations, since deposits grew by 38% as against 2002, and loans, particularly after the introduction of housing and consumer loans, rose by 33%.
In order to manage the continuing growth of the volume of activities, the Branch was relocated to a larger building in the neo-classical style, in the centre of Sofia. Our presence in Bulgaria will shortly be expanded, with Branches in Plovdiv and Varna.

Alpha Bank Cyprus

The banking sector in Cyprus is undergoing rapid changes in view of its harmonisation with European Union norms. The introduction of a stricter supervisory framework by the Central Bank of Cyprus coincided with a slowdown in local, but also global, economic activity, and continued weakness in the stock market.
The Bank's profits before tax declined as against the previous year, and amounted to Euro 2.3 million (Euro 14.8 million in 2002). This decline was mainly due to the increase in provisions against bad claims and to the suspension of recording interest on loans that are not being serviced, in accordance with the new regulations of the Central Bank of Cyprus which have been in force since 1.1.2003. Note that profits before provisions, excluding the suspension of interest entries, grew by 27%.
In 2003 the Bank introduced successfully the new deposit account Alpha 100, which is intended exclusively for individuals with extensive banking requirements.
It is also proceeding with a restructuring of its Branch Network, while the Alpha Express Banking, offering fast, secure on-line transactions, serves a large number of customers. The Bank's network is comprised of 27 Branches, located in all the major cities of Cyprus.
In the framework of the Olympic Sponsorship, an "Alpha Bank student competition on Olympism" was conducted, and the winners shall attend the Olympic Games in Athens at the expense of the Bank. "Ten Days on Olympism" were also organised, and included a painting exhibition titled "Evolution of the Games" by Lazaros Menelaou, which has been presented in all major cities.

(Amounts in thousand Euros as at 31.12)

	2003	**2002**
Assets	1.776,622	1,874,535
Equity capital	171,232	172,612
Profits before tax	2,313	14,830
Group's stock holding	100.00%	

Alpha Bank Romania

The Bank is active in providing banking services to local and international firms and has captured a noteworthy share of the Romanian financial services market. Through the Group's subsidiary companies Alpha Finance Romania, Alpha Leasing Romania, Alpha Insurance Romania, and Alpha Consulting SRL, it has extended its activities into stock exchange transactions, investment banking, leasing, and financial consulting services. In retail banking it offers modern financial products and services such as Repos and Alphaline, and has a dynamic presence in the housing loan market.
Its objectives include the retention of the competitive advantage and of the significant clientele it enjoys in the corporate sector and the expansion of its activities therein, as also the expansion of its retail activities among selected customer groups by offering high-quality service. It plans to expand its network with four new Branches in 2004. The Bank's network numbers 19 Branches in Bucharest and other major cities.

(Amounts in thousand Euros as at 31.12)

	2003	**2002**
Assets	536,729	417,492
Equity capital	62,079	59,528
Profits before tax	6,440	6,805
Group's stock holding	96.40%	

Alpha Bank AD Skopje

Four years after it was acquired by Alpha Bank and two after its renaming, the Group's subsidiary in the FYROM has retained the confidence of the business community and the saving public, and is consistently placed among the top most profitable banks operating in the country.

In 2003 the Bank posted a considerable increase in both loans (68%) and deposits (57%) as against the previous year. Its financial data, as presented in the latest Balance Sheet, and the quality of its loan portfolio, showcase its excellent performance in an unstable economic environment, and have elevated it to a model credit institution, as confirmed in the reports of the country's supervisory authorities. Its profits before tax declined slightly as against the previous year. However, the "Economist" rated Alpha Bank AD Skopje top Bank in the country and one of the tops in Southeastern Europe.

Its network includes seven Branches, of which four are located in Skopje, and one each in Tetovo, Strumica, Bitola and Gevgelija.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	48,119	36,812
Equity capital	19,403	17,779
Profits before tax	2,046	2,258
Group's stock holding	100.00%	

Alpha Private

Alpha Private was founded in 2001 with the objective of promoting investment products and services to private investors and managing their portfolios. The need for this company arose from the complexity and rapid evolution of money and capital markets in Greece, and the interest Greek investors have developed towards international markets, driving demand for varied financial advice. The promotion of investment products and services to private investors is undertaken by Alpha Private Bank, which now covers, under common management and strategy, the clients and networks of the Private Banking Division and of the company.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	3,157	6,105
Equity capital	2,405	3,364
Profits before tax	(958)	(6,636)
Group's stock holding	100.00%	

Alpha Private Bank Alpha Private Bank is a flexible, dynamic unit, providing comprehensive private banking services.

Through an extensive network comprising 17 specialised investment centres throughout Greece, Alpha Private Bank offers comprehensive investment solutions to affluent clients in the high and medium income categories, such as:

- portfolio management, by assignment on either an unrestricted or a consulting basis;
- investments on stocks, bonds, and derivatives in Greece and abroad;
- investment products marketed by the Group;
- investment products and services marketed by large international groups;
- services marketed by Alpha Finance, via alternative networks;
- loan products (housing loans, consumer loans, yacht financing, art financing).

Despite a volatile international environment, the activities of Alpha Private Bank grew sharply in 2003, as regards both the number of new clients (up approximately 25%) and the inflow of new capital (up 45%). Furthermore, revenues increased by 70% and expenses decreased by 15%.

The objective of Alpha Private Bank is to establish a powerful name in the market, so that it is included among the leading operators providing value added services. Its growth strategy focuses on increasing the amount of assets under management -as a percentage of total movable assets of private investors- by attracting new capital, and on increasing profitability, by giving special emphasis on affluent clients of the medium and high income class.

Alpha Leasing

In 2003 the growth rate of the leasing market slowed, particularly in the first half. Demand declined, and many firms of the sector suspended their investment plans. The company's turnover in 2003 amounted to Euro 161.7 million as against Euro 150.6 million in 2002, an increase of 7.4%. Profits before tax amounted to Euro 5.4 million as against Euro 15.3 million in 2002. The decline was due to a charge for additional provisions against depreciation of leased real estate amounting to Euro 14.3 million, of which Euro 4.3 million correspond to fiscal year 2003, and Euro 10 million to previous fiscal years. This provision also covers future accounting disparities that will arise upon transfer of the leased real estate on termination of the related leasing agreements in 2009 and thereafter.

Prospects for fiscal year 2004 appear favourable. The lifting of the tax on sale and lease-back contracts and the release of leasing companies from the supplementary tax of 3% on revenue from leased real estate, renders this service more attractive and contributes to the expansion of leasing firms' activities in the field of real estate.

On 27.2.2004 the Bank announced that it intends to acquire, via the procedure of public offer, the remaining shares of the company, representing 22.59% of its share capital. This move is based on the Bank's stated intention of concentrating the core financial business under its full control.

(Amounts in thousand Euros as at 31.12)

	2003	**2002**
Assets	549,625	507,744
Equity capital	253,411	252,836
Profits before tax	5,365	15,272
Group's stock holding	77.41%	

ABC Factors

The company closed its eighth fiscal year posting satisfactory results and attaining its economic objectives on all levels. Despite intensified competition, turnover amounted to Euro 1.7 billion (an increase of 16% as against 2002) and profits before tax grew by 23% and amounted to Euro 9.4 million.

Its success is based on a systematic and comprehensive promotion of third-party claim factoring services via the Bank's network, on its highly trained staff with their specialised know-how in financial services and claim management, and on the provision of fully automated services.

The computer systems used by the company are the most comprehensive in the market, and have been adapted to the special characteristics of Greek firms in the sector of commercial transactions on credit.

The objectives of the company include maintaining its position as the largest and most reliable factoring firm in Greece with a market share of over 50%, maintaining its successful association with the ATHENS 2004 Organising Committee until the end of the Olympic Games, the development of new derivatives from factoring services, and the promotion of the company's services to all regions of the country.

(Amounts in thousand Euros as at 31.12)

	2003	**2002**
Assets	407,189	330,117
Equity capital	41,213	35,088
Profits before tax	9,444	7,658
Group's stock holding	100.00%	

Alpha Insurance Company

In 2003, a year of redeployment for insurance firms, Alpha Insurance Company was able to maintain its strong position and healthy financial indices. Despite the prevailing crisis in the market, the company attained its objectives while maintaining its considerable reserves, which are among the healthiest in the market. It reinforced its technology infrastructure, expanded its sales network, and upgraded its co-operation with the Bank's Branches and the companies of the Group.

The company's products are marketed via Alpha Bank Branches, insurance sales outlets, and external associates.

Bancassurance products contributed 41% to total production, a performance slightly below the company's target, but are expected to post better results in 2004, since growth margins are considerable, and there exist opportunities to maximise the benefits for the Group.

Profits before tax amounted to Euro 2.8 million, as against Euro 1.1 million in 2002. This operating profit was earned at the same time as the company's reserves were reinforced; they are now among the highest in the market, in both the car and the life insurance sectors. The life insurance mathematical reserves have been invested in long-term, fixed rate bonds.

The company's main objective for 2004 is to increase profitability and acquire a healthy market share in the profitable sectors, giving added emphasis to the promotion of insurance retail products.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	370,000	330,697
Equity capital	61,900	57,841
Profits before tax	2,758	1,092
Group's stock holding	74.99%	

Wholesale Banking

Treasury

The active participation of the Bank, both as a supplier in selected currency, money, security and derivatives markets, and as a buyer in a broad range of money market activities towards undertaking risk management and serving its credit and investment base, continued in 2003, contributing to the Group's results.

The use of methods to measure market risk towards knowing in due time the impact of interest rate movements, currency parities, and economic indices on revenues and towards improving existing management mechanisms, contributed considerably to limiting risk, to the immediate adaptation to market conditions, and to improved performance.

The Bank's presence in the domestic primary and secondary bond markets was considerable, retaining its high percentage of participation and the aim of providing better service to clients from Greece and abroad. Its presence was also significant in international markets, in the primary and secondary Euro Bond markets.

It also participated in organising and completing the most important syndicated loans in the Greek banking market, assuming the lead role in most, and participated actively in syndicated loans in the international market.

Services to Bank clients in matters related to Treasury activities offer specialised, complex financial products to cover interest rate and currency risks, in conjunction with quality market research on a daily and periodic basis.

Alpha Bank extended the Euro Medium Term Note Programme (EMTN) amounting to Euro 8 billion, and issued joint bonded loans (Euro 2.4 billion), reduced security bonds (Euro 350 million), and innovative securities (Euro 100 million).

Corporate Banking

During the year 2003 Alpha Bank's already powerful position in the Corporate Banking sector was reinforced further. In particular, the average amount of credit to large corporations exceeded Euro 3 billion, posting a 10% increase over 2002, and accounting for approximately 14% of the Bank's total loans.
As in previous years, special emphasis was given to attaining the best possible economic result (i.e. the best possible risk/reward ratio), to the quality of the loan portfolio, and to earning non-interest income. Note that 92% of the credit limits of groups under management are of investment grade class, and that despite the difficult conditions in the market no default problems arose.
Beyond bilateral associations, the Bank played an active role in most significant loans to large corporations in the Greek market. In particular, it participated by an amount of Euro 270 million in 19 syndicated and bonded loans, in 14 of which it assumed the role of lead manager or co-manager.
In addition, increased synergies were attained, as were increased cross sales of products and services –excluding purely financing products- in activities such as retail banking (cards, consumer and housing loans), private banking, leasing, factoring, project finance, insurance, investment banking, consulting, etc.
Activities outside Greece were also reinforced in the areas where the Bank is active, and particularly in Southeastearn Europe. This led to a higher contribution of such activities to the Group's results, and to forging closer links with our clients.
The considerable size and high quality of the loan portfolio in conjunction with the high quality level of the services provided, have established the Bank as a leading force in the Corporate Banking sector.

Investment Banking

Alpha Finance

Investment banking and the provision of consulting and brokerage services are undertaken by Alpha Finance.
In 2003 the company's profits grew considerably as against the previous year, mainly due to the attainment of increased revenue and the restriction of operating costs.
Beyond improving its profitability, the company increased its market share from approximately 7% to 8.5%, and remained among the top brokerage companies. It had a primary role in the important transactions that marked the year, such as equity issues by large State corporations. It also assumed a leading role in public offers by large corporations, and effected purchases of shares on their behalf.
The company's objective in the financial sector for 2004 is to increase its market share, especially in placing shares among both institutional and private investors. As regards Network customers in particular, efforts will be focused on their further encouragement to make use of alternative networks, towards increasing the number of orders via Alpha Web Banking and the Call Centre. In investment banking, the company will seek to increase its share of the underwriting market, by participating in major transactions.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	98,189	82,816
Equity capital	37,672	36,414
Profits before tax	4,274	843
Group's stock holding	100.00%	

Alpha Finance US Corporation

In the fifth year of its operation, the company developed its relationships further and reinforced its presence in the US market. Alpha Finance US Corporation is a broker/dealer firm that offers

financial and asset management services, mainly to institutional investors. It specialises in investments in Greece and the countries of Southeastearn Europe.
At the end of 2002 the company became active in the Turkish stock market, and in 2003 attained excellent results in this fast-developing market with very favourable prospects. In view of the interest shown by American institutional investors in assuming increased risk, the company benefited from the corresponding growth of its activities in this field in the Greek stock market. It participated in new equity issues by large listed companies and organised presentations of large and medium sized companies for American institutional investors.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	1,979	3,300
Equity capital	1,905	3,238
Profits before tax	(777)	(1,360)
Group's stock holding	100.00%	

Alpha Ventures

Alpha Ventures has enhanced the reliability and prestige it enjoys in the business and credit market, and is considered one of the most flexible, serious and reliable venture capital firms.
In 2003 it applied a different approach to its investment policy, while making considerable progress in restructuring its investment portfolio. It now invests only exceptionally in new companies or start-ups, which by definition involve higher risks and need a longer time to mature.
In 2001 the company undertook the management of investments made by the Alpha Equity Fund, through which the Group realises its new venture capital investments.
In 2003 it posted improved results as compared to the previous year, and profits before tax amounted to Euro 2.6 million. Alpha Equity Fund was also profitable, its profits before tax amounting to Euro 241,000.
The restructuring of Alpha Ventures and of its portfolio was completed, and this, in conjunction with the course of Alpha Equity Fund, creates the preconditions that will enable the company to design and launch a new Fund, having a new orientation and broader geographical range, to attract third-party investor capital.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	11,220	8,672
Equity capital	11,059	8,516
Profits before tax	2,585	(1,258)
Group's stock holding	100.00%	

Shipping

In the last six years the Bank has been very successful in the field of financing and providing specialised banking products and services, such as derivatives, F/X transactions, and swaps, to the Greek ocean-going and coastal shipping sector. In 2003, having acquired considerable experience from its bilateral financing activities and from its co-operation with other Greek and foreign banks in organising syndicated loans, it continued its expansion, gaining a primary position among the Greek banks that finance shipping. New loans and disbursements amounted to approximately USD 300 million, while the total balance of loans to the shipping sector exceeded USD 1 billion for the first time. Of the above amount, 71% concerns the Bank's bilateral relationships, and 29% the organisation of, and participation in syndicated loans. The conclusion of new bilateral relationships with established Greek and foreign shipping groups, and increased efforts in cross sales, led to gaining a considerable volume of activities for the companies of the Group.

Asset Management

Alpha Asset Management

The company was established in 2001 with the objective of providing services to institutional investors and managing portfolios on their behalf. It studies investment opportunities, researches new products, and develops relationships with institutional investors; in addition, it manages the portfolios of the Group's mutual funds, and of insurance funds and other institutional clients. The gradual deregulation of the management of insurance funds' liquidities and the need for a more effective management of the liquidity of private entities, have broadened the market and offer opportunities for the company to expand its activities.
Recently, it undertook the management of four new equity funds marketed by the Group.
The company has the technical infrastructure and the human resources needed to meet the increased requirements.
Its gross revenues in 2003 amounted to Euro 7.9 million and were derived from the provision of investment services to companies of the Group and other companies.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	11,364	9,884
Equity capital	4,906	4,826
Profits before tax	5,918	5,158
Group's stock holding	100.00%	

Alpha Mutual Fund Management Company

The company holds the third position in the mutual fund management sector with a share of 15% (up 2.8% as against the previous year). It holds the top position, with a market share of 22%, in the equity fund segment.
In 2003 assets under management exceeded Euro 4.6 billion, an increase of 47% as against

2002. Mutual funds under management number 26, and cover a broad range of investment options in all categories (equity, balanced, bond, money market). They are made available by Alpha Bank Branches, Alpha Private Bank Centres, and the insurance associates of Alpha Insurance. The transactions for the sale and redemption of the shares are effected by the Bank's Branches via a special on-line system.
In order to rationalise and upgrade the products and services provided, in 2003 two mutual funds were merged, while four new equity funds were established and launched, of which two are sector-specific. The new mutual funds are the Alpha Aggressive Strategy Domestic Equity Fund, the Alpha Aggressive Strategy Foreign Equity Fund, the Alpha High-Tech Foreign Equity Fund and the Alpha Healthcare Foreign Equity Fund.
In 2003 the company posted improved results as compared to the previous year, and profits before tax amounted to Euro 14.4 million.
Its immediate plans include the sale of mutual funds in the Cypriot market via Alpha Bank Cyprus, and the expansion of customer service via Alpha Web Banking.

(Amounts in thousand Euros as at 31.12)

	2003	**2002**
Assets	52,568	35,269
Equity capital	39,486	30,121
Profits before tax	14,369	(977)
Group's stock holding	100.00%	

Other activities of the Group

Real Estate Management

Alpha Astika Akinita

The company provides project monitoring services and assessments of real estate owned by itself or by third parties, and consulting services regarding real estate management and development to individuals, social security funds, legal entities and institutions. In assessments, large project certification, real estate development studies and investment assessment, the company is certified in accordance with the quality assurance system ISO 9002.
Alpha Astika Akinita leads the "Alpha Hospitality 2004" joint venture, which was declared Underwriter of the project for managing the leasing of residential premises for spectators and visitors during the Olympic Games in 2004.
In 2003, net profits after tax grew by 38% as against the previous year and amounted to Euro 7.6 million (as against Euro 5.5 million in 2002). Note that the company posted extraordinary profits from the sale of real estate in both 2003 and 2002 (Euro 1.8 million and Euro 1.3 million respectively).
In application of law 3229/2004, the company readjusted the value of its real estate, with the result that equity rose by approximately Euro 32 million.
Turnover amounted to Euro 15.9 million. The company's expenses declined sharply, by approximately 12.6%, a result of the application of the programme it applied to restrict operating costs.

(Amounts in thousand Euros as at 31.12)

	2003	**2002**
Assets	101,115	62,127
Equity capital	91,601	53,836
Profits before tax	11,692	9,081
Group's stock holding	52.86%	

Ionian Hotel Enterprises

The company was established in 1957 with the aim of building and operating high-quality hotel units. It owns two of the largest hotels in Greece, the Athens Hilton and the Hilton Rhodes Resort, for which a management agreement has been concluded with Hilton International.

The Athens Hilton suspended its operations in November 2001 in order to undergo a full restoration. The existing premises were renovated, a new 74-room wing was erected, multi-purpose halls were added, and the capacity of the car-parking facilities was increased. All mechanical equipment was replaced by modern, energy-saving systems, and the hotel was connected to the natural gas network. The total investment had been budgeted at Euro 109 million, an amount which was mostly derived through a loan. The hotel's operation was gradually restored starting in February 2003, and it was fully functional by the end of the year.

In 2003 the company posted a loss of Euro 6.4 million, as against a loss of Euro 4.2 million in 2002. The increase in losses was mainly due to increased depreciation charges of Euro 3 million because of the expenses involved in renovating and expanding the Athens Hilton, and to tax and surcharges amounting to Euro 1.6 million, which arose upon a tax adjustment for fiscal years 1996-2000.

However, in 2003 turnover amounted to Euro 27.2 million as against Euro 7.6 million in 2002, mainly due to the recommencement of operations at the Athens Hilton. Gross losses were also restricted from Euro 1.4 million in 2002 to Euro 1 million in 2003.

Results are expected to improve considerably in 2004, since the hotels in both Athens and Rhodes are ready to turn to account the rise in tourist traffic during the Olympic Games; the Athens Hilton will serve as the headquarters of the International Olympic Committee.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	276,120	163,479
Equity capital	108,626	49,708
Profits before tax	(4,405)	(4,179)
Group's stock holding	87.23%	

Information Technology

Delta Singular

The company is the result of a merger between Delta Informatics and Singular, two firms sharing a complementary field of activities.

In 2003 its relocation to new, self-owned building facilities in Aghios Stephanos, Attica, was completed. The company undertook an accounting correction of past negative valuation differences – a common occurrence among information technology firms in Greece and abroad in periods of high valuations. Following the adjustment of such differences, equity was reduced to Euro 147 million, down from Euro 179 million.

In 2002 the company had liquidated a loss-making subsidiary and transferred, merged or restructured other subsidiaries, towards increasing revenue, restricting operating costs and gaining a more effective access to the Group's product re-sale network. This led to reduced profits as against the previous year: Profits before tax in 2003 amounted to Euro 12.6 million, as against Euro 18 million in 2002.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	207,853	238,911
Equity capital	147,385	179,288
Profits before tax	12,617	18,026
Group's stock holding	38.76%	

Consulting Services

Icap

In the business information and consulting services sector, a significant project in the past year concerned improving the quality of mechanisms for promoting products and services. In addition, an agreement was signed between the company and the Foreign Ministry for the provision of free-of-charge, on-line access for all Greek embassies and consulates to the Icap Databank, with the aim of promoting Greek exports.

In management consulting, Icap is constantly enhancing its presence in both the private and state-sector segments. This entails its full activation in the context of the Third Community Support Framework, in the business planning, modernisation, and restructuring processes of Greek firms, and in management of human resources. A very important association is that with the Federation of Greek Industries for the preparation of the annual report on Greek industry. Another significant project was the study on the basis of which the Bank of Greece proceeded to deregulate further the consumer credit market.

The objectives of the company include the improvement in its economic indices and results through the development of new products and services, the ongoing improvement of is distribution networks, and the creation of new markets. The ongoing training of its Personnel and the upgrading of its technological equipment are included in the investment plan, which will contribute to the attainment of its objectives and fulfilment of its long-term prospects.

(Amounts in thousand Euros as at 31.12)

	2003	2002
Assets	19,959	19,632
Equity capital	16,337	15,534
Profits before tax	2,072	1,210
Group's stock holding	26.96%	

Investments of the Bank and the Group

Investments in information technology

In the context of restructuring the Group's operations, the computer system and programme modernisation plan continued. Initially, the efforts focused on merging units having similar activities, on identifying areas in need of improvement, and in redesigning procedures, towards simplifying and automating operations. The plan is based on operating requirements, as expressed by the units involved or via the Business Plan.

Concurrently, an Operating Plan on the Group level was created, enabling mid-term planning and aiming at a gradual change of the operating model, so as to guarantee improvement in identified problem-areas, the attainment of economies of scale, and the elimination of overlapping operations on the Group level. This allows a more effective management of operating risks. In addition, the establishment of Product Support Centres improves quality, and helps determine the priority by which projects are undertaken.

The establishment of an Investment Budget Framework facilitates short-term planning and the prioritising of operations according to specific criteria, such as return on investment and the level of the investment each time.

Indicatively, some of the important projects that have already been completed and have had an immediate effect on reducing costs and human resources, include the following:

Improvement in the performance of the Central Computer through modification of data recording procedures, leading to shorter times for the completion of transactions. In addition new systems were installed, or existing ones upgraded, to provide the capability of central technical support for the systems of the Bank and the Group as a whole, and ensure security in transactions before dispatch to the Central Computer.

Improvements and development of infrastructure applications for the Bank and the companies of the Group, and completion of the first stage of detaching accounting operations from the central system, transferring such procedures under the uniform accounting system, and discontinuing the accounting independence of the Branches.

Upgrade of the Alphanet and Branch Networks towards increasing the speed of operations and restricting costs.

Upgrade of the services provided by alternative networks and the Call Centre.

Extension of the range of transactions carried out via the ATMs.

Automation of procedures and transactions such as settlement of bills, standing orders for the settlement of amortised loans, inclusion of eight new companies in the standing order system.

Creation of a uniform cheque form, enabling the elimination of eight forms.

Investments in real estate

Besides the regular and extraordinary maintenance projects and planned renovations of the Network in the context of the Branch merger plan, the Bank undertook large scale restructuring and renovation of the waiting areas in Branches that were merged. Work was completed in new Branches in Greece and abroad, while several Branches were renovated, extended or relocated, in accordance with the merger plan.

In addition, structural changes were made in the context of the Proteus 21 project in 37 Branches throughout Greece.

Management changes

After twenty years at the Bank's General Management, Mr. Constantine Kyriacopoulos retired from his position as the Bank's General Manager on May 31, 2003, having attained the age limit and in application of the relevant decisions of the Board of Directors.

Mr. Kyriacopoulos has contributed very considerably to the expansion of the Bank, which owes a lot to his administrative and managerial skills. Patiently, tirelessly, the former General Manager had a leading role in the application of the plans for the steady growth of the Bank and the Group, throughout his tenure.

Mr. C. A. Kyriacopoulos will remain a non-executive member of the Board of Directors to the end of its term.

Following the departure of Mr. Kyriacopoulos, the Bank's management, administration and representation is exercised by the General Manager Mr. Demetrios P. Mantzounis, who supervises, co-ordinates and directs the Bank and the Group. At a Group level, he directly supervises affairs related to Human Resources, Operations, Information Technology, and Property Management.

The Executive General Manager Mr. Spyros N. Filaretos heads the retail banking business unit and supervises the Branch Network, the Alternative Channels, Non-performing Loans, Bank and Credit Cards, Financial Institutions and the Branch Network abroad, Marketing, Private Banking, and the leasing, factoring and insurance companies.

The Executive General Manager Mr. Artemis Ch. Theodoridis heads the wholesale banking business unit and supervises the Treasury, brokerage services, Corporate Banking, Investment Banking, Project Finance and Venture Capital.

The Chief Financial Officer, Executive General Manager Mr. Marinos S. Yannopoulos supervises

Asset and Liability Management (ALCO), Risk Management, Shipping, Financial Services, Planning, Budgeting and MIS, Investor Relations, Mutual Funds, Asset Management, and non-core subsidiaries.

The Secretariat, Audit and Inspection and Legal Services Divisions continue to report to the Chairman and Managing Director assisted by the General Manager.

On March 17, 2004, the Chief Economist Mr. George A. Provopoulos resigned from the Bank in order to assume the position of Chairman and Managing Director of the Commercial Bank.

Objectives and Prospects

The primary objective for the forthcoming years is to maximise the Group's value by strengthening further its prestige and reliability, and its role in the domestic market and in the countries in which it is active. The main axis of the Group's strategy focuses on the consistent expansion of activities:

In retail banking, by giving special emphasis on attracting savings, and by increasing revenue from purely banking activities, loans to individuals, and loans to small and medium sized enterprises and professionals, cards, private banking, and in the context of the Olympic Sponsorship.

In wholesale banking, towards retaining and reinforcing our competitive position in the market by giving special emphasis on attaining the best possible return on capital. The aim is to broaden the customer base, improve the risk-reward ratio index and strengthen cross sales. In both corporate and investment banking, we focus on central management and the co-ordination of the Group's relationships with large business groups in Greece and abroad.

In treasury management in particular, the priority is to obtain consistent revenue growth, provide high-quality products and services and manage Assets and Liabilities in an active manner.

In shipping, a sector in which the quality of our portfolio remains excellent in view of our high-quality customer list, emphasis is given on enhancing our relationships with the customer base and developing parallel activities.

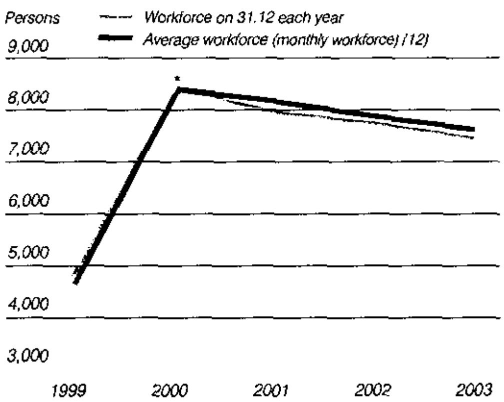
In asset management, we focus on quality, which increases assets, and on developing new mutual funds, especially in the context of managing the investments of social security funds.

Our aim is to provide upgraded services, transfer high-cost transactions and processes from the Branches to Alternative Networks, and maximise customer satisfaction by advancing the capabilities afforded by electronic banking and the new distribution networks for products and services. Our growth strategy focuses on those segments of our customer base that generate the highest profitability, and on improving the returns obtained from non-profitable customers. The main target is to improve profitability further, so that our *shareholders enjoy the maximum possible returns* on their investment.

The Bank's Personnel

Employment

The Bank's workforce on December 31, 2003 numbered 7,412 employees as against 7,852 in 2002, a decrease of 5.6%.
This is due to the continuous operational restructuring and reorganisation of the Branch network and also to the incentives scheme for early retirement, which has been implemented intensively during 2003. The scheme facilitated approximately 470 employees (6% of the workforce) who fulfil certain criteria and conditions, thus contributing to the advancement and attraction of new executives. In this way renewal, development and progress is achieved.
The average annual increase in employment for the years 1999-2003 was 16.5% as against 18.6% the previous 5 years.
The course of average employment confirms that stable employment conditions are continuing to prevail.
Alpha Bank is one of the Greek companies that adjusts employment positions to market conditions. Technological innovation in all sectors of its activity and its active presence, lead to the requirement to identify, develop and use specialised staff.
Concurrently, with the upgrading of professional specialisations and the offering of career opportunities, it has created a working environment that promotes creativity, strengthens group activity and encourages personal effort and professionalism.



* The difference from the previous year is mainly due to the integration on 26.4.2000 of the Ionian Bank's Personnel.

Workforce distribution by gender

The Bank provides equal employment opportunities, as derived from the course of its workforce structure.
The number of women has increased steadily in the last five years. Women constituted 49.1% of the workforce in 2003, as against 44.4% in 1999, indicating the balance trend between genders.
The increase in the number of women working in the financial sector is an international phenomenon.

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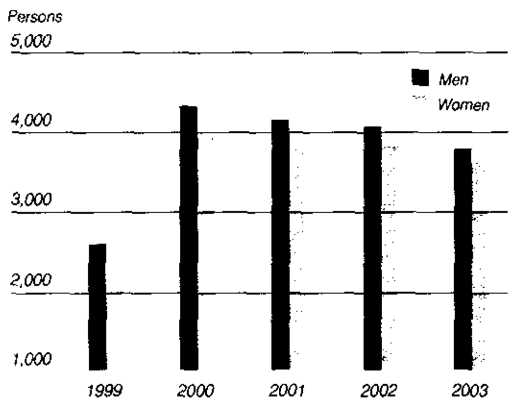

Workforce distribution by age

The age pyramids depict the demographics of the Bank's human resources.
The diagrammes indicate the change in the Personnel's structure between 1999-2003.
The Bank enjoys a number of clear advantages in view of future developments:

1. The distribution by age of Personnel between 26-45 constitutes over 72%.
2. The entry of young people, although limited, modifies the effects from the increase in the age of the Personnel (the average age of the Personnel was 38.9 years in 2003).
3. The visible increase in the number of women in

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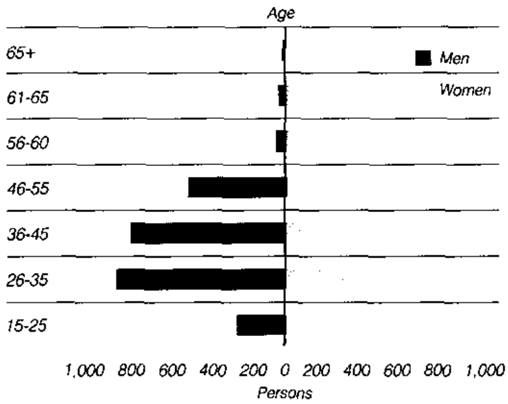

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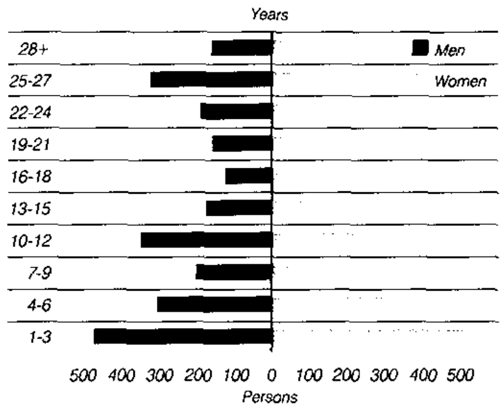

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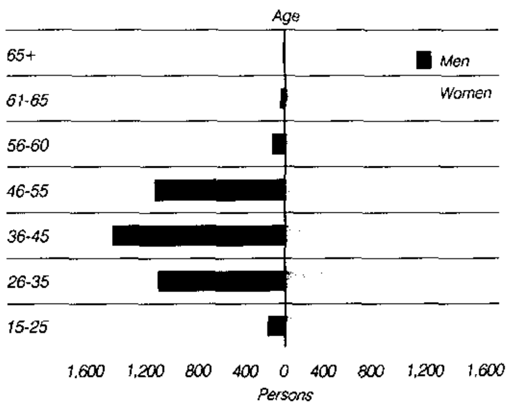

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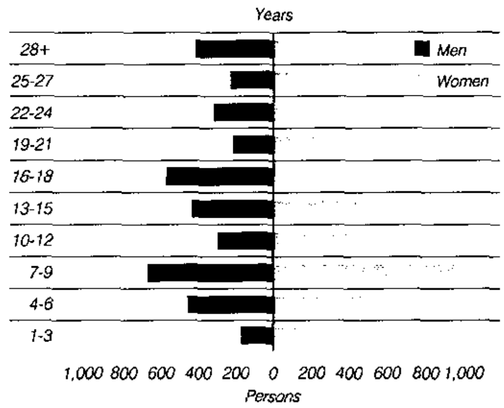

the middle age group depicts the trend shown by women to stay longer in the Bank's employment and to constitute an important part of the workforce. Specifically, between 26-35 women constitute 58.3% of the workforce, while between 26-45 they constitute approximately 55% of the workforce.

Workforce distribution by years of real service

According to the diagrammes:

1. The number of recruitments was at very low levels.
2. It is clear that young employees whose professional behaviour and characteristics meet the aims and requirements of the Bank remain with the Bank especially within the 7 to 9 years of real service group where opportunities for advancement are numerous. One should note the increasing trend with relation to women.
3. The number of women exhausting their years of service has increased during the last five years. Specifically, the number of women who remain after 19 years of service has more than doubled.

This behaviour, a result of developments in social security legislation and of a change in attitudes, offers increased opportunities to advance women into positions of responsibility.
However, the number of men of the higher age group is increasing, indicating the trend for the exhaustion of the highest permissible limits of active service.

Workforce distribution by level of education

The high educational level of the employees is constantly improving.

Alpha Bank

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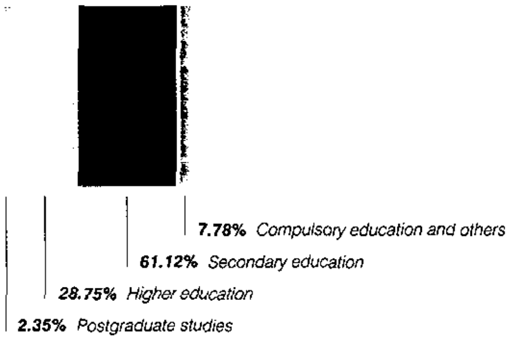

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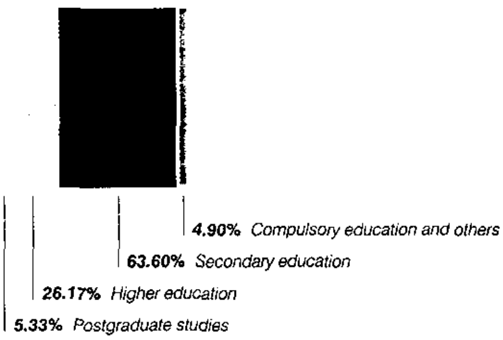

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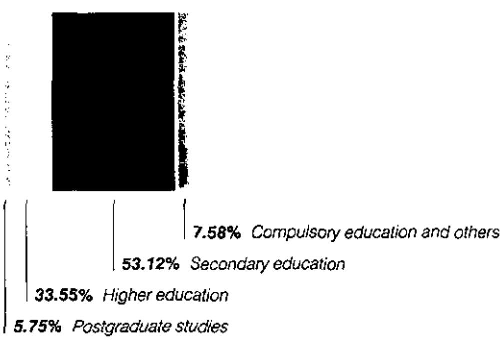
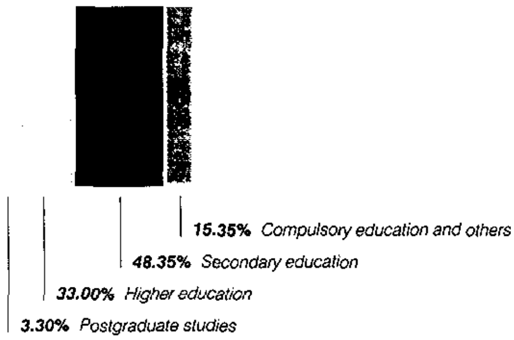


The dominant category is people that have completed secondary education (Lyceum level). In the last ten years, the percentage of Lyceum diploma holders was reduced (8%). On the contrary, the number of higher education graduates increased by 5%, while the number of post graduates more than doubled.
This fact indicates the emphasis given in recruiting people of specialised skills and a high level education and in the opportunities provided through programmes of internal development.

Greek Banks

1997

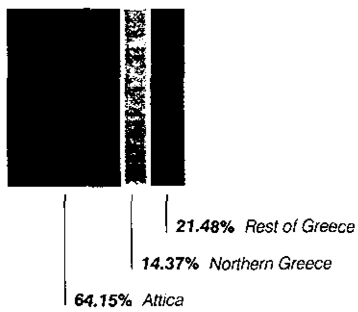


The developments under way place the Bank in a very favourable position as compared to the situation prevailing in the Greek banking system.

Workforce distribution by location

The Attica region is the centre of the Bank's activities. The geographical distribution of employment has remained fairly stable in the last five years, with a small increase in the number of employees working abroad.

31.12.1999



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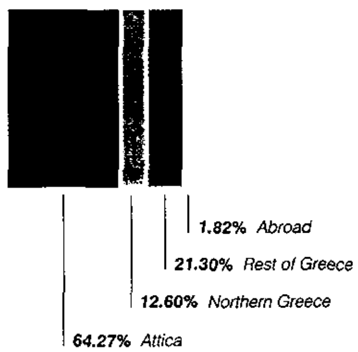


Workforce distribution at the Divisions and the Branch network

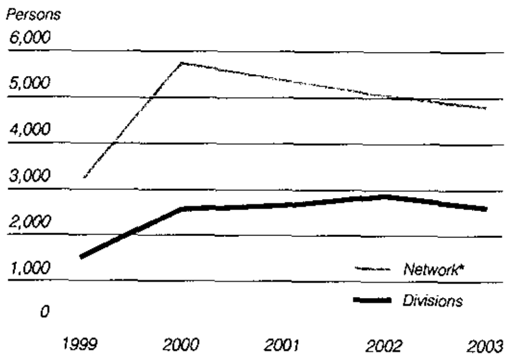
The greater part of the workforce is still occupied in the Branch network.

The annual average increase of Personnel was 18.5% for the Divisions and 15.5% for the Branch network during the period 1999-2003.

As a result of technological developments and the restructuring, we note:

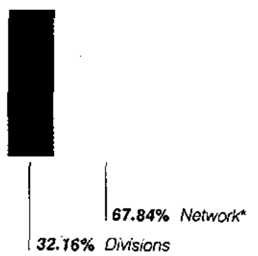
- Economies of Personnel working in the Network, since the consolidation of back-office operations is under way.
- Emphasis in the significance of Divisions, both as regards the creation of profit centres and the planning and provision of comprehensive support services to the Network.

Workforce on 31.12

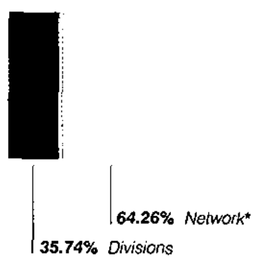


* *Tirana, Gjirokaster, Durres, Etbassan, Berati, Fieri, Vlora, Belgrade (3), Sofia and London Branch are included in the Network.*

31.12.1999



31.12.2003



Workforce distribution by management level and gender

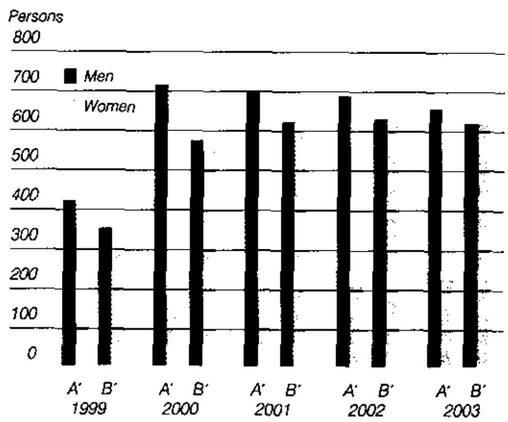
Authorised signatures

Using the criterion of authorised signatures, we reach the following conclusions regarding the *management level indicator:*

- The rate of employees per officer is 3.5:1
- The number of female executives posted a slight increase, while there is an almost absolute balance of women - holders of B class signature in the last two years.

This increase creates the conditions for their future placement in positions of higher responsibility.

31.12

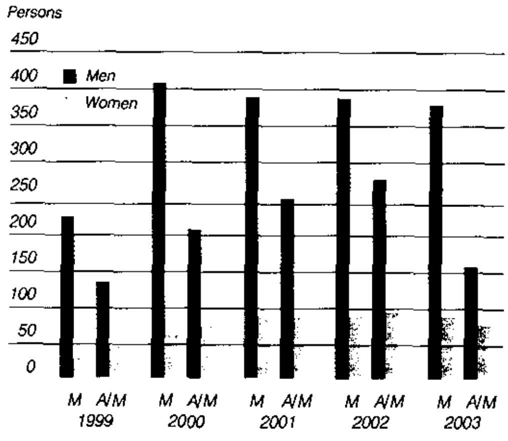


A'= A' Class Signature *B'= B' Class Signature*

By managerial position

The average increase of the number of Managers during the period 1999-2003 was 20.6% and of Assistant Managers 10.4%. The average age of managerial level officers in 2003 was 47. Considerable career opportunities are provided to young, dynamic officers.

31.12



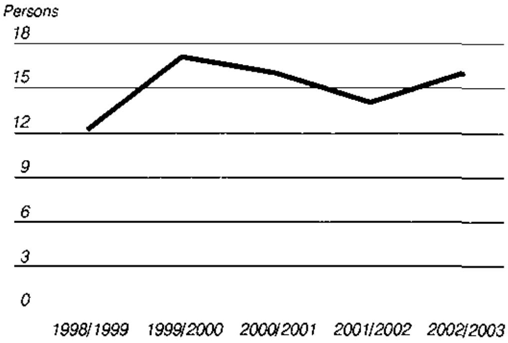
M= Managers *A/M= Assistant Managers*

The increase in the number of women in such positions is also important - they have doubled during this period - and the number of female Managers almost tripled.

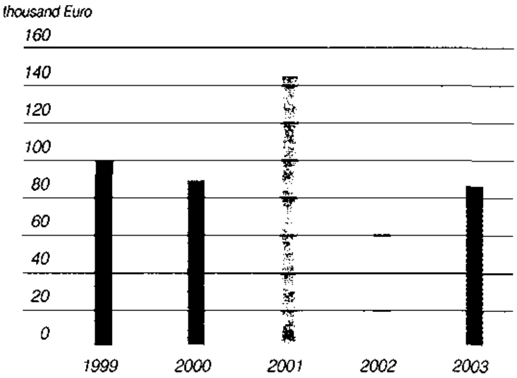
Executives' Development - Attendance of postgraduates programmes

The Bank supports systematically and according to a plan, the efforts of employees and executives to attend postgraduate studies.
The average increase of such fees during the last five years is 6%.

Participation - Attendance



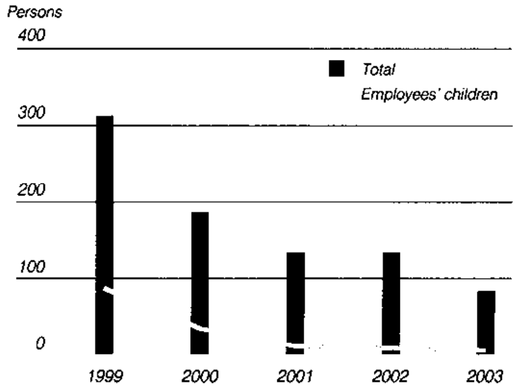
Financial support



The amount of the financial support for the year 2001 is due to the fact that Personnel choose postgraduate study programmes abroad, for which tuition fees are paid in advance.

Recruitment

The rate of the Bank's growth and the need to fill vacated positions called for a considerable number of recruitments until 1999.

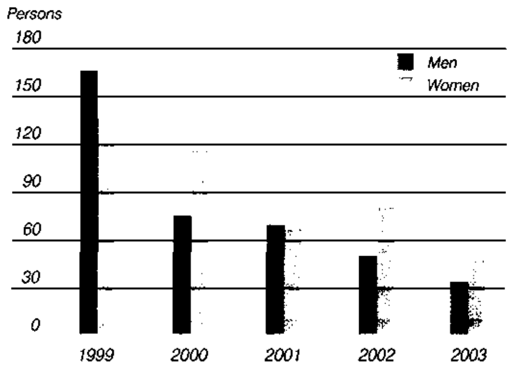


From 2000 the number of recruitments decreased significantly, while during 2003 the decreased is mainly due to the application of the Bank's operational restructuring programme.
From the total number:

approximately 20% is related to recruitments made abroad to cover local needs of the Network

approximately 7% is related to recruitments of active and retired employees' children.

Distribution by gender

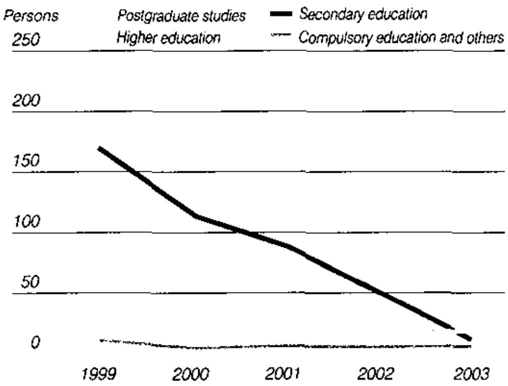


Despite the policy of equal opportunities applied by the Bank to both genders, one notes a greater interest by women to work in the sector especially during the last four years.

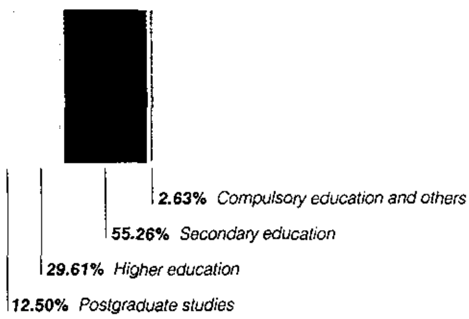
Educational level of new recruits

The Bank responds to the intensifying competition in products and services by investing in the qualifications and quality of those called upon to contribute to its future growth, thus creating its specificity and securing, in the best possible manner, the preconditions for an auspicious future.

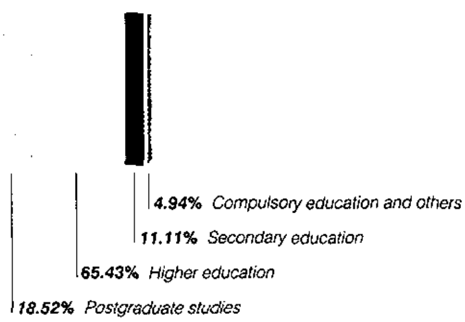
It must be noted that the rate of recruitments of higher education graduates and postgraduate diploma holders is doubled as compared to the year 1999.



1999

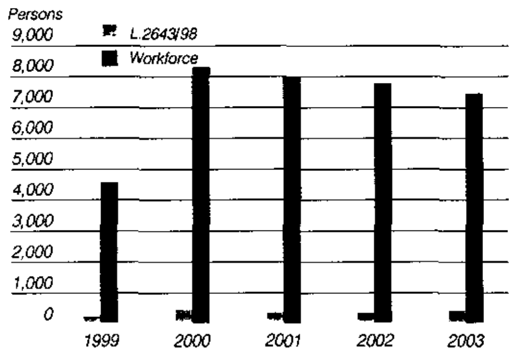


2003



Recruitments in accordance with Law 2643/98

Banks, in accordance with Law 2643/98, recruit a number of disabled people. Personnel of this category during 2003 accounted for 7.1% of the workforce.



Personnel Turnover Indicator

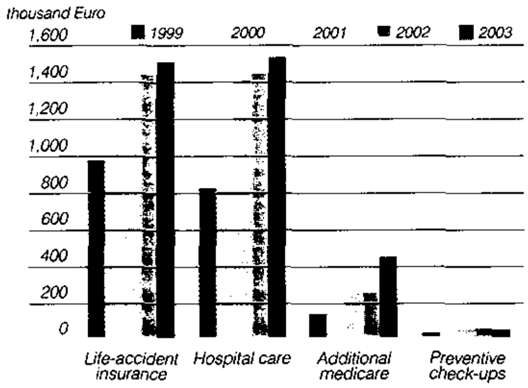
The decrease in the Personnel Turnover Indicator in the last five years is due to the reduction of recruitment, but also to the retirements in the last four years.

Recruitment - Retirement

Turnover Indicator	1999	2000	2001	2002	2003
$\frac{\text{(Recruitment+Retirement)/2}}{\text{Average Annual Employment}}$	5.0%	4.0%	3.6%	2.5%	3.9%

Health and Life Insurance

The policy applied in health care is also significant.



Collective insurance absorbs the greater part of related funds.

The Bank's care is expressed on a number of levels, such as:

- life and accident insurance
- hospital care
- additional medicare cover beyond that provided by the Personnel's Health Fund and
- preventive check-ups for executives.

Despite the high level of expenditure involved, the provision of high quality health and insurance care is a priority for the Bank.

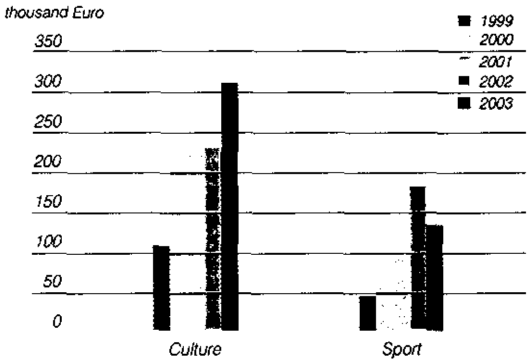
Communication - Activities and Social Benefits

The Bank implements a systematic policy of social care, internal communication and promotion of cultural life. Organised internal communication and mutual and constant flow of information constitute a priority for the Bank. Direct communication channels between staff and management have been created in order to help resolve any professional, personal or family problems. In this direction, Executives of the Personnel Relation Section of the Human Resources Division visited Bank Units for the direct monitoring of Staff issues. The increase of the funds provided for cultural and especially for athletic activities (skiing, sailing etc.) during 2003 was significant. It is noteworthy that in 2003, 31 employees in Attica attended sailing courses for beginners and acquired the "Certificate of Offshore Sailing", whereas 15 employees attended advanced sailing courses. The Bank's sailing team, formed solely by employees, competed in all important regattas with the "ALPHA BANK" sailing boat. The team scored highly and won the first place of the general ranking in the Spring Cup 2003 and the second place in the 40th International Aegean Sailing Rally 2003.

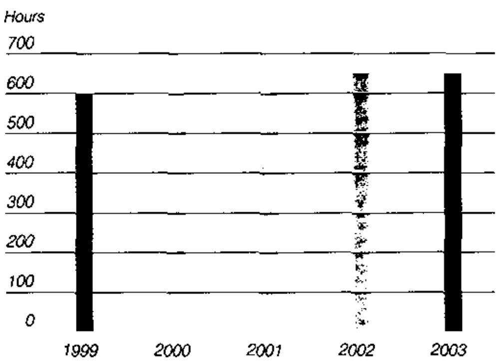
The Bank also contributes to the promotion of social activities and communication acting in other ways such as:

- establishing a complete Life and Health collective insurance scheme,
- covering the cost of contracts with child-care stations,
- rewarding children of Bank's employees, with excellent grades at school,
- supporting employees in need of financial assistance due to occurrence of extraordinary events,
- developing the internal electronic communication network (Alpha Bank Intranet),

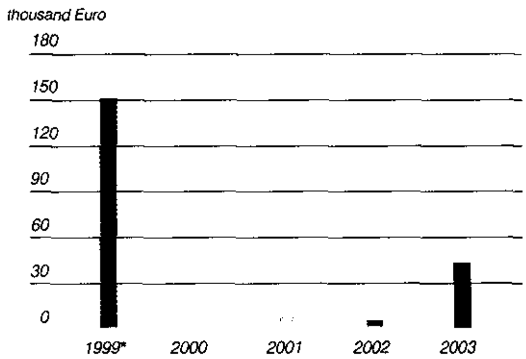
Events - Activities



Staff meeting

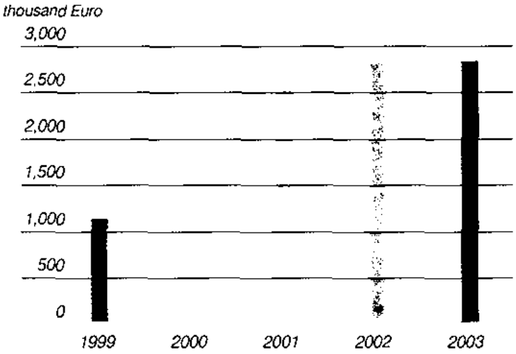


Extraordinary financial support



* Financial aid to the earthquake-striken employees and pensioners

Childcare stations



which enables the fast and direct transfer and exchange of information and knowledge,

individual support by a specialised social worker for employees that face personal or professional problems,

establishing a blood bank under the guidance of a doctor and a blood donation programme that helps confront emergency needs for blood.

Within the context of the Olympic Sponsorship a plan to provide 500 volunteers from the staff for the ATHENS 2004 Olympic and Paralympic Games has been designed and is being implemented. Furthermore, 65 employees have been chosen to support the Hospitality Programme for clients and friends of the Bank from all over the world, thus acquiring a unique experience and knowledge. Specialised Personnel will be occupied at the Bank's Olympic Branches. The Bank will have an exclusive presence at the Olympic venues, in the heart of the Games.

In addition, an integral programme is being carried out to take advantage of the Olympic Sponsorship internally by promoting, through various activities and initiatives, team work and noble emulation.

The Group's Personnel

Workforce

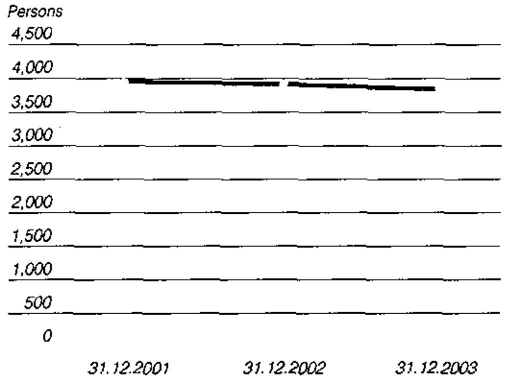
Companies	*31.12.01*	*31.12.02*	*31.12.03*
Alpha Bank London Limited	58	63	56
Alpha Bank Cyprus Group	661	699	688
Alpha Bank Romania Group	473	584	597
Alpha Leasing	56	57	55
ABC Factors	80	95	92
Alpha Finance U.S. Corporation	6	6	5
Alpha Finance (renaming of Alpha Brokerage)	175	144	132
Alpha Mutual Fund Management Company	50	45	37
Alpha Portfolio Investments (1)	5	4	–
Alpha Asset Management	29	28	27
Alpha Ventures	9	9	8
Alpha Insurance Company	407	422	406
Alpha Astika Akinita	36	37	37
Alpha Private ΕΠΕΥ	118	128	107
Delta Singular	959	880	970
Icap (2)	344	319	–
Systima Kinisis A.E. (2)	169	–	–
Café Mazi	4	4	4
Alpha Bank A.D. Skopje	67	75	78
Ionian Hotel Enterprises	266	318	496
Total	3,972	3,917	3,795

1) Merger with the Bank by absorption.

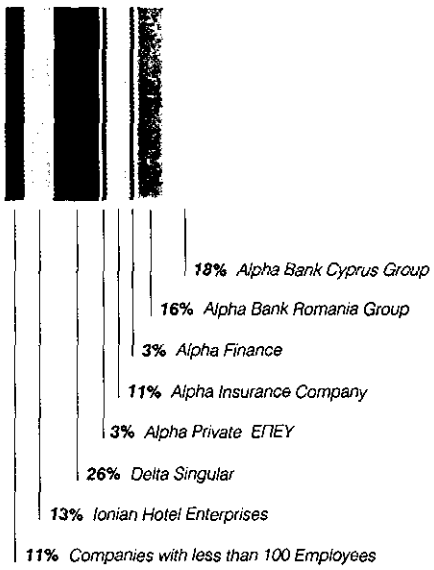
2) The company is excluded because of the decrease of the Bank's holdings.

The Alpha Bank Group continues to hold a leading position in the domestic financial market, being active in state of the art financial services such as investment banking, the provision of advisory services and financial information, as well as the provision of bancassurance products.

Alpha Bank is expanding in new sectors of activities and reinforces its presence abroad, at international financial centres (London, New York) as well as in Southeastern Europe.
At the end of the year the number of persons employed by the Group companies was 3,795 against 3,917 in 2002, a change of -3.1%.

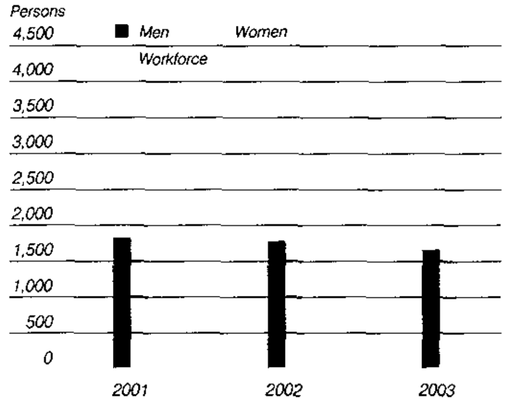


31.12.2003



Workforce distribution by gender

31.12

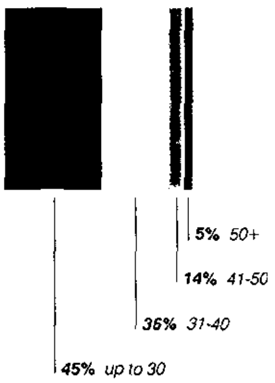


The above diagramme reflects the fact that the evolution of the workforce in the Group companies seems to be stable. The precedence of women employees is obvious. The provision of equal career opportunities is a priority for the Group.

Workforce distribution by age

The Group companies employ a high percentage, above 80%, of young employees, under 40, providing unique strength and advantages in the changing market conditions.

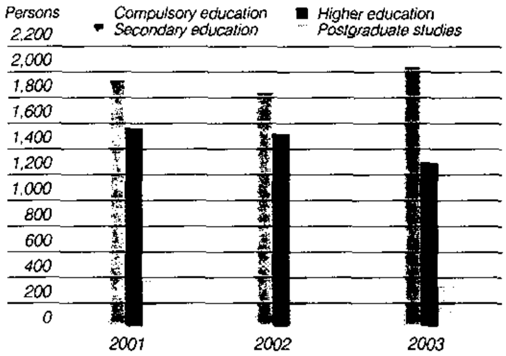
31.12.2003



Workforce distribution by level of education

The Group's employees have a particularly high level of education. The holders of higher education diplomas and postgraduate diplomas represent approximately 45% of the workforce.

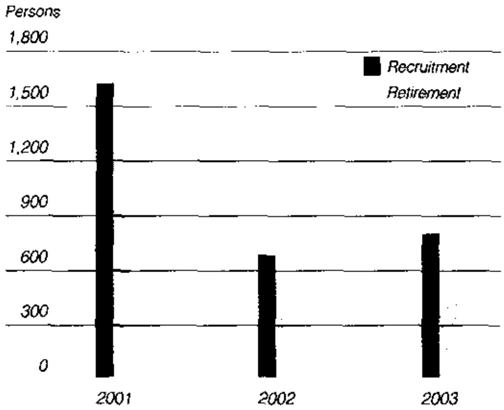
31.12



Recruitment – Retirement

During 2003, one notes an important movement and, as a result, an increased number of recruitments and retirements.

31.12

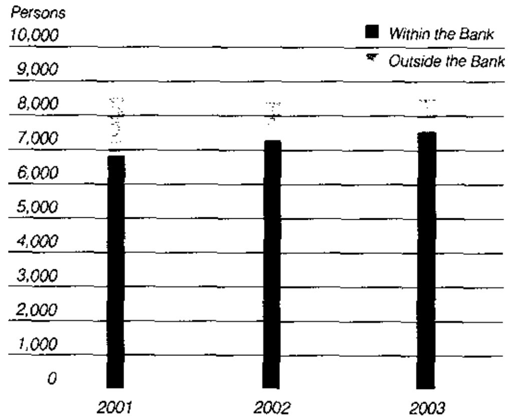


Alpha Bank Group, and the Bank itself, offers career opportunities to dynamic people, willing to work in an environment of intensified competition and high requirements.

To an extent, recruitments were necessary in order to cover the number of retirements.

The Bank's training activities

Participation in educational programmes



Our educational activity continued during 2003. The number of participants was at the same high levels as last year, evidencing our ongoing efforts to realise the Bank's training and education programmes. The programmes presented in 2003 were based on the Bank's operational plans. In particular, the targets set in 2003 were the following:

Reinforcing our client-centred approach towards ensuring the best possible relationship with the clientele and active promotion of the Bank's products and services.

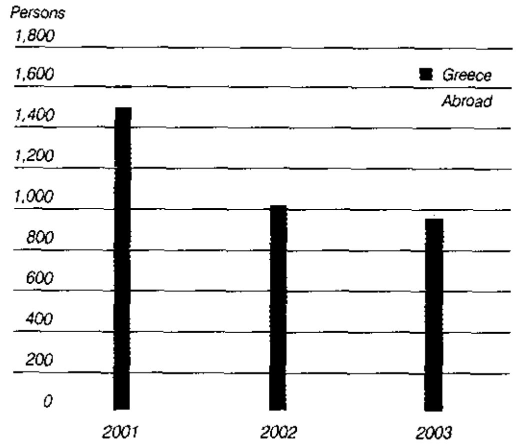
Ensuring quality in customer service, so that the high levels of customer satisfaction we have attained remain undiminished.

Focusing on obtaining skills related to loans and financing, since the high growth rate of such activities, directed both to individuals and firms, remained at high levels.

Reinforcing the skills of Executives who occupy positions of responsibility, towards developing their entrepreneurial spirit and leadership qualities.

Participation in educational programmes outside the Bank

The changes occurring in the market and the intense competition, underline the need to provide ongoing training to the Personnel. Therefore we have persevered with our efforts to have members of the Personnel participate in training programmes outside the Bank, offered by selected entities in Greece and abroad.



Participation in such programmes yields several advantages:

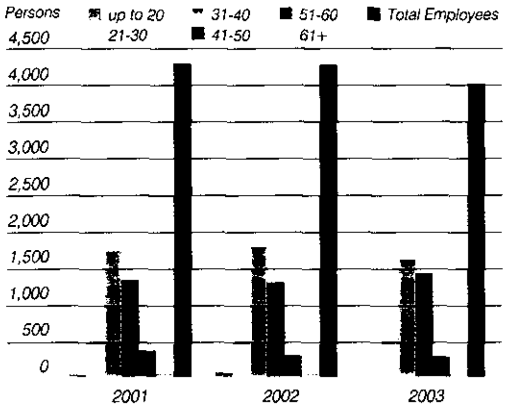
Opportunities for exchange of views and experiences with other business sectors.

Wider horizons and improved sense of orientation in a global environment, ensuring a better understanding of interbank communication mechanisms in Greece and abroad.

The value of the Bank's human resources is enhanced.

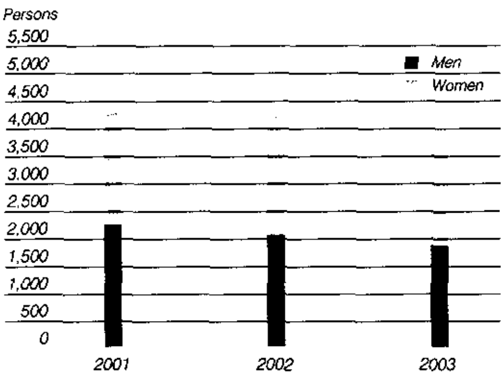
We have also pursued the participation of Bank employees in specialised courses that enrich their skills and render them more competitive. Such training courses offer recognised certification and enhance the personal development of each participant.

Employees attending training courses by age group



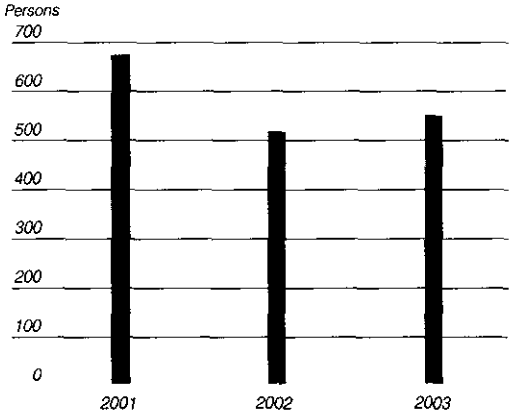
Staff members between 31 and 40 years still account for the majority of trainees, undergo the most extensive training, and post the fastest development. The Bank, and the Training Division in particular, focus on training and developing the younger Executives, supplementing their knowledge and skills; thus Executives in these groups (aged up to 40) account for 57.5% of total trainees, while older age groups (41+) account for 42.5%. As shown in the table above, all age groups participate actively in training activities.

Employees trained by gender



The employees trained - men and women - during 2003 consist 54.1% of the Bank's workforce. The Bank aims at enhancing its human resources, especially through training and education, irrespective of rank, age or gender. Among those receiving training courses, 49% were men and 51% women.

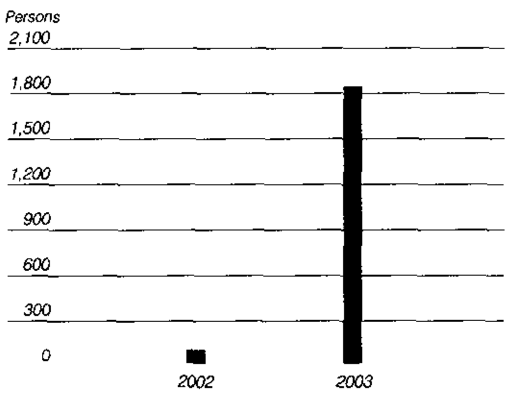
Participation in distance training



Executives and Employees are given the opportunity to participate in long-distance courses or in courses held at the workplace.

Alpha Bank e-learning

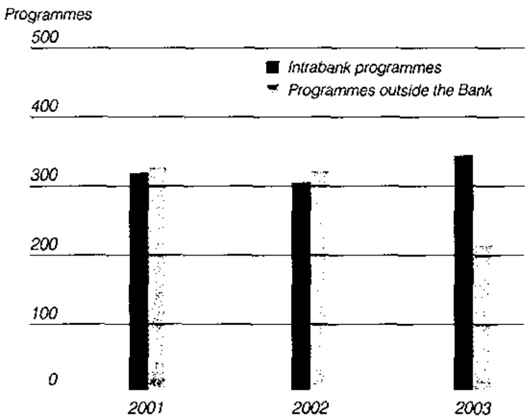
The Bank adapts its activities to the needs of the market; it has introduced electronic training courses and provides the relevant information and skills to its Personnel. In this context, it has developed Alpha Bank "e-learning" programme. The programme eliminates distance, makes better use of available time, and increases productivity and the degree of adaptation to new knowledge and its absorption. The use of ITC in training has become necessary, and forms the basis for developing programmes via the Internet and computers. Such methods are evolving rapidly, and are particularly favourable to flexible learning systems.



The number of participants is increasing by the year, as the need to provide training at the workplace or at home and a notable rise in familiarity with new technologies and new training methods become apparent. In 2003 there was a marked increase in the number of participants, since the Alpha Bank e-learning courses have been expanded and incorporated in the training process. During the year, 23 Alpha Bank e-learning programmes were offered, of which 14 concerned banking subjects and 9 information technology subjects.

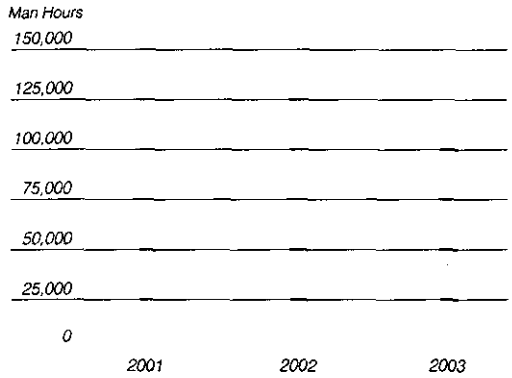
Participants in Alpha Bank e-learning programmes then attend one- or two-day training seminars, in order to ask any questions they might have and receive training on subjects requiring physical attendance. Thus, the method provided is a combined method, of attendance and e-learning (blended learning).

Training programmes



The above chart indicates that the number of training programmes which were planned and implemented at the Bank's Training Centre increased by 11.5% in 2003, while those planned and organised by other entities in Greece and abroad were slightly lower. This was due to the lower number of Executive-participants in training courses and seminars abroad.

Training man-hours



The man-hours given over to training courses were slightly lower in 2003 than in the previous year. This is due to the design of courses of shorter duration and the increased application of e-learning methods in place of classes requiring physical attendance. Note that the total number of man-hours above does not include training via the Alpha Bank e-learning programmes, since the personal character of the process precludes an accurate estimation of the time expended. Therefore, there has not occurred a real reduction in the man-hours given over to training.

Courses based on the main priorities of the Training Division for 2003

Priorities	Participants	Man-Hours	% of total man-hours
Banking activities and products	5,113	35,616	44%
Developing managerial skills	1,281	22,438.5	27.7%
Customer service and sales	764	17,609	21.8%
Technology	320	5,258.5	6.5%
Total	7,478	80,922	100%

The organisation and classification of training programmes combines operational priorities with subjects' career stages, and creates corresponding training modules. The content of the training courses focuses on such modules. The greater part of training courses in 2003 concerned training and familiarisation with banking activities and analysis of the features of the new products launched by the Bank and the Group. Emphasis was also given on developing management skills, focusing on customer-service and sales techniques, and on technology applications.

Cultural activities

The Bank and the companies of the Group, actively participate in the country's cultural life by supporting activities which aim at disseminating and preserving the Greek culture, as well as mainly advancing economic science.

Collections

Ancient coins

The Bank owns a noteworthy collection of more than ten thousand coins from all over the ancient Greek world, which is continuously being enriched in order to possess at least one representative coin from every mint of that period.

During 2003 an exhibition area was organised on the premises of the Collection, where students from Greek and foreign universities attended classes in Numismatics.

The curator of the Collection participated in international Numismatics Conferences held in Greece and abroad, and organised seminars at the Bank premises and in various Greek cities.

The Bank also took part, with 24 coins, in the Exhibition held in the Greek Parliament "Crete: 90 years after unification with Greece".

The programme "Travelling with a Greek Coin" presenting the collection has been expanded and operates through a touch screen personal computer at several Branches of the Bank in Greece and Banks of the Group abroad.

Banknote Museum

The Bank owns the unique Banknotes Museum in Greece, which operates in Corfu, and is one of the most complete museums of its kind in the world. The collection, which is continuously being enriched, includes the first Greek banknotes, samples of the history of Greek banknotes from the middle of the 19th century until today, essays and printing matrices. It also includes foreign banknotes and whole series of the last issues of national banknotes from the twelve Economic and Monetary Union member-states.

Works of Art

The Bank's collection consists of paintings, engravings and sculptures by famous artists and is continuously being enriched with important works. Many of the art works decorate Head Office Divisions and various Branches.

Information and photographs of the works of the collection are offered by the Bank for publications and studies.

Cultural events

Sponsorships

The Alpha Bank Group, as a way of expressing its multiple participation in the cultural life of the country, was the exclusive sponsor of the following events at the Athens Music Hall and the Thessaloniki Music Hall. In particular:

"Great Orchestras – Great Musicians" at the Athens Music Hall. The most important European Orchestras interpreted works of Great Musicians from October 2002 to May 2003. In 2003, there were concerts with the Hamburg Philharmonic Orchestra conducted by Ingo Metzmacher (February 10 and 11), and with the London Philharmonia Orchestra conducted by Christoph von Dohnanyi (May 25 and 26).

The Thessaloniki Music Hall presented Pietro Mascani's opera "Cavaleria Rusticana" featuring the famous Greek mezzo-soprano Agnes Baltsa (October 25, 29, 31 and November 2).

Exhibitions

In order to offer the viewing of its collections to the public and to promote culture, the Bank organises exhibitions of works from its collections or lends certain works of art to individual or thematic exhibitions of artists.

In this context, the Bank organised jointly with the

Educational Foundation of the National Bank an exhibition of engravings titled "20th Century Greek Engravers" at the Eynard Mansion in Athens (26.3.-18.5.2003). Part of this exhibition was also presented at the Historical Archive and Museum in Hydra (5.5.-30.9.2003), at the Cultural Centre of the National Bank's Educational Foundation in Patra (8.10-23.11.2003), and at the Modern Art Centre in Rethymnon (Crete) (3.12.2003-28.2.2004).
In the context of the Olympic Sponsorship, an exhibition titled "Olympic Memorabilia 1896 - 1956" was organised jointly with the Greek Literary and Historical Archive, and presented in eight cities.
In addition, works of art from the Bank's collections were given as a loan to exhibitions organised by various cultural entities throughout Greece.

Library

The library is in the Bank's Main Building and has approximately 15,000 books on economics, literature and of general interest. All books have been electronically recorded in order to facilitate access.
Lending is available to the Personnel, while all interested persons outside the Bank may use the Reading room and the computer terminal, to facilitate their search according to title, subject, author etc.
The Library also contains a collection of great scientific importance, which is unique in Greece, consisting of historical and geographical maps of the Antiquity and the Middle Ages, published by the Cartographic Centre of the University of Tuebingen. The collection of maps is studied by professors, scholars, students etc.

Historical Archives

Aiming at the preservation of the Group's historical memory the Historical Archives were established and operate under Professor K. Kostis of the University of Athens. Among the duties of the Historical Archives are the saving, maintenance, classification and storage of the archive collections, the search for new material for their enrichment, the preservation of the most significant elements of everyday operation of the companies of the Group, and also the support of exhibitions, scientific events and other similar events.
The Historical Archives receive any relevant item from the moment it looses its corporate functionality.
In 2003, the clearance and processing of material maintained by the Personnel Division of Credit Bank continued and was completed, and an index of names was created to enable fast data retrieval. There also continued the collection, classification, indexing and archiving of the Ionian and Popular Bank personnel files, the classification and indexing of material derived from both Banks' Management, Divisional and Branch files, the programme for the electronic filing of press-cuttings related to the two Banks, Alpha Bank, and the subsidiary companies, the digitalisation of Circulars, the classification and indexing of archive material maintained by the Greek Banks Association, the clearance and classification of personal archives etc., and the collection of studies and reports concerning the course and indices of Alpha Bank, but also Greek banks in general. This latter effort, undertaken in association with the Bank's Economic Research Division, aims to create a digital library providing data and information to interested researchers.

Publications

Periodical

Financial

Four volumes of the quarterly magazine "Mazi with the Shareholders" were issued in 2003. The magazine provides complete, updated information to Shareholders who support the economic development of the Group.

Four volumes of the quarterly magazine "Economic Bulletin" were also issued, which deals with current trends in the Greek and international economy. It is read with interest by businessmen, scholars and journalists and is often quoted as a source in articles appearing in the press. In addition, there continued the publication of the weekly information bulletin outlining domestic and international economic developments, and of the bi-monthly magazine "The Greek Economy", which deals with updated Greek financial matters abroad.

Other publications

The successful publication of the shopping guide "Mazi in the Market" continued. The guide is published quarterly and distributed gratis to the Bank's cardholders. The particularly well-produced and useful publication also includes a number of subjects of general interest.
There were also four issues of the magazine "Mazi", which has been successfully published for a number of years and covers the Group's internal communication and the activities of the Bank and the Group.
Alpha Astika Akinita publishes the quarterly magazine "Akinita", which deals with subjects connected to the purchase of real estate.

Historical

The third part of the trilogy "History of Macedonian Hellenism" by the German historian J.G. Droysen is being completed. The classical work of the German historian is presented by Alpha Bank, fully updated with the most reliable findings of the modern historical-archaeological research, in a new edition.
The first two parts: "History of Alexander the Great" (2 volumes, 1026 pages) and "History of the Successors of Alexander the Great" (2 volumes, 768 pages) are already available in a revised translation with extensive critical annotations.
The work's new edition will also be available in German, in co-operation with the Institut für Byzantinistik, Neugriechische Philologie und Byzantinische Kunstgeschichte of the University of Munich and edited by professor Armin Hohlweg.

Publicity

In order to reinforce the Bank's image and support its products and services in conjunction with the sponsorship of the Olympic Games, a series of advertising campaigns were planned during 2003 in the mass media i.e. television, the daily and periodical press, radio, internet etc.

Café Mazi

For more than ten years, mainly during working hours and days, Café Mazi is the meeting point for executives, businessmen, lawyers, brokers etc. It operates in the Bank's Main Building and by means of TV monitors linked with Reuters, it continuously provides information on the session of the Stock Exchange and exchange rates.

Foundations

They operate independently of the Group and are mentioned in the Annual Report in tribute to their important contribution to social and cultural life.

J. F. Costopoulos Foundation

The J.F. Costopoulos non-profit Foundation was founded in 1979 by endowment of the then Chairman of Credit Bank Spyros J. Costopoulos and his wife Eurydice, on the occasion of the celebration of the 100th anniversary of the Bank. The Foundation's mission is the promotion of Greek culture, education and art both within and beyond Greece's borders and the provision of public welfare in our country. In this spirit, the Foundation subsidises scientific, cultural and social organisations, environmental projects and foundations of public benefit.
In the field of post-graduate studies, the

Foundation, apart from sponsoring the four scholarships for Greek students awarded by the American Educational Foundation in the context of the Fulbright programme, also sponsored the Chair of Greek Studies at Princeton University and the Institute of Byzantine and Modern Greek Literature and Byzantine History of Art of the University of Munich. In addition, the Foundation granted the "Stavros Costopoulos" scholarship in Byzantine Studies to Oxford University, and the "J. F. Costopoulos Foundation" scholarship in the History of Art to the History and Archaeology Department of the School of Philosophy of the University of Crete.

Among the Foundation's most significant activities for the year 2003 is its contribution to the presentation of the Cesnola collection in five CD-ROMs. The Cesnola Collection that is displayed at the Metropolitan Museum of Art in New York is the most important collection of Cypriot antiquities that exists outside the island. The first CD-ROM will be released in Spring 2004 and will introduce to the public 400 ceramic works dating from 2000 BC to the 2nd century AD.

The Foundation supports the Research Committee of the Aristotelian University in Thessaloniki, which has undertaken the task of microfilming the Archives of the Patriarchate of Constantinople, under the supervision of Professor Nikos Terzis. The Athens Archaeological Society received support for its excavation project in Pylos, and the Maritime Museum of Crete for its "Minoan Boat Restoration" project. The boat will make its maiden voyage in the context of the Cultural Olympics of 2004.

Having a consistent presence in the field of art, the Foundation has supported Drama and Dance. In addition, it supported the exhibition "Unrepentant Ego: The Self - Portraits of Lucas Samaras", the notable Greek-American artist that was presented between November 13, 2003 and February 8, 2004 at the Whitney Museum in New York. Part of the exhibits will also be presented in Athens in late 2004, in the context of a retrospective exhibition to be organised by the Foundation.

Eustathia J. Costopoulos Foundation

It was established in 1989 after the earthquake in Kalamata, in memory of the wife of the founder of the Bank.

The Costopoulos family provided the site - a property which belonged to Eustathia J. Costopoulos- on which the Bank undertook the construction and outfitting of a childcare station. The operational costs are covered by the Bank, the J.F. Costopoulos Foundation and the Costopoulos family.

At this model station, specialised personnel take care of the child as well as of its family. The station offers day-care to 75 pre-school children from low-income families.

Attendance is entirely free of cost. And besides the regular activities, the station also offers additional music/movement and drawing classes in a special workshop.

An academic team, nursery school teachers and three social workers cooperate for the success of the foundation's aims. It must be noted that workshops have been created for pottery, bookbinding, sewing and handicraft where parents, can develop their interests and their creativity by learning an art.

The childcare station also serves as a cultural centre, where events of a cultural and social nature can be organised for the benefit of the city's wider public.

Cultural Foundation of the Ionian Bank

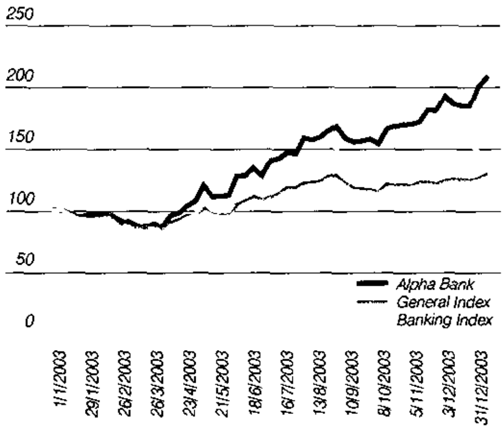
The Bank's art collection also includes engravings, works of Greek painters of the 19th and 20th century as well as works of European painters with Greece and its history as their main subject, that cover a period of almost two centuries between 1770 and 1900.

The listed shares of the Group on the Athens Exchange

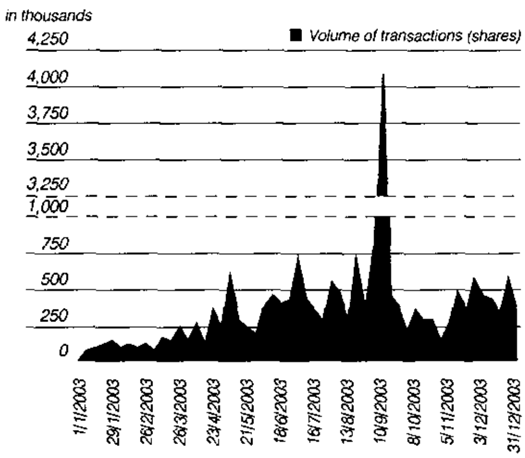
Alpha Bank

The easing of geopolitical uncertainty in the second quarter, in conjunction with an improvement in macroeconomic indices and a better-than-expected recovery of corporate profits, gave a considerable impetus to stock markets worldwide and resulted in strong gains. The companies listed on the Athens Exchange enjoyed large cash flows, as reflected in the strong 28.46% rise of the General Index, and the volume of transactions was markedly higher, especially as regards shares of companies with large capitalisation.

Alpha Bank's share led the rise in the wake of the excellent recovery in the Bank's profitability, gaining 109% or 151% over the minimum price of the year, and contributing to the rise of both the General Index of ATHEX, and of the Banking Index.

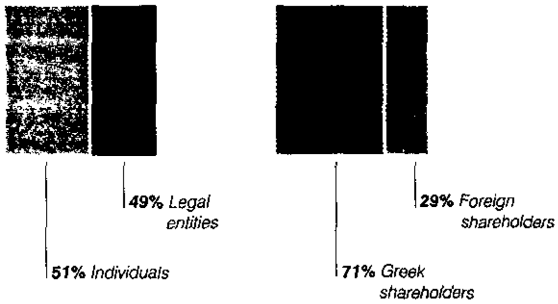


Volume of transactions (Weekly average)



Alpha Bank's dividend yield was maintained at satisfactory levels, exceeding the yield of short-term Greek Government bonds and remaining among the highest in ATHEX. Total market value at the end of the year amounted to Euro 4.7 billion (approximately USD 5.9 billion), rendering the Bank the fifth largest company listed on the Athens Exchange.

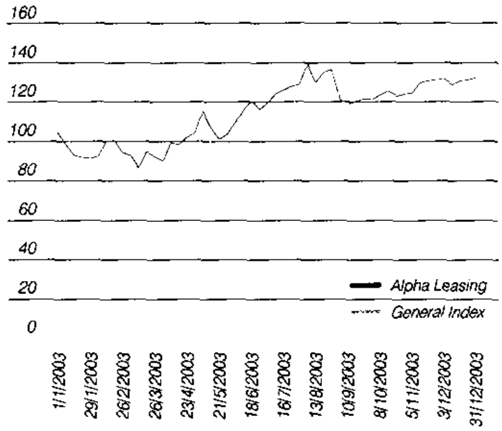
Ownership structure



The share's marketability remained at high levels and amounted to approximately 433,000 shares per session, indicating the high interest shown on the part of investors.

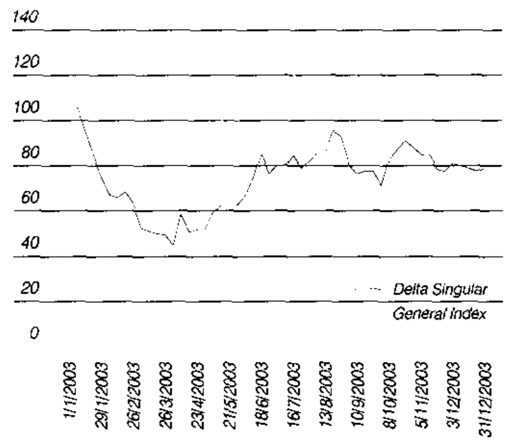
In June it was decided to absorb Alpha Investments. In September, the treasury stock that had arisen from the absorption of Alpha Finance was disposed successfully, mainly to international investors, strengthening considerably the Bank's capital base, and by extension the growth of its activities. The Bank's positive prospects, its powerful capital base and its leading position in the domestic banking market, in conjunction with the share's high marketability, have meant that the share remains one of the primary choices among Greek and foreign institutional investors. At the end of 2003 the number of Alpha Bank shareholders amounted to 128,000 (as against 125,000 in 2002), of whom approximately 1,400 are Greek and foreign institutional investors.

Alpha Leasing



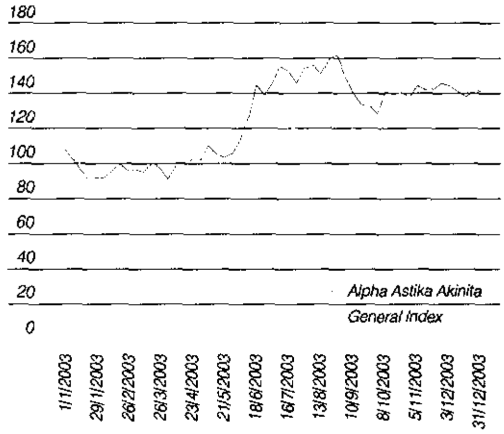
Market value at the end of the year amounted to Euro 215 million, thus rendering it the largest listed company in its sector. The share price posted a recovery, exceeding the performance of the ATHEX General Index.

Delta Singular



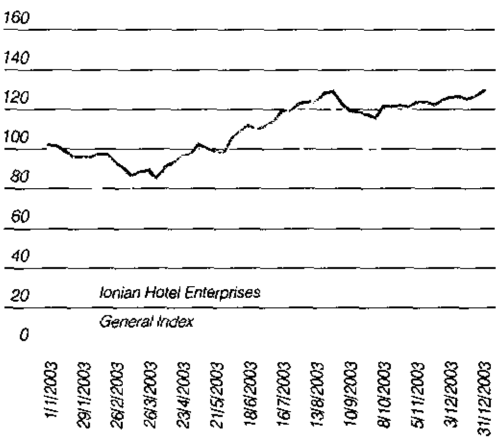
On the basis of its total assets, Delta Singular is one of the most powerful firms in the sector. Even so, the limited interest shown by investors in shares of this sector led to lower prices and affected its share, which declined by 22%. Its market value at the end of the year amounted to Euro 274 million. Average daily marketability remained at satisfactory levels, and amounted to 256,000 shares.

Alpha Astika Akinita



The company is active in the real estate sector. The consistent improvement posted in its profitability and the favourable market conditions led to a 40% increase in its share price, with the result that its market value at the end of the year stood at Euro 82 million.

Ionian Hotel Enterprises



Trading in the share of Ionian Hotel Enterprises was limited, and it posted small gains (up 5%). The market value of the company at the end of the year amounted to Euro 155 million.

Risk Management

The Risk Management Division is responsible for measuring financial risks and reviewing the methodologies applied in such measurements. It informs on relative matters the General Management, the Assets and Liabilities Management Committee (ALCO), the Head Office Divisions, Branches and Group companies.
The financial risks monitored are mainly credit risk, market risk for the trading and the banking portfolio, liquidity risk and operational risk.

- Credit risk

Credit risk is defined as the risk that the Bank's or the Group companies' counterparties will not honour their obligations in due time, resulting in losses. The principal mission of credit risk is the timely assessment of such risks and the minimisation of losses due to default.
Hence, the Bank:

has instituted specific approval limits at every level of approval and a specific credit policy, depending on credit risk assessments;
monitors any change in the credit rating of borrowers and adopts the appropriate strategy.

- Market risk

Market risk is the risk of loss arising from adverse movements in the level or volatility of market prices, which can occur in the interest rate, foreign exchange, equity and commodity markets. It is incurred as a result of both trading and asset/liability management activities. The market risk of the trading portfolio is mainly measured based on a Value at Risk (VaR) methodology.
Market risk may however arise from other positions held by the Bank, beyond the trading portfolio. Management of such risks is covered in the section "Analysis of Assets and Liabilities".

- Liquidity risk

Liquidity risk is the risk of failing to ensure that funding requirements can be met, i.e. the replacement of existing funds as they mature or are withdrawn, or to satisfy customer demand for additional loans.

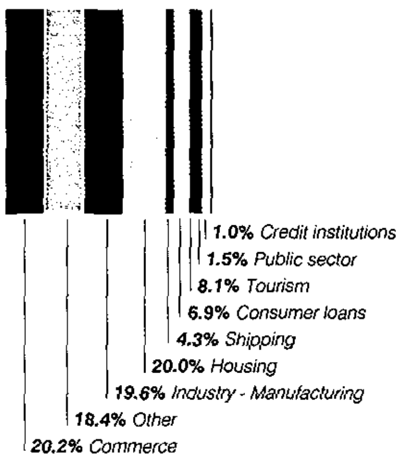
- Operational risk

Operational risk is the risk of direct or indirect loss as a result of inadequate or failed internal processes and systems, people or external events.

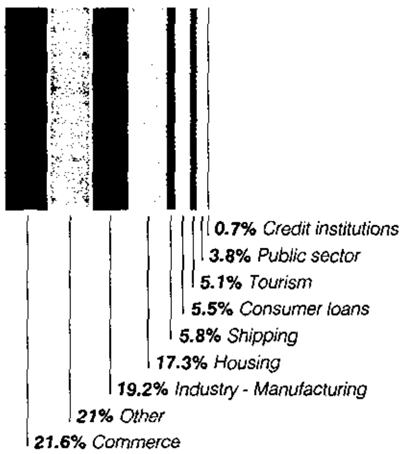
Credit risk

The allocation of loans to the main sectors of economic activity appears in the following diagramme:

31.12.2003



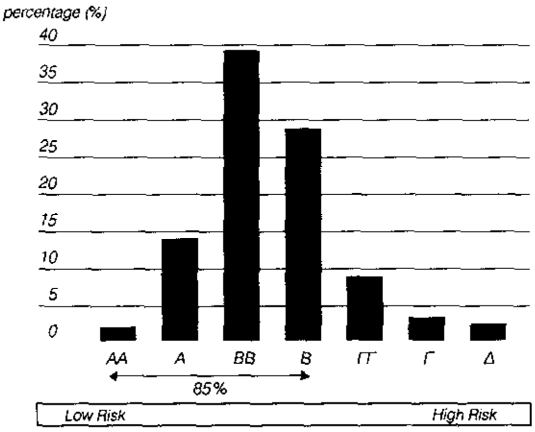
31.12.2002



As at 31.12.2003 business financing accounted for 74% of the Bank's total loans and amounted to Euro 18.3 billion. The percentage business loan balances corresponding to each credit risk rating is depicted in the diagramme below:

Loan balances per credit rating

31.12.2003



In addition, the Bank is constantly improving its procedures as well as its credit risk rating and monitoring systems, depending on the class of borrower and the financing products involved.

Market risk

Trading Portfolio Risk

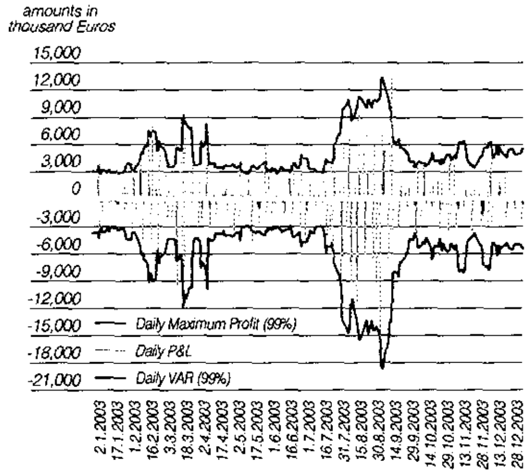
Trading portfolio risk is the risk of trading portfolio losses due to unfavourable developments in the market parameters. Since 1998, the Bank uses the KVAR+ application to quantify market risk with the aid of a "Value at Risk" measure. Value at Risk estimates the maximum possible loss for the trading portfolio according to the chosen confidence level, holding period and observation period for the market parameters (interest rates, exchange rates, volatilities, equity prices, future prices, equity index prices). The Bank utilises holding periods of one and ten days, depending on the time required to liquidate the portfolio. In 2003 it applied a confidence level equal to 99%, and a two year observation period.

The method applied for calculating Value at Risk is historical simulation. According to this method, the trading portfolio in its current composition is marked to market with the current market parameters. Applying to the current values of the market parameters their daily percentage changes that have been observed historically during the previous year, the portfolio is marked to market and the profit or loss is estimated. The worst loss estimated at the 99% confidence level is the daily Value at Risk.

During 2003 the average Value at Risk for the Bank's trading portfolio for ten days holding period was Euro 17.7 million. The maximum and minimum values were Euro 61 million (4.9.2003) and Euro 1.5 million (18.6.2003) respectively. For the Bank and its Holdings, the Value at Risk for ten days holding period was Euro 6.6 million as at 31.12.2003.

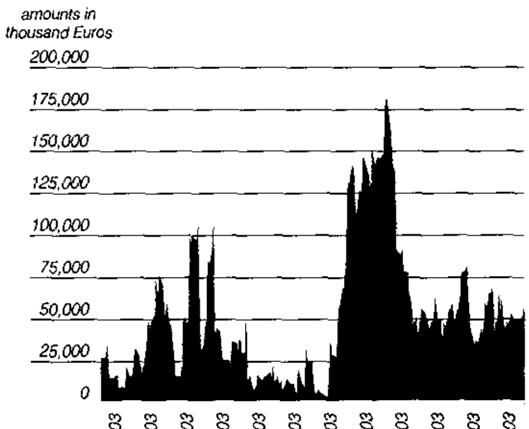
The effectiveness of calculating Value at Risk is assessed by a technique known as back-testing, which compares the possible loss estimated according to the above method, with the corresponding realised change in the value of the portfolio. As provided by Act no. 2494/27.5.2002 of the Governor of the Bank of Greece, back-testing is applied on a daily basis to each product separately and to the portfolio as a whole. The diagramme below depicts the back-testing process for the Bank's trading portfolio during 2003.

Trading Portfolio



Furthermore, economic capital is estimated with the aid of Value at Risk, as set out in the same Act of the Bank of Greece, when the Internal Models Approach is used in order to calculate regulatory capital for market risk. The economic capital during 2003 appears in the diagramme below.

Economic capital for market risk



Since mid-2002, as well as the market risk of the trading portfolio that is due to changes in interest rates, exchange rates, volatilities and prices (for products negotiated in organised exchanges), the credit risk of the trading portfolio is also estimated using the Credit Var application. The credit risk of the trading portfolio is derived mainly from the corporate and the emerging market bond portfolio.

The estimated credit risk refers to issuer risk. Issuer risk is the risk that the bond issuer may be unable to fulfil his obligations to the bond holder. The Credit VaR application estimates credit Value at Risk, i.e. the maximum loss attributed to possible changes in the credit rating of the issuer, with a confidence level of 99% and a holding period of one year. At the end of 2003, the issuer risk of the corporate and emerging market bond portfolio had as follows:

	Nominal Value	***Credit Value at Risk***
Corporate bonds*	Euro 764 million	Euro 45 million
Emerging market bonds	Euro 88 million	Euro 30 million

**Excluding Greek Government Bonds and bonds issued by the Alpha Bank Group and EIB.*

Given the Value at Risk estimated for each product separately, risk adjusted returns are calculated for all products comprising the trading portfolio.

The Value at Risk methodology is complemented with stress test based on both historical and hypothetical extreme movements of market parameters, in order to estimate the potential size of losses that could arise in extreme conditions.

Within the scope of policy-making for financial risk management by the Assets and Liabilities Management Committee (ALCO), exposure limits to various products comprising the trading portfolio have been set. Holdings in such products are monitored during the day and are examined as to the corresponding limit percentage cover and limit excess.

Analysis of Assets and Liabilities

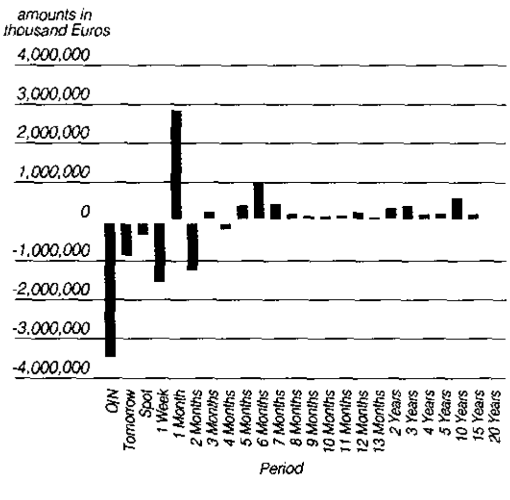
The Assets and Liabilities Management Committee has laid down that currency risk incurred by customer products should be fully hedged, while on a monthly basis the corresponding interest rate risk is estimated and the Assets and Liabilities Management Committee issues instructions on interest rate risk management.

Interest rate risk for the investment portfolio is the risk that net interest income (NII) is reduced due to unfavourable changes in interest rates.

In the context of analysing Assets and Liabilities, Gap Analysis is performed on the investment portfolio by currency. The outstanding balances of Assets and Liabilities are classified into time periods, depending on when they reprice, in the case of variable-rate items, or when they mature, in the case of fixed-rate items. At the end of 2003, the interest rate gaps of Assets and Liabilities in Euro are given in the diagramme below, where it can be seen that the Bank funds long-term Assets with short-term Liabilities.

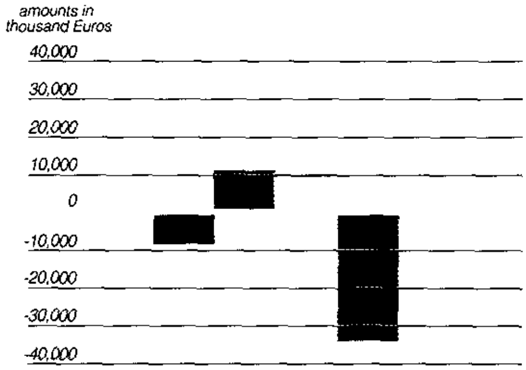
Gap Analysis allows an immediate calculation of changes in net interest income upon application

Gap Analysis for the Euro Portfolio



Annual change in Net Interest Income of the Euro Portfolio

(in case of a 25 b.p. increase in interbank interest rates)



A 25 b.p. increase in Euro interest rates will have the following effect on Net Interest Income:

- Total effect on Net Interest Income: decrease Euro 7 million
- Effect on Euribor Loans, Variable Rate Mortgages, Floating Rate Notes, Repos, Synthetics: increase Euro 13 million
- Effect on Prime Rate Working Capital Loans: increase Euro 13 million
- Effect on Sight Deposits and Savings: decrease Euro 33 million

of alternative scenarios, such as changes in market interest rates or changes in the Bank's base rates.

Regarding the Balance Sheet as at December 31, 2003, a market interest rate increase of 0.25% would lead to a reduction in net interest income equal to Euro 8.3 million during the year.

Liquidity risk

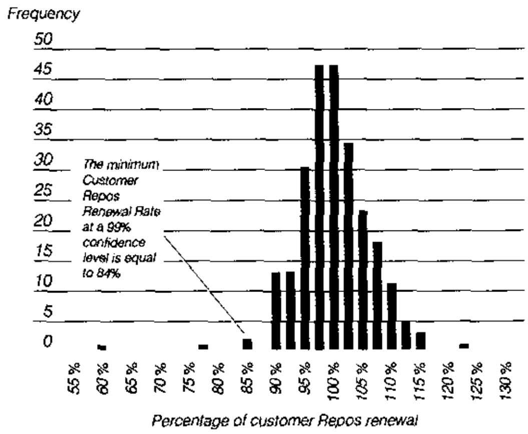
Liquidity risk monitoring focuses on the Bank's ability to maintain sufficient liquidity to fulfil all its business obligations. To that end, Liquidity Gap Analysis is performed. Cashflows arising from all Assets and Liabilities are estimated and classified into time periods, depending on when they occur. For the purposes of liquidity we examine a period of one year.

A substantial portion of the Bank's Assets is funded with customer deposits, i.e. Savings, Super-Savings and sight deposits. Although these deposits may be withdrawn on demand with no advance notice, the spread by number and type of depositor helps to ensure against unexpected fluctuations. So, such deposits constitute mostly a stable deposit base.

Principles of econometric analysis (GARCH) are applied in order to estimate the maximum daily outflows at a confidence level of 99%. For example, the maximum daily Savings outflow for January 2, 2004 was estimated equal to 3.4% of the Savings balance. In the case of Super-Savings, maximum daily outflow for January 2, 2004 was estimated equal to 2.9% of their balance, while the maximum daily sight deposits outflow at 7.5%.

Customer repurchase agreements (repos) are also an important source of funding.

Customer Repos renewal rate during 2003



Daily outflows from customer repos are estimated with statistical analysis of the daily renewal rate of such repos. The diagramme is derived using data for 2003. The minimum renewal rate at a 99% confidence level is equal to 84%, which corresponds to a daily outflow equal to 2.3% of the customer repos balance as at December 31, 2003.

Operational risk

The Bank's operational risk is estimated according to the Basic Index Approach and the Standardised Approach as suggested by the Basle Committee. The procedure of recording and measuring operational risk according to the Internal Measurement Approach is now in progress, in association with the Operations and the Audit and Inspection Divisions.

Capital Adequacy Ratio

The capital requirements for the Bank on a stand-alone and on a consolidated basis are calculated according to the Bank of Greece directive 2397/96, which in turn is based on the European Union capital adequacy directive for credit institutions and investment firms.
The ratios measure capital adequacy by comparing the Bank's regulatory own funds with the risks that it undertakes (risk-weighted assets). Own funds include tier I capital (share capital, reserves, minority interest, hybrid debt) and tier II capital (subordinated debt and fixed asset revaluation reserves). The risk-weighted assets arise from the credit risk of the investment portfolio and the market risk of the trading portfolio.
In 2003 the capital base has substantially increased by the year's retained earnings, the placement of its Treasury stock to institutional investors as well as the revaluation of the Group's real estate holdings as provided for by the recently adopted law (3229/2004) in view of the transition to International Accounting Standards (IAS).
The current capital ratios (tier I ratio and capital adequacy ratio) are much higher than the regulatory limits set by the Bank of Greece directive (4% and 8% respectively) and the capital base is capable to support the business growth of the Group in all areas for the next years.

Capital Adequacy on a stand-alone basis

(amounts in million Euro)

	31.12.2003	***31.12.2002***
Risk-Weighted Assets from Credit Risk	19,857	17,581
Risk-Weighted Assets from Market Risk	1,321	1,388
Total Risk-Weighted Assets	21,178	18,969
Tier I Capital	2,035	1,424
Tier I + Tier II Capital	3,209	2,239
Tier I Ratio	9.6%	7.5%
Capital Adequacy Ratio	15.2%	11.8%

Capital Adequacy on a consolidated basis

(amounts in million Euro)

	31.12.2003	***31.12.2002***
Risk-Weighted Assets from Credit Risk	21,089	18,476
Risk-Weighted Assets from Market Risk	1,420	1,784
Total Risk-Weighted Assets	22,508	20,260
Tier I Capital	2,341	1,401
Tier I + Tier II Capital	3,280	1,979
Tier I Ratio	10.4%	6.9%
Capital Adequacy Ratio	14.6%	9.8%

Balance Sheet as at December 31, 2003

(Amounts in thousands of Euro)

Assets

		2003		2002	
CASH AND BALANCES WITH CENTRAL BANKS					
a. Cash		266,729		302,704	
b. Cheques receivable		56,096		59,497	
c. Deposits with central Banks		603,088	925,913	782,645	1,144,846
TREASURY BILLS AND OTHER SECURITIES ELIGIBLE FOR REFINANCING WITH THE CENTRAL BANK					
a. Issued by the Greek State		253,520		1,968,425	
b. Other		163,575	417,095	221,828	2,190,253
LOANS AND ADVANCES TO CREDIT INSTITUTIONS					
a. Repayable on demand		5,109		8,144	
b. With agreed maturity		1,134,773		753,853	
c. Reverse repos		5,546,446	6,686,328	3,538,093	4,300,090
LOANS AND ADVANCES TO CUSTOMERS					
a. Maturing within one year		8,993,327		8,731,795	
b. Maturing after one year		8,954,092		7,028,033	
		17,947,419		15,759,828	
- Other receivables		34,597		22,100	
		17,982,016		15,781,928	
Less: Allowances for credit losses		439,700	17,542,316	315,000	15,466,928
SECURITIES					
Debt securities including fixed-income securities:					
a. Issued by the Greek State		124,454		375,198	
b. Other		1,051,600		1,143,163	
		1,176,054		1,518,361	
Shares and other variable-yield securities		120,484	1,296,538	117,984	1,636,345
INVESTMENTS					
Investments in non-affiliates		111,329		137,927	
Investments in affiliates		1,367,221	1,478,550	1,479,013	1,616,940
INTANGIBLE ASSETS					
a. Formation and preliminary expenses	18,798				
Less: Amortization	14,810	3,988		5,447	
b. Other intangible assets	225,354				
Less: Amortization	148,120	77,234	81,222	67,574	73,021
TANGIBLE ASSETS					
a. Land		354,077		62,774	
b. Buildings - Buildings installation	331,957				
Less: Depreciation	140,573	191,384		125,405	
c. Furniture and fixtures	57,227				
Less: Depreciation	36,792	20,435		21,225	
d. EDP equipment	235,554				
Less: Depreciation	192,245	43,309		53,080	
e. Other tangible assets	1,456				
Less: Depreciation	830	626		610	
f. Fixed assets under construction and advances		305	610,136	803	263,897
OTHER ASSETS			429,864		356,008
PREPAYMENTS AND ACCRUED INCOME					
a. Prepaid expenses		17,305		23,009	
b. Accrued interest:					
- State bonds	8,349				
- Other bonds	20,330				
- Loans and advances	46,574				
- Other	31,119	106,372	123,677	192,408	215,417
TOTAL ASSETS			29,591,639		27,263,745

Liabilities

	2003		2002	
DUE TO CREDIT INSTITUTIONS				
a. Repayable on demand	29,032		39,070	
b. *Time deposits*	*867,835*		1,662,445	
c. Repos	1,744,800	2,641,667	1,177,665	2,879,180
DUE TO CUSTOMERS				
a. *Deposits*				
- Repayable on demand	4,660,287		4,042,545	
- Saving deposits	8,571,739		8,189,251	
- Time deposits	3,580,909		3,265,922	
	16,812,935		15,497,718	
b. Other liabilities				
- Cheques and orders payable	151,164		186,044	
- Repos	3,287,200	20,251,299	5,643,601	21,327,363
DEBT SECURITIES ISSUED		2,399,168		–
OTHER LIABILITIES				
a. Dividends payable	117,502		74,069	
b. Income tax and other taxes payable	117,082		92,810	
c. Withholdings in favour of social security funds and other third parties	149,451		138,081	
d. Other	266,387	650,422	237,498	542,458
ACCRUED EXPENSES AND DEFERRED INCOME				
a. Deferred income	20,406		19,432	
b. Accrued interest on time deposits	16,813		12,555	
c. *Other accrued expenses of the year*	65,498	102,717	54,911	86,898
PROVISIONS FOR LIABILITIES AND CHARGES				
a. Provision for staff retirement indemnities	7,810		12,500	
b. Other	14,421	22,231	12,965	25,465
SUBORDINATED DEBT		1,249,910		800,000
CAPITAL AND RESERVES				
Share capital				
- Paid-up capital (195,835,935 shares of Euro 4.87 per share)	953,721		768,462	
Share premium account	244,914		443,373	
Reserves				
a. Legal reserve	214,000		189,000	
b. Extraordinary reserve	190,000		179,000	
c. *Tax-free reserves under special laws*	290,497		399,169	
d. Reserves from the revaluation of securities	105,102		105,102	
Land and building revaluation surplus	371,711		–	
Retained earnings	209,930		129,576	
Goodwill to be netted off	(305,650)	2,274,225	(611,301)	1,602,381
TOTAL LIABILITIES		29,591,639		27,263,745

Off Balance Sheet Accounts

Contingent liabilities				
- From guarantees in favour of third parties		3,897,767		3,426,006
Repos		5,032,000		6,821,266
Other off Balance Sheet accounts				
a. Beneficiaries of asset items	143,536		171,524	
b. Bilateral agreements	8,598,585		9,756,304	
c. Sundry off balance sheet accounts (guarantees, securities etc.)	20,449,476		20,052,967	
d. Mutual funds' holders	4,414,911	33,606,508	2,917,405	32,898,200
TOTAL OFF BALANCE SHEET ACCOUNTS		42,536,275		43,145,472

Profit and Loss Account
(1.1 - 31.12.2003)

	2003		2002	
Interest and similar income				
- Interest on fixed-income securities	106,304		235,702	
- Other interest and similar income	1,125,057	1,231,361	1,002,353	1,238,055
Less:				
Interest expense and similar charges		464,217		590,525
		767,144		647,530
Plus:				
Dividend income				
a. Dividend income from trading portfolio	5,950		2,663	
b. Dividend income from investments in affiliates	18,273	24,223	20,475	23,138
Commission income	257,484		255,758	
Less:				
Commission expense	*31,009*	*226,475*	*23,014*	*232,744*
Plus:				
Net trading income		113,807		76,215
Plus:				
Other operating income		8,025		9,329
Gross operating results		*1,139,674*		*988,956*
Less:				
General administrative expenses				
a. Staff costs				
- Salaries	192,199		194,287	
- Contributions to social security funds	111,605		99,717	
- Other staff costs	19,476	323,280	23,296	317,300
b. Other administrative expenses				
- General expenses	196,039		182,309	
- Non-income taxes	24,753	220,792	23,107	205,416
Less:				
Depreciation and amortization expenses		80,250		83,605
Revaluation differences of receivables and provisions for contingent liabilities				
- General provision for credit risk	166,181		139,084	
- Provision for staff retirement indemnities	487		4,901	
- Other provisions	14,555	181,223	106	144,091
Total operating results		334,129		238,544
Extraordinary income		4,255		3,236
Extraordinary charges		(2,617)		(1,595)
Extraordinary results		20,643		3,406
Net profit for the year (before taxes)		356,410		243,591

Notes:

1. The annual ordinary general shareholders' meeting of the Bank on May 8, 2003 approved, in accordance with Law 3091/2002, that the unamortized balance of goodwill resulting from the merger with the former Ionian Bank in 2000 of Euro 611.3 million be offset against reserves in two equal instalments in 2003 and 2004. **2.** In accordance with Law 3229/2004 the net book values of land and buildings were revalued to fair value. The resulted surplus of Euro 406.7 million after deducting the relevant tax, was reduced by an amount of Euro 28.1 million which represents the difference from the valuation of an investment to market value. The remaining surplus was recorded to an account in equity "Land and building revaluation surplus". **3.** In accordance with the provisions of P.D. 299/2003, the Bank selected fixed assets depreciation rates that reflect more satisfactorily the useful life of the assets. Because of this change the depreciation expense is lower by Euro 9.1 million. **4.** In 2003, former Alpha Romanian Holdings A.E. and Alpha Investments A.E. have been merged with the Bank. **5.** In 2003, the Bank's share capital increased by Euro 185.3 million as a result of: a) the merger with the former Alpha *Investments A.E. by Euro 184.8 million and b) the exercise of stock options by Euro 0.5 million.* **6.** *According to an actuarial study of 2002, it was estimated that an amount of* about Euro 133.7 million (on an after tax basis), is required for the Bank to fully cover its future obligations to the Auxiliary Pension Fund. The Bank in order to keep this liability constant charged the results of 2003 with the amount of Euro 55.3 million. **7.** The additional taxes assessed relating to the financial years 2000 - 2002 were recorded against respective provisions that the Bank recorded in the prior years. **8.** The allowance for credit losses of Euro 439.7 million is considered adequate. **9.** No fixed assets have been pledged. **10.** There are no pending legal cases or issues in progress, which may have a material impact on the financial statements of the Bank. **11.** The total employees of the Bank as at December 31, 2003 was 7,412 compared to 7,852 as at December 31, 2002. **12.** The Bank is classified under the statistical code 651.9, according to the 4-digit classification of the economic activity sector.

Appropriation Account

		2003		2002
Net profit for the year		356,410		243,591
Retained earnings		137,884		62,179
Treasury shares' reserve		250		–
		494,544		305,770
Less:				
Income tax and other taxes		96,042		74,448
Profit for appropriation		398,502		231,322
Appropriated as under:				
Legal reserve		25,000		15,853
Dividend for the year (195,835,935 shares of Euro 0.60 per share)		117,502		74,069
Special and extraordinary reserves:				
- Extraordinary reserve	12,846		5,853	
- Tax-free reserves under special laws	29,868	42,714	2,041	7,894
Directors' fees		360		360
Bonus to staff		2,996		–
Extra allowance to staff due to Euro introduction		–		3,570
Retained earnings at 31.12.2003		209,930		129,576
		398,502		231,322

Athens, February 24, 2004

The Chairman *of the Board of Directors* And Managing Director	The Executive Director *And General Manager*	The Executive General *Manager And Chief* Financial Officer	Chief Group *Financial Reporting*
Yannis S. Costopoulos	Demetrios P. Mantzounis	Marinos S. Yannopoulos	George N. Kontos

Independent Auditors' Report

(Translated from the original in Greek)
To the Shareholders of ALPHA BANK

We have audited, the above financial statements of Alpha Bank for the year ended 31 December 2003 and the relevant notes thereon. Our audit, included the activities of the Bank's branches, and was performed in accordance with the article 37 of Codified Law 2190/1920 relating to Anonymes Eteries and included the audit procedures we considered appropriate taking into account the auditing standards adopted by the Institute of Certified Auditors Accountants. The books and records maintained by the Bank were placed at our disposal and we were provided with the necessary information and explanations for the purpose of our audit. The Bank has properly applied the Banking Industry Chart of Accounts. The accounting policies have been consistently applied except for the matter described in note 2 to the financial statements. We verified that the contents of the Board of Directors Report to be submitted to the Annual General Meeting of the Shareholders agrees with the related financial statements. The notes to the financial statements contain the information required under paragraph 1 of article 43a and article 129 of Codified Law 2190/1920. In our opinion, the above financial statements, which are derived from the Bank's books and records, together with the notes thereon, after taking into consideration the matters described in notes 2 and 6 to the financial statements, present fairly the banks financial position as of 31 December 2003 and its results for the year then ended, in accordance with the applicable provisions and generally accepted accounting principles in Greece and have been applied on a consistent basis except for the matter described in note 2 above.

Athens, 25 February 2004
KPMG Kyriacou Certified Auditors AE

Nick Vouniseas Certified Auditor Accountant AM SOEL 18701	Yiangos Charalambous Certified Auditor Accountant AM SOEL 12501

Consolidated Balance Sheet of the Group of Companies of the Financial/Credit Sector as at December 31, 2003

(Amounts in thousands of Euro)

Assets

		2003		2002	
CASH AND BALANCES WITH CENTRAL BANKS					
a. Cash		285,886		318,203	
b. Cheques receivable		72,336		75,419	
c. Deposits with Central Banks		792,136	1,150,358	1,018,956	1,412,578
TREASURY BILLS AND OTHER SECURITIES ELIGIBLE FOR REFINANCING WITH THE CENTRAL BANK					
a. Issued by the Greek State		253,520		1,968,425	
b. Other		163,575	417,095	221,828	2,190,253
LOANS AND ADVANCES TO CREDIT INSTITUTIONS					
a. Repayable on demand		15,396		61,063	
b. With agreed maturity		878,805		567,988	
c. Reverse repos		5,546,446	6,440,647	3,538,093	4,167,144
LOANS AND ADVANCES TO CUSTOMERS					
a. Maturing within one year		9,626,953		9,584,869	
b. Maturing after one year		10,633,153		8,318,774	
		20,260,106		17,903,643	
- Other receivables		93,441		61,284	
		20,353,547		17,964,927	
Less: Allowances for credit losses		508,159	19,845,388	369,525	17,595,402
SECURITIES					
Debt securities including fixed income securities:					
a. Issued by the Greek State		158,000		426,672	
b. Other		992,624		1,441,884	
		1,150,624		1,868,556	
Shares and other variable-yield securities		149,769	1,300,393	374,100	2,242,656
INVESTMENTS					
Investments in associates consolidated under the equity method		235,179		200,923	
Investments in non-consolidated companies		27,204	262,383	22,274	223,197
INTANGIBLE ASSETS					
a. *Formation and preliminary expenses*	37,015				
Less: Amortization	32,264	4,751		6,671	
b. Other intangible assets	237,424				
Less: Amortization	155,528	81,896	86,647	73,634	80,305
TANGIBLE ASSETS					
a. *Land*		400,346		73,886	
b. Buildings-Buildings installation	395,229				
Less: Depreciation	159,128	236,101		165,234	
c. Furniture and fixtures	77,103				
Less: Depreciation	48,539	28,564		30,277	
d. *EDP equipment*	255,440				
Less: Depreciation	205,427	50,013		64,357	
e. Other tangible assets	3,926				
Less: Depreciation	2,408	1,518		1,616	
f. Payments in advance and tangible assets under construction		982	717,524	1,393	336,763
OTHER ASSETS			454,251		384,570
PREPAYMENTS AND ACCRUED INCOME					
a. Prepaid expenses		18,851		25,561	
b. Accrued interest:					
- State bonds	8,437				
- *Other bonds*	22,979				
- Loans and advances	46,821				
- Other	30,641	108,878		196,298	
c. Income of the year receivable		472	128,201	516	222,375
TOTAL ASSETS			30,802,887		28,855,243

Liabilities

	2003		2002	
DUE TO CREDIT INSTITUTIONS				
a. Repayable on demand	44,197		57,884	
b. Time deposits	658,329		1,457,856	
c. Repos	1,744,800	2,447,326	1,177,665	2,693,405
DUE TO CUSTOMERS				
a. Deposits				
- Repayable on demand	4,561,971		4,188,640	
- *Saving deposits*	8,609,998		8,227,122	
- Time deposits	5,246,916		5,100,559	
	18,418,885		17,516,321	
b. Other liabilities				
- Cheques and orders payable	151,803		186,457	
- *Repos*	*3,236,480*	*21,807,168*	*5,488,178*	*23,190,956*
DEBT SECURITIES		2,138,036		–
OTHER LIABILITIES				
a. Dividends payable	117,502		74,069	
b. Income tax and other taxes payable	150,936		118,711	
c. Withholdings in favour of social security funds and other third parties	151,321		140,237	
d. Other	*342,791*	*762,550*	*293,317*	*626,334*
ACCRUED EXPENSES AND DEFERRED INCOME				
a. Deferred income	132,212		140,860	
b. Accrued interest on time deposits	34,843		25,614	
c. Other accrued expenses of the year	70,914	237,969	60,327	226,801
PROVISIONS FOR LIABILITIES AND CHARGES				
a. Provisions for staff retirement indemnities	24,017		24,903	
b. Other	15,113	39,130	13,135	38,038
SUBORDINATED DEBT		890,988		582,085
HYBRID SECURITIES		*225,434*		*181,408*
CAPITAL AND RESERVES				
Share capital				
- Paid-up capital	*953,721*		*768,462*	
Share premium account	244,914		443,373	
Reserves	835,764		817,268	
Land and building revaluation surplus	393,384		–	
Retained earnings	214,338		158,649	
Goodwill to be netted off	*(273,021)*		*(578,671)*	
	2,369,100		1,609,081	
Less: Consolidation differences	228,063		236,111	
Less: Treasury shares	–		382,554	
	2,141,037		990,416	
Minority Interests	*113,249*	*2,254,286*	*325,800*	1,316,216
TOTAL LIABILITIES		30,802,887		28,855,243

Off Balance Sheet Accounts

Contingent liabilities				
- From guarantees in favour of third parties		*4,065,402*		*3,653,207*
Repos		4,981,280		6,665,843
Other off Balance Sheet accounts				
a. Beneficiaries of asset items	1,941,811		1,795,643	
b. Bilateral agreements	8,584,557		9,749,707	
c. Sundry off balance sheet accounts (guarantees, securities etc.)	*20,763,798*		*20,322,153*	
d. Mutual funds' holders	4,414,911	35,705,077	2,917,405	34,784,908
TOTAL OFF BALANCE SHEET ACCOUNTS		44,751,759		45,103,958

Consolidated Profit and Loss Account
(1.1 - 31.12.2003)

	2003		2002 (comparable)		2002 (published)	
Interest and similar income						
- Interest on fixed-income securities	120,776		256,191		256,191	
- Other interest and similar income	1,273,867	1,394,643	1,164,356	1,420,547	1,130,723	1,386,914
Less:						
Interest expense and similar charges		502,266		655,041		655,041
		892,377		765,506		731,873
Plus:						
Dividend income						
a. Dividend income from trading portfolio	6,909		10,262		10,262	
b. Dividend income from investments in affiliates	675	7,584	4,406	14,668	4,406	14,668
Commission income	335,088		320,288		320,288	
Less:						
Commission expense	38,112	296,976	28,139	292,149	28,139	292,149
Plus:						
Net trading income		111,772		71,680		71,754
Plus:						
Other operating income		9,279		14,702		156,657
Surplus value from participation in entities consolidated under the equity method		715		(4,702)		(4,702)
Gross operating results		1,318,703		1,154,003		1,262,399
Less:						
General administrative expenses						
a. Staff costs						
- Salaries	235,752		237,198		237,198	
- Contributions to social security funds	122,197		108,978		108,978	
- *Other staff costs*	22,007	379,956	25,932	372,108	25,932	372,108
b. Other administrative expenses						
- General expenses	216,879		207,768		204,512	
- Non-income taxes	27,352	244,231	26,989	234,757	26,989	231,501
Less:						
Depreciation and amortization expenses		90,748		94,782		208,045
Revaluation differences of receivables and provisions for contingent liabilities						
- *General provision for credit risk*	194,009		157,066		157,066	
- Provision for staff retirement indemnities	726		5,296		5,296	
- Other provisions	17,610	212,345	13,323	175,685	13,323	175,685
Total operating results		391,423		276,671		275,060
Extraordinary income		7,756		6,576		6,576
Extraordinary charges		(3,493)		(3,936)		(3,936)
Extraordinary profit or loss		20,885		3,063		2,215
Net profit for the year (before taxes)		416,571		282,374		279,915
Less: Income tax		125,577		99,536		99,536
Net profit for the year		290,994		182,838		180,379
Less: Minority interest		6,773		8,470		7,892
Net profit		284,221		174,368		172,487

Notes:

1. The Group companies of the financial services sector that have been consolidated under the full consolidation method, excluding "ALPHA BANK", are: 1. Alpha Bank London Ltd., 2. Alpha Bank Romania S.A., 3. Alpha Bank Jersey Ltd., 4. Alpha Bank Limited, 5. Alpha Bank AD Skopje, 6. Alpha Leasing A.E. 7. Alpha Finance A.X.E.P.E.Y., 8. Alpha Private Investment Services A.E., 9. Alpha Mutual Fund Management A.E., 10. Alpha Ventures A.E., 11. Alpha Astika Akinita A.E., 12. Alpha Asset Finance Ltd., 13. Alpha Credit Group Plc., 14. Alpha Finance U.S. Corporation, 15. Alpha Finance Ltd Cyprus, 16. Alpha Asset Management A.E.P.E.Y, 17. Alpha Finance Romania S.A., 18. Alpha Leasing Romania S.A., 19. Alpha Trustees Ltd., 20. Alpha Equity Fund A.E., 21. ABC Factors A.E., 22. Ionian Holdings A.E., 23. C.B. Interleasing Southeastern Ltd., 24. Messana Holdings S.A., 25. Alpha Group Jersey Limited, 26. Alpha EF European Capital Investment. The company No. 26 is included in the consolidation for the first time in the year 2003. During 2003 Alpha Investments A.E. and Alpha Romanian Holdings A.E. have been merged with Alpha Bank, while Alpha Commercial Real Estate A.E. has been resolved. In addition the following associates and subsidiaries, which are not financial and credit institutions, are accounted for using the equity method : 1. Alpha Insurance A.E., 2. Alpha Insurance Agents A.E. , 3. Alpha Insurance Romania, 4. Alpha Insurance LTD Cyprus, 5. Ionian Hotel Enterprises A.E., 6. Ionian Pisti E.P.E., 7.Kafe Mazi A.E., 8. Oceanos A.T.O.E.E., 9. Delta-Singular A.E., 10. Icap A.E. 11. Galognomon A.E., 12. EBISAK A.E., 13. Lesvos Tourist Company A.E., 14. Novelle Investments LTD., 15. Prismatech Hellas A.E. **2.** In 2003, the Bank's share capital increased by Euro 185.3 million as a result of : a) the merger with the former Alpha Investements A.E. by Euro 184.8 million and b) the exercise of stock options by Euro 0.5 million. **3.** The annual ordinary general shareholders' meeting of the Bank on May 8, 2003 approved, in accordance with Law 3091/2002, that the unamortized balance of goodwil resulting from the former Ionian Bank in 2000 be offset against reserves in two equal instalments in 2003 and 2004. **4.** In accordance with Law 3229/2004 the net book values of land and buildings of the Bank and certain Group Companies were revalued to fair value. The resulted surplus of approximately Euro 445 million, after deducting the relevant tax, was reduced by an amount of Euro 29 million, which represents the difference from the valuation of securities in the lower of cost or market value. The remaining surplus was recorded to accounts in equity "Land and building revaluation surplus" and "Minority interests". **5.** In accordance with the provisions of PD 299/2003, the Group selected fixed assets depreciation rates that reflect more satisfactorily the useful life of the assets. Because of this change the depreciation expense is lower by Euro 9.7 million. **6.** According to an actuarial study of 2002, it was estimated that an amount of about Euro 133.7 million (on an after tax basis), is required for the Bank to fully cover its future obligations to the Auxiliary Pension Fund. The Bank in order to keep this liability constant charged the results of 2003 with the amount of Euro 55.3 million. **7.** The activities of Alpha Leasing have on consolidation been accounted for using the finance lease method. For comparison purposes the necessary changes in certain captions of the balance sheet have been made,as well as a column has been added to the Profit and Loss account as at 31.12.2002. **8.** No fixed assets have been pledged. **9.** There are no pending legal cases or issues in progress which may have a material impact on the financial statements of the Group. **10.** The total employees of the Group as at December 31, 2003 was 9,288, compared to 9,749 as at December 31, 2002. **11.** The accounting policies followed by the subsidiaries of the Group in compiling their financial statements, are consistent with those followed in the prior year and they are in accordance with the relevant provisions of Company Law 2190/1920.

Athens, February 24, 2004

The Chairman of the Board of Directors And Managing Director	The Executive Director And General Manager	The Executive General Manager And Chief Financial Officer	Chief Group Financial Reporting
Yannis S. Costopoulos	Demetrios P. Mantzounis	Marinos S. Yannopoulos	George N. Kontos

Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of ALPHA BANK and its subsidiaries

We have audited in accordance with articles 108 and 130 of Codified Law 2190/1920 relating to Anonymes Eteries the above consolidated balance sheet and income statement and the relevant notes thereon of Alpha Bank and its subsidiaries for the year ended 31 December 2003. The audit procedures we performed were those that we considered appropriate taking into account the auditing standards adopted by the Institute of Certified Auditors Accountants and we verified the contents of the consolidated of the Board of Directors report with the consolidated financial statements. The financial statements of entities that have been consolidated, with total assets and income amounting to 5% and 9% of the Group respectively, have been audited by other qualified auditors and in forming our opinion, which follows , we have relied on their audit reports. In our opinion, after taking into consideration the matters described in note 4 and 6, the consolidated financial statements have been prepared in accordance with the provisions of Codified Law 2190/1920 and present fairly, based on the relevant legislation and generally accepted accounting principles, which have been applied on a consistent basis in Greece except for the matters described in note 4 and 7, the financial position and results of the entities that have been consolidated as at 31 December 2003.

Athens, 25 February 2004

KPMG Kyriacou Certified Auditors AE

Nick Vouniseas	Yiangos Charalambous
Certified Auditor Accountant	Certified Auditor Accountant
AM SOEL 18701	AM SOEL 12501

Notes on the Consolidated Financial Statements for the year ended at December 31, 2003

1. Basis of financial statements

Alpha Bank (the Bank) and its subsidiaries in Greece maintain their accounting books and prepare their financial statements in accordance with the Greek Company Law (2190/1920), the National Chart of Accounts (Greek General Accounting Plan - G.A.A.P.), the Books and Records Code (B.R.C.), the Greek Tax Legislation and the regulations imposed by the Bank of Greece.

2. Consolidation principles applied

In accordance with the Greek Company Law, which is in compliance with the 7th EC Directive on Consolidated Accounts, Alpha Bank Group (the Group) includes all companies in which the Group either has a holding of more than 50% or has a holding between 20% and 50% and concurrently exercises a dominant influence on the said companies whose line of business is directly related to the Bank's business. These companies were fully consolidated. All intra-Group transactions were eliminated in the consolidation. Holdings exceeding 50% of the shares of affiliated companies whose line of business is not directly related to the Bank's business, as well as holdings between 20% and 50% in other associated companies on which the Group does not exercise a dominant influence, were included in the Consolidation at an amount that reflects the Bank's share in these companies' net worth (equity method). The remaining investments are presented in the consolidated financial statements at the acquisition cost. Subsidiaries in the UK, Romania, the United States of America (USA), FYROM, Cyprus, the Netherlands and Luxemburg apply certain accounting principles that differ from those used in the consolidated financial statements for the accounting treatment of transactions and other events of similar nature. In these cases, appropriate adjustments are made in the financial statements of the subsidiaries in order to be included in the consolidated financial statements.

Minority interests are reflected in a separate account of the consolidated Balance Sheet and the Consolidated Profit and Loss Account of the Group.

3. Consolidation differences

It concerns differences between the amount of the Bank's investment and the amount of its share in the equity of the subsidiaries or affiliated companies upon the first mandatory consolidation or after each acquisition of new shares or parts in new companies that are already included in the consolidation. The total of positive and negative differences shown on a separate account of the Consolidated Balance Sheet under the title 'Consolidation Differences' reduces the account Capital and Reserves.

4. Basic accounting principles

We set out hereunder the most significant accounting principles applied for the preparation of the Bank's financial statement and the Group's consolidated financial statements.

a. Recognition of income and expenses

Income and expenses are recorded on an accrual basis. Under Law 2076/92, as amended by Law 2937/01, interest on credits overdue for a period greater than 6 months is recorded as income only when received.

b. Provisions

Provisions for doubtful debts

The loan portfolio is valued on a semester basis by all the subsidiaries of the Bank in order to find the cases in which their value has been reduced. As regards the amounts, which have been reduced, the subsidiaries of the Bank charge their results by reducing respectively either the loans amounts or by setting up a provision account.

Moreover, the Bank sets up a provision 1% on the annual average loan portfolio (other than

loans to the Greek State and Legal Entities as well as loans having the Greek State's guarantee). This amount is tax deductible and as a percentage it is regarded as over-sufficient to cover the uncollected amount of loans.
Moreover, the company Alpha Leasing is entitled for tax purposes to set up provisions for losses arising from leases of up to 2% of the total amount of lease contracts signed during the year. The total amount of this reserve should not exceed 25% of the company's share capital. This provision reduces the account "Loans and Advances to Customers" on the asset side of the Balance Sheet.

c. Securities

Securities include Greek Government debt securities, other fixed income securities and shares. In accordance to the Greek Law, the Bank's securities portfolio is not differentiated between investment and trading as effected according to International Accounting Standard (IAS) 39. The securities of the Bank are valued at their acquisition cost, which on an aggregate basis is higher than the respective current market value, as determined in accordance with the relevant provisions of Article 43 of the Greek Company Law (2190/1920).
The securities of the other subsidiaries are valued at the lower per kind price between book value and current market value.
The current market value of securities is calculated as follows:

- Securities listed on the Stock Exchange are valued at their average price during the final month of the reporting period;
- Shares not listed on the Stock Exchange are valued at their intrinsic value;
- Other unlisted securities are valued at their acquisition cost.

d) Foreign exchange transactions and derivatives

Assets and Liabilities in foreign currency are translated into Euro (EUR) using the fixing rate stated in the Exchange Rates Bulletin issued by the European Central Bank on the Balance Sheet date.

Spot position

It represents the net worth of Assets and Liabilities in each foreign currency, as well as spot transactions and forward exchange contracts where the settlement date is within the next two working days. The spot position in each foreign currency is marked to market on a monthly basis at the fixing rates issued by the European Central Bank. Resulting foreign exchange differences are transferred as gains or losses to the Profit and Loss Account under the title "Net trading income".

Fx Swaps and outright forwards

These transactions are used to hedge risks inherent in loans and deposits and their results are accounted as follows:

- Interest is calculated on an accrual basis, and
- Foreign exchange gains and losses are calculated as in the case of spot transactions.

Options

Options are marked to market on the Balance Sheet date. Unrealised gains or losses arising from their valuation are transferred to the Profit and Loss Account.

Interest Rate Swaps (IRS's), Forward Rate Agreements (FRA)

Interest Rate Swaps (IRS's) are used for trading or hedging purposes.

- For hedging IRS's accruals are calculated over the whole period of the contract.
- Trading IRS's are market to market and unrealised capital gains or losses arisen therefrom are transferred to the Profit and Loss Account.

FRA's are also used for trading or hedging purposes.

- Trading FRA's are marked to market and unrealised gains or losses are transferred to the Profit and Loss Account.

For hedging FRA's accruals are calculated and accrued over the period between the settlement date and the maturity date.

Futures

Futures are marked to market on the Balance Sheet date and unrealised gains or losses are transferred to the Profit and Loss Account.

e. Tangible and intangible assets

Tangible assets

Fixed assets are recorded at acquisition cost plus the mandatory revaluation made for land and buildings every four (4) years on the basis of the rates provided for by the relevant Greek laws. More particularly, for the year 2003, the Bank and certain companies of the Group re-valued the written–down value of land and buildings at a reasonable value under L.3229/2004.

Depreciation of fixed assets is calculated on a straight-line basis, using the rates provided by L. 2753/1999 and the P.D. 299/2003. All companies of the Group, which are established in Greece, effected depreciation according to the lower rates provided by P.D. 299/2003.

The depreciation rates used by the Bank per category of fixed assets are the following

Buildings	3 - 5%
Electronic (EDP) equipment	24%
Furniture and fixtures	15%
Other tangible assets	11 - 15%

Intangible assets

Intangible assets include the following:

- Formation and preliminary expenses;
- Research and development (R&D) costs;
- Expenses related to the acquisition of tangible assets.

Under Greek Law, these amounts are amortised over a maximum five-year period.

f. Finance lease agreements (leasing contracts

Finance lease contracts are treated in Greece as operating lease. For a better presentation of the financial statements, the Bank has decided that the inclusion of the finance lease contracts in the consolidated financial statements be effected according to IAS 17 and not under the Greek Law.

g. Provision for staff retirement benefits

According to the Greek labour legislation, retiring employees are entitled to a retirement allowance of up to twenty-four (24) monthly salaries. The Bank has established a pension plan that covers the employees who have completed fifteen (15) years of service at the Bank and are entitled to pension retirement benefit. The Bank's contribution ranges between half (0.5) and five (5) salaries and the remainder is covered by the Employees' Pension Fund.

The Bank sets up provisions for staff retirement benefits only for those who have the right to retire within the next year.

h. The Employees' Pension Fund

In addition to the main insurance fund (IKA), the Bank has set up a fund for the auxiliary insurance of the former Alpha Credit Bank's employees. This fund is of fixed benefits and, for this reason, the Bank draws up at regular intervals actuarial studies in order to determine the annual amount of its contribution. Based on the actuarial study of the year 2002, it is estimated that an additional amount of approximately Euro 133.7 million (on an after-tax basis) will be required to cover contingent liabilities to the Employees' Pension Fund. The Bank to maintain fixed its liability has charged the results for the year 2003 with an amount of Euro 55.3 million.

i) Income Tax

Every company of the Group is separately taxed. The Bank, making use of the incentives provided under Law 2992/2002, is taxed at a rate of 30% and the companies of the Group are taxed at a rate of 35%.

In addition, the companies pay an advance against the tax of the ensuing year that for the Bank rises to 60% and for the other companies to 55%.

Income tax paid by the Branches abroad is set off against the income tax owed by the Bank on its total revenues.

j. Dividend income

Dividends are recorded in the Profit and Loss Account when received.

k. Deposit Guarantee Fund (DGF)

In accordance with Laws 2324/17.7.95 and 2832/13.06.00, a Deposit Guarantee Fund (DGF) has been set up. All credit institutions are obliged to participate in this Fund, except the Post Savings (Giro) Bank, the Deposits and Loans Fund and credit institutions with the form of credit associations. The purpose for which this Fund has been established is to compensate the depositors of credit institutions in cases that the latter are unable to fulfil their obligations to their depositors, as well as to ensure and increase the stability of the whole banking system in Greece. DGF's resources derive from the contributions paid annually by the participating credit institutions.
In case that the DGF's available funds are not adequate to pay compensation to entitled depositors of credit institutions that are unable to fulfil their obligations, credit institutions may be called by the DGF to pay an additional contribution which cannot exceed 300% of the last annual contribution.
This additional contribution is set off against the annual contribution of the ensuing years. The Law, which is in accordance with EC Directive 94/19, sets out a minimum cover of Euro 20,000 per depositor, per credit institution.

Financial Statements Analysis

During the year 2003, the Bank continued its growth course with an expansion in all its activities. In parallel, there was an increase of operational profitability in all sectors. The launching of innovative and highly competitive products to the Greek market also contributed to this growth. The Bank attained increased income that, combined with the reduction of operational cost and the conservative risk policy, create confidence for further growth in operations and increase in profits.

During the year 2003, the companies Alpha Romanian Holdings A.E. and Alpha Investments A.E. were merged with the Bank by absorption. Profit before tax shaped at Euro 356.4 million, posting an increase by 46.3% as against the previous year, whereas after tax profits rose to Euro 260.4 million.

The impressive results and the strengthening of the Bank's position in the market is reflected on the Balance Sheet and the Profit and Loss Account amounts as at 31.12.2003, which are set out hereunder as follows:

Balance Sheet

(amounts in million Euro)

Assets	**2003**	**2002**	**Change %**
Cash and Balances with central Banks	925.9	1,144.8	-19.1
Loans and advances to credit institutions	6,686.3	4,300.1	55.5
Loans and advances to customers	17,982.0	15,781.9	13.9
Less: allowances for credit losses	439.7	315.0	39.6
Securities	1,713.6	3,826.6	-55.2
Investments	1,478.6	1,617.0	-8.6
Fixed Assets	691.3	336.9	105.2
Other Assets	553.6	571.4	-3.1
Total Assets	29,591.6	27,263.7	8.5

Liabilities	**2003**	**2002**	**Change %**
Due to credit institutions	2,641.7	2,879.2	-8.2
Due to customers	20,251.3	21,327.3	-5.0
Provisions	22.2	25.5	-12.9
Bonded loans	2,399.2	–	–
Subordinated debts	1,249.9	800.0	56.2
Capital and reserves	2,579.8	2,213.7	16.5
Less: goodwill to be netted-off	305.6	611.3	-50.0
Other Liabilities	753.1	629.3	19.7
Total Liabilities	29,591.6	27,263.7	8.5

Profit and Loss Account

(amounts in million Euro)

	2003	**2002**	**Change %**
Net interest income	767.1	647.5	18.5
Commissions (net)	226.5	232.8	-2.7
Net trading income	113.8	76.2	49.3
Other operating income	32.3	32.5	-0.6
Total operating income	1,139.7	989.0	15.2
Staff costs	323.3	317.3	1.9
General expenses and non-income taxes	220.8	205.4	7.5
Depreciation and amortisation expenses (except goodwill)	80.3	83.6	-3.9
Total operating expenses	624.4	606.3	3.0
Operating results before provisions	515.3	382.7	34.7
Provisions for credit risk and other provisions	181.2	144.1	25.7
Operating results	334.1	238.6	40.1
Extraordinary results	22.3	5.0	–
Net profit for the year before taxes	356.4	243.6	46.3

Assets

Assets of the Bank in the year 2003 amounted to Euro 29,591.6 million as against Euro 27,263.7 million in the year 2002, posting an increase of 8.5%.

Loans

Total loans rose to Euro 18,255.5 million from Euro 15,866.5 million, at 31.12.2002 - i.e. an increase of Euro 2,389 million or a percentage of 15%, leading the Bank to a bigger market share. In particular, loans in Euro increased by 20% whereas loans in foreign currency decreased by 15%, partly due to the devaluation of the American dollar in 2003, which affected the total portfolio of loans in this currency.

In particular, the continued expansion of the Bank's activities in the sector of the housing loans resulted in the increase of these loans by 31% as against 2002. Since 2003, the Bank has introduced two new integrated housing programmes, the Alpha Housing Plan and the Alpha Housing Euro Rate which is associated with the evolution of the European interest rates.

The abolition of limits in consumer credit, contributed to the attainment of a significant increase in the sector of the consumer loans and credit cards amounting to a percentage of 31%. In particular, in the plastic money sector, the Bank holds a significant position in the Greek market, as it is the only Greek bank which co-operates with all three international payment systems Visa, Mastercard and American Express, offering successful card products perfectly adjusted to the needs of the local market.

The percentage of housing and consumer loans to the total loan portfolio of the Bank amounted to 26% at the end of 2003.

Credits to large enterprises also increased and their share in total credits of the Bank amounts to a percentage of 14%. The Bank was actively involved in concluding the most significant loans of leading companies in the Greek market.

In addition, the pricing policy of loans was adjusted to ensure to customers full transparency of the conditions governing their transactions.

Analysis per currency

(amounts in million Euro)

	2003		2002	
	Amounts	*%*	*Amounts*	*%*
Loans in Euro	16,633.0	91.1	13,924.9	87.8
Loans in Foreign Currency	1,622.5	8.9	1,941.6	12.2
Total	18,255.5	100.0	15,866.5	100.0

Analysis by sector

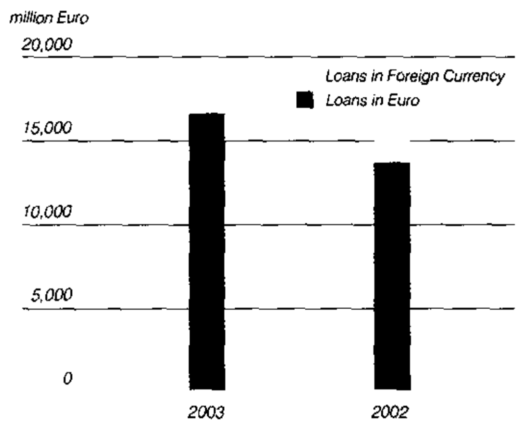
(amounts in million Euro)

	2003		2002	
	Amounts	*%*	*Amounts*	*%*
Private sector	17,494.7	95.8	15,153.3	95.5
Public sector	452.7	2.5	606.5	3.8
Credit institutions	308.1	1.7	106.7	0.7
Total	18,255.5	100.0	15,866.5	100.0

Loan portfolio quality ratios

	2003	*2002*
Non performing loans over total loans %	2.8	2.3
Bad debts over total loans %	0.4	0.2
Provisions / non performing loans and bad debts (coverage %)	85.5	85.9

Loans



The Bank has set up provisions for contingent bad debts, which amounted to Euro 439.7 million - i.e. a percentage of 2.4% on total loans as against 2% in 2002. This percentage is deemed sufficient in relation to the actual bad debts.
At 31.12.2003 the cumulative reserve for bad debts covered a percentage of 85.5% of loans overdue, demonstrating an upward trend. The Bank, by applying specific ratios per loan category, follows closely the adequacy of loans overdue, which is today at satisfactory levels.

Securities portfolio

Securities portfolio significantly contributed to total results from financial transactions in 2003. In particular sales of securities, in conjunction with the redemption of interest rate swap contracts used for hedging against interest rate risk resulted in capital gains amounting to approximately Euro 45 million. This profit is almost evenly distributed between government and high credit rating corporate securities.
In addition, it is worth noting that investments in securities decreased by 57% as against the previous year. As regards the composition of the securities portfolio, the share of corporate bonds was doubled as against the previous year 2002, corresponding to the 2/3 of the total portfolio.

Participating interests portfolio

(amounts in million Euro)

Analysis per currency	**2003**	**2002**
Securities in Euro	1,029.5	1,211.8
Securities in Foreign Currency	449.0	405.1
Total	1,478.5	1,616.9
Analysis per type		
Securities listed on the Stock Exchange	335.2	461.3
Securities non listed on the Stock Exchange	1,143.3	1,155.6
Total	1,478.5	1,616.9
Analysis per kind of participating interest		
Participating interests in credit institutions	452.0	407.7
Participating interests in financial institutions	252.3	775.4
Other participating interest in financial institutions	475.6	377.5
Other participating interests	298.6	56.3
Total	1,478.5	1,616.9
Portfolio revaluations		
Current value (C.L.2190/1920)	1,304.7	1,316.9
Acquisition cost	1,478.5	1,616.9
Revaluation	-173.8	-300.0

Deposits

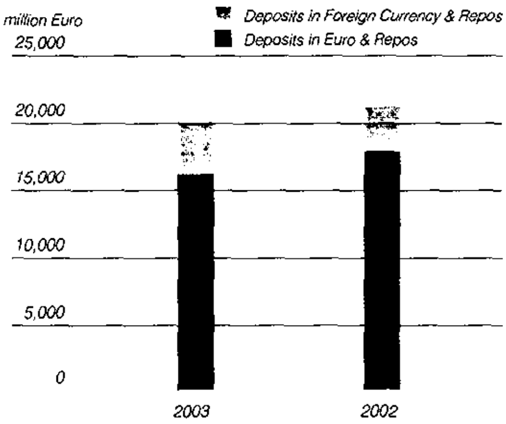
Deposits and repos rose to Euro 20,100.1 million, i.e. a decrease by 5% as against 2002. The observed movement of capital from repos is set-off against the influx of capital in longer-term financial products, like bonds issued by the Bank in 2003 and products of secured capital.
Traditional Sight, Savings and Time deposits, representing 84% of the Bank's deposits, presented an increase of 9% as against 2002. This noteworthy increase signals the continued growth of the sound saving basis of the Bank's capital.

Analysis per currency

(amounts in million Euro)

	2003		***2002***	
	Amounts	**%**	***Amounts***	**%**
Deposits in Euro & Repos	16,527.6	82.2	17,911.5	84.7
Deposits in Foreign Currency & Repos	3,572.5	17.8	3,229.8	15.3
Total	20,100.1	100.0	21,141.3	100.0

Deposits



Analysis per type of deposit

(amounts in million Euro)

	2003 Amounts	%	2002 Amounts	%
Sight deposits	4,660.3	23.2	4,042.5	19.1
Savings deposits	8,571.7	42.7	8,189.3	38.8
Time deposits	3,580.9	17.8	3,265.9	15.4
Repos	3,287.2	16.3	5,643.6	26.7
Σύνολο	20,100.1	100.0	21,141.3	100.0

Mutual Funds

The investments of the Bank's clientele in mutual funds present an impressive increase. The effective management, the introduction of new products and the improvement of the market conditions contributed to the attainment of high returns of the mutual funds of the Group.

In particular, equity mutual funds hold the top position with a market share of 22.1% including two of the biggest domestic mutual funds which recorded returns over 33% and 29% on an annual basis.

The available mutual funds cover a wide range of investment choice in all categories of equity, balanced, bond and domestic money market.

Mutual Funds

(amounts in million Euro)

	2003 Amounts	%	2002 Amounts	%	Change %
Domestic money market	2,414.5	54.7	1,414.3	48.5	70.7
Equity & Balanced	1,150.2	26.0	911.1	31.2	26.2
Bond	850.3	19.3	592.0	20.3	43.6
Total	4,415.0	100.0	2,917.4	100.0	51.3

Profitability

Profit before taxes amounted to Euro 356.4 million as against Euro 243.6 million, while after tax profit amounted to Euro 260.4 million and Euro 169.1 for the years 2003 and 2002 respectively.

It is noted that the reduction in the nominal tax rate by 5%, which derived from the absorption of Alpha Investments by the Bank, has been included in the computation of the income tax for the year 2003 by applying the requirements provided by P.D 2992/2003.

Return on Assets (ROA) before income tax shaped at 1.3% approximately.

Gross operating results

(amounts in million Euro)

	2003 Amounts	%	2002 Amounts	%
Net interest income	767.1	67.3	647.5	65.5
Commission (Income - Expenses)	226.5	19.9	232.8	23.5
Net trading income	113.8	10.0	76.2	7.7
Other operating income	32.3	2.8	32.5	3.3
Total	1,139.7	100.0	989.0	100.0

Gross operating income present an increase by 15% as against 2002, which is mainly attributed to the potential of the activities of the network sector, to higher interest rate margins and the increase in income from financial operations.

Net interest income

(amounts in million Euro)

	2003	2002	Change %
Net interest income	767.1	647.5	18.5
Net interest income / Average Assets (%)	2.7	2.4	12.5

Net interest income over average Assets rose to 2.7% posting an increase of approximately 13% as against 2002.

The increase by 18.5% in net interest income as against 2002 is attributed mainly to the significant increase in the volume of the consumer loan activities, the gradual maturity of low level interest rates of housing loans and to the improvement of the interest rates margins.

Commissions (net)

(amounts in million Euro)

	2003	2002	Change %
Total	226.5	232.8	-2.7

Commission income decreased by 2.7% as the deceleration in the expansion rate of the housing credit from the very high level of the previous year decreased the respective income on commission. Commission income is expected to improve following a recent adoption of a new pricing policy for the traditional banking and the increase in the volume of the operations expected during the Olympic year 2004.

Results on financial operations

Results on financial operations include profits arising from exchange differences of Euro 33.9 million. A part of the realised profit from sales of securities derives from the liquidation of the share portfolio of the absorbed Alpha Investments.

Operating Expenses - Provisions

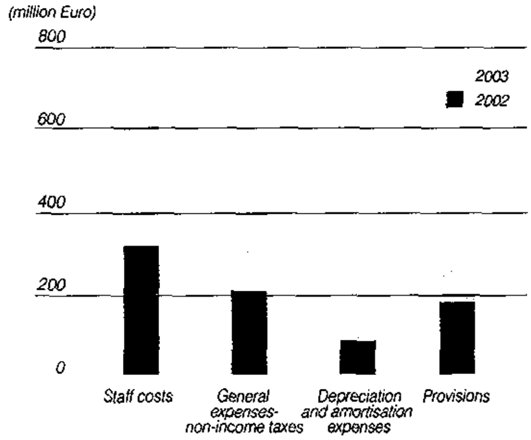
(amounts in million Euro)

	2003 Amounts	2003 %	2002 Amounts	2002 %
Staff costs	323.3	40.1	317.3	42.3
General expenses - non-income taxes	220.8	27.4	205.4	27.4
Depreciation and amortisation expenses	80.3	10.0	83.6	11.1
Provisions	181.2	22.5	144.1	19.2
Total	805.6	100.0	750.4	100.0

Operating expenses before provisions increased by 3% as against 2002, whereas operating expenses after provisions increased by approximately 7%, mainly due to the provisions set up to cover contingent liabilities of the Bank. Depreciation for the year is shown reduced by approximately 4% as against 2002. This decrease is mainly due to the fact that the computation of depreciation for the year was effected by the Bank according to the minimum rates as provided by P.D. 299/2003.

Staff expenses not including the payment of accrued liabilities to the Bank's Employees' Insurance Fund presented a decrease by approximately 2% as against the previous year, mainly due to the reduction of the Bank's staff by 3.4% (on average).

Operating expenses - provisions



The reduction in Staff resulted from the voluntary retirement scheme, which was implemented at the beginning of the year 2003 when 473 employees retired.

Cost / Income Ratios

	2003 %	2002 %
Total operating expenses / Total operating income	70.7	75.9
Operating expenses before provisions / Total operating income	54.8	61.3
Staff costs / Total operating income	28.3	32.1
General expenses and non-income taxes / Total operating income	19.4	20.8

The cost / income ratios improved as against 2002 due to the increase in the operational profitability and the reduction of the operational cost.

Cost / Assets Ratios

	2003 %	2002 %
Total operating expenses / Average total Assets	2.8	2.7
Operating expenses before provisions / Average total Assets	2.2	2.2

Dividend

The Bank's dividend policy is set out in the following table, as it results from the distribution of profits after income tax, Directors' fees and profits distributed to Officers and Staff.

(amounts in million Euro)

	2003		2002	
	Amounts	%	Amounts	%
Dividend for the year	117.5	45.2	74.1	44.9
Reserves	139.5	54.8	91.1	55.1
Total	257.0	100.0	165.2	100.0

For the year 2003, the Bank has proposed to distribute a dividend of Euro 0.60 per share.

Obligations from bilateral agreements

(amounts in million Euro)

	2003		2002	
	Amounts	%	Amounts	%
Forward	2,876.7	33.4	2,232.5	22.9
FX Swaps	2,403.2	28.0	3,484.9	35.7
Other bilateral agreements	3,318.7	38.6	4,038.9	41.4
Total	8,598.6	100.0	9,756.3	100.0

The nominal size of bilateral agreements decreased by approximately 11% in comparison to 2002, mainly due to the decrease in Interest Rate Swaps. A large part of the derivatives' portfolio is employed for hedging against risks associated with changes in interest and foreign exchange rates.

Consolidated Financial Statements Analysis

The year 2003 was an important year for the Alpha Bank Group. During this year, growth continued and all activities expanded. In parallel, there was an increase of operational profitability in all sectors. Initiatives, concerning the launching of innovative and highly competitive products to market, also contributed to this growth. In parallel to the increase in income, the effort to reduce the operating cost was also continued in the year 2003. The results of this effort are reflected on the profit and loss account for the year.

At the consolidation of 31.12.2003 the activities of the company Alpha Leasing were treated as a finance lease. For comparison purposes, the financial statements of 2002 have been restated as follows:

Consolidated Balance Sheet

(amounts in million Euro)

Assets	***2003***	***2002***	***Change %***
Cash and balances with central Banks	1,150.4	1,412.6	-18.6
Loans and advances to credit institutions	6,440.6	4,167.1	54.6
Loans and advances to customers	20,353.6	17,964.9	13.3
Less: allowances for credit losses	508.2	369.5	37.5
Securities	1,717.5	4,432.9	-61.3
Investments	262.4	223.2	17.6
Fixed Assets	804.2	417.1	92.8
Other Assets	582.4	606.9	-4.0
Total	30,802.9	28,855.2	6.7

Liabilities	***2003***	***2002***	***Change %***
Due to credit institutions	2,447.3	2,693.4	-9.1
Due to customers	21,807.2	23,191.0	-6.0
Bonded loans	2,138.0	–	–
Provisions	39.1	38.0	2.9
Subordinated debts	891.1	582.1	53.1
Hybrid securities	225.4	181.4	24.3
Capital and reserves	2,642.1	2,187.8	20.8
Less: goodwill to be netted-off	273.0	578.7	-52.8
Less: consolidation differences	228.0	236.1	-3.4
Less: treasury shares	–	382.6	–
Minority interests	113.2	325.8	-65.3
Other Liabilities	1,000.5	853.1	17.3
Total	30,802.9	28,855.2	6.7

Consolidated Profit and Loss Account

(amounts in million Euro)

	2003	***2002***	***Change %***
Net interest income	892.4	765.5	16.6
Commissions (net)	297.0	292.1	1.7
Net trading income	111.8	71.7	55.9
Other operating income	17.5	24.7	-29.1
Total operating income	1,318.7	1,154.0	14.3
Staff costs	380.0	372.1	2.1
General expenses and non-income taxes	244.2	234.8	4.0
Depreciation and amortisation expenses	90.7	94.8	-4.3
Total	714.9	701.7	1.9

	2003	2002	Change %
Operating results before provisions	603.8	452.3	33.5
Provisions for credit risk	*194.0*	157.1	23.5
Other provisions	18.3	18.6	-1.6
Operating results	391.5	276.6	41.5
Extraordinary results	25.1	5.7	–
Net profit for the year before taxes	416.6	282.3	47.6
Income tax and other taxes	125.6	99.5	26.2
Net profit for the year after taxes	291.0	182.8	59.2
Minority interests	6.8	8.5	-20.0
Net profit	284.2	174.3	63.1

Financial indices

	2003	2002
ROA (before taxes and minority interests)	1.4%	1.0%
ROE (after taxes and minority interests)	18.2%	17.9%
Net interest income/ *Average Assets*	3.0%	2.6%
Operating expenses (without provisions)/ operating income	54.2%	60.8%
Profit per share after taxes, Directors' fees, profit distributed to Senior Management and minority shareholders' share	1.53	1.03

Net interest income

Net interest income increased by 16.6% in 2003. Thus the financial index of net interest income to average total assets shaped at 3% as against 2.6% in 2002. The significant increase in the volume of operations of consumer loans, the gradual maturity of the interest rate of a low starting level of housing loans and the broadening of the loan margins to the small and medium sized enterprises led to this development. The market share in the financing *of individuals from 9.5% in 2001 rose to 13% in* 2003 due to the potential developed in the private banking from the year 2001 and afterwards.

Commissions

Commission income increased by 1.7%. The remarkable increase in commission on mutual funds (24.6%) is attributed to the improved market conditions, the securities transactions, loan granting and financial consultancy.
Income from commission is expected to be further reinforced in the new year after a recent adoption of a new pricing policy for the traditional banking and the increase in the volume of the *operations expected in the Olympic year 2004.*

Net trading income

Net trading income amounting to Euro 111.8 million contributed significantly to the profitability in 2003. This income resulted from a controlled undertaking of risks in corporate and government bonds and the realisation of the share portfolio of the absorbed Alpha Investments.

Staff costs

Staff costs amounted to Euro 379.9 million as against Euro 372.1 million in 2002, presenting an increase of 2.1%.
The above figures include the extraordinary contributions of the Bank to the Employees' Pension Fund. If these extraordinary contributions are deducted, staff expenses present a small decrease by 0.5%.
More specifically, the total extraordinary *contribution of the Bank that was charged to the*

results amounted to Euro 52.4 million in 2003 as against Euro 42.7 million in 2002.

Expenses to income

The expenses to income ratio improved significantly and shaped at 54% as against 61% in the previous year. This improvement is mainly attributed to cost reductions achieved by reducing the number of staff and by merging Branches. Finally, the measures applied to reduce expenses of the Group have already given significant results.

Income tax

The nominal income tax in 2003 decreased by 5 percentage points as provided by Law 2992/2003 due to the absorption of Alpha Investments. This tax advantage also applies for the following year and the real tax rate was respectively reduced.

The real income tax is affected by a number of factors, including the relationship between taxable and non-taxable income every year, the size of profit from the sale of securities every year, the amount of income from dividend and the change of the nominal tax rate.

Minority interests (on profit)

The decrease in minority interests on net profit by Euro 1.7 million is mainly attributed to the following factors:

a. Positive:

Euro 1.0 million from increased net profit of Alpha Astika Akinita,

b. Negative

Euro 0.7 million from the increase of the Group's holdings in Alpha Leasing, and

Euro 2.0 million from the absorption of Alpha Investments by the Bank.

Consolidation Differences

(amounts in thousand Euro)

Consolidation differences arose from the following companies:

Company A/A	Group participation %	Date of first consolidation	Consolidation differences	
	31.12.2003		31.12.2003	31.12.2002
A. Affiliated companies				
1. Alpha Bank London Ltd	100.00	31.12.1993	-7,393	-7,393
2. Alpha Bank Ltd	100.00	30.09.1998	-39,844	-39,844
3. Alpha Bank Romania S.A.	96.40	31.12.1993	-4,650	8,499
4. Alpha Bank a.d. Skopje	100.00	31.12.1999	-3,722	-3,722
5. Alpha Leasing A.E.	77.40	31.12.1993	-58,182	-55,389
6. Alpha Portfolio Investments A.E.	–	31.12.1993	–	-2,237
7. Alpha Finance A.X.E.Π.E.Y.	100.00	31.12.1993	-15,274	-15,274
8. Alpha Romanian Holdings A.E.	–	31.12.1993	–	-9,502
9. Alpha Mutual Funds Management A.E.	100.00	31.12.1993	3,559	3,559
10. Alpha Ventures A.E.	100.00	31.12.1993	-947	-947
11. Alpha Astika Akinita A.E.	52.86	31.12.1993	10,633	10,633
12. Alpha Asset Finance Ltd	100.00	30.09.1998	1,553	1,553
13. Alpha Finance U.S. Corporation	100.00	31.12.1999	-3,193	-3,193
14. Alpha Finance Romania S.A.	99.11	31.12.1996	-48	-48
15. Alpha Leasing Romania S.A.	45.58	31.12.1999	208	208
16. ABC Factors A.E.	100.00	31.12.1994	-15,827	-15,827
17. Ionian Holdings A.E.	100.00	31.03.1999	3,770	3,770
18. Other companies	–	–	20	20
B. Associated companies				
1. Alpha Insurance Company A.E.	74.99	31.12.1998	-16,371	-16,371
2. Icap A.E.	26.96	31.12.1994	112	112
3. Ionian Hotel Enterprises S.A.	87.23	31.12.1999	-9,712	-9,813
4. Okeanos A.T.O.E.E	100.00	31.12.1999	-9,526	-9,526
5. Alpha Insurance Cyprus Ltd	82.05	31.12.1999	-12,917	-12,817
6. Delta Singular A.E.	38.76	31.12.1993	-50,465	-61,724
7. Other companies	–	–	153	-838
Total			-228,063	-236,111

During the year 2003, the mergers by absorptions of the companies Alpha Romanian Holdings A.E. and Alpha Investments A.E. were completed while the company Alpha Epaggelmatika Akinita A.E. was liquidated. Finally, the shares of the companies Emporiki Diaxeiriseos A.E., VATEK A.E. and Coffee Connection A.B.E.E. were sold.
It should be noted that the account 'Investments in affiliated companies' was set-off against the amounts of the equity capital of the consolidated companies, as provided by article 103, paragraphs 1 and 2 of the Company Law (2190/1920).
The aforementioned consolidation difference of Euro 228,063 thousand (Euro 236.111 thousand) is shown reduced in a separate account under Capital and Reserves.
The above analysis also includes consolidation differences arisen at the first consolidation of affiliated companies, according to article 106, paragraph 9 of the Company Law (2190/1920).

Capital and reserves

Capital and reserves increased by Euro 1,150.6 million. This increase is mainly attributed to the following reasons:

Euro 222.3 million from minorities share, on the capital of the absorbed Alpha Investments, which came to hold of the majority shareholders.
Euro 315.2 million arising from the sale of equity shares (shares of the Bank which were held by Ionian Holdings A.E.).
Euro 393.4 million from the revaluation surplus of the buildings of the Group companies, which were included in the consolidation.
Euro 70.5 million from the revaluation surplus of the buildings of the companies included into consolidation on the basis of the equity method.
Euro 166.7 million from the capitalisation of gains and dividends payable of the companies of the Group for the year 2003.

Minority interests (on Capital and Reserves)

Minority interests on Capital and Reserves decreased by Euro 212.5 million. This decrease is due to the following reasons:

a. Negative

Euro 12.1 million due to the liquidation of the company Alpha Epaggelmatika Akinita.
Euro 222.3 million due to the absorption of Alpha Investments A.E. by the Bank.

b. Positive

Euro 6.8 million from the profit for the year 2003.
Euro 15.6 million from the revaluation surplus on real property.

The Board of Directors

Executive Members

Chairman and Managing Director

Yannis S. Costopoulos

Executive Director and General Manager

Demetrios P. Mantzounis

Non - executive Members

Vice Chairman

Andreas L. Canellopoulos
Chairman, Titan Cements Company S.A.

George E. Agouridis **
Lawyer

Photis P. Costopoulos
Lawyer,
Chairman, Alpha Insurance Company A.E.

John G. Goumas *
President, J.G. Goumas (Shipping) Company S.A.

Xenophon J. Kantonias *
Vice Chairman and Managing Director, Albio Group

Paul G. Karakostas *
Chairman and Managing Director, GENKA Investments S.A.

Constantine A. Kyriacopoulos
former General Manager, Alpha Bank

Leonidas D. Marinopoulos ** (until 20.2.2003)
Chairman, Marinopoulos Bros A.E.

Minas G. Tanes ** (since 6.3.2003)
Managing Director and General Manager, Athenian Brewery S.A.

Non - executive Independent Members

Anastasios M. Averoff **
Chairman, Baron Michel Tossizza Foundation

Thanos M. Veremis
Professor, Athens University

Secretary

Hector P. Verykios
Manager, Alpha Bank

* *Member of the Audit Committee*
** *Member of the Remuneration Committee*

The Organisational chart

Chairman & Managing Director *

Secretariat
Audit and Inspection
Legal Services

Group's Human Resources
Group's Operations
Group's Information Technology
Property Management

General Manager *

Retail Banking *

Branch Network
Alternative channels
Non-performing loans
Cards
Financial institutions
Group Banks and Branch Network Abroad
Marketing
Private Banking
Leasing
Factoring
Insurance

Wholesale Banking *

Treasury
Brokerage services
Corporate Banking
Investment Banking
Project Finance
Venture Capital

CFO *

Assets and Liabilities Management (ALCO)
Risk Management
Shipping
Financial Services
Planning & Budgeting / MIS
Economic Research / Investor Relations
Mutual Funds / Asset Management
Non-core subsidiaries

** Members of the Executive Committee*

The Head Office Divisions

Advisor to the Management:
George C. Aronis

Branch Network Manager:
John L. Galanopoulos

Operations and Technology Manager:
Charalampos E. Papanayotou

Alternative Channels Division:
Alexandros A. Tsamis

Audit and Inspection Division:
Odysseas A. Zacharakis

Bank and Credit Cards Division:
Leonidas D. Kassoumis

Consumer Banking Operations Division:
Athanassios I. Lioudis

Corporate and Investment Banking *Operations Division:*
George P. Krepis

Corporate Banking Division:
Christos Ch. Giampanas

Project Finance Division:
Damianos N. Damianos

Economic Research Division:
Michael E. Massourakis

Electronic Data Processing Division:
Athanassios E. Pelekanos

Financial Institutions Division:
Antonios J. Polychroniadis

Financial Services Division:
George N. Kontos

General Services Division:
Grigorios T. Tiblalexis

Human Resources Division:
Georgia N. Stergiopoulou

International Network Division:
Vassilios I. Karaindros

Legal Services Division:
Theofanis D. Saxonis

London Branch Division:
Emmanuel P. Zuridis

Main Branch Division:
John A. Catsoris

Attica I Branch Division:
Panagiotis C. Camarinopoulos

Attica II Branch Division:
Anastasia A. Katsiardi

Attica III Branch Division:
John A. Catsoris

Attica IV Branch Division:
Antonios A. Athanassoulis

Eastern Macedonia and Thrace Branch *Division:*
Pantazis D. Bourlas

Thessaloniki Branch Division:
Pantazis D. Bourlas

Central and Western Macedonia Branch Division:
Pantazis D. Bourlas

Central Greece Branch Division:
Dimitrios C. Papadimas

Western Greece Branch Division:
Dimitrios C. Papadimas

Aegean Islands Branch Division:
Athanassios A. Gatsis

Ionian Islands Branch Division:
Athanassios A. Gatsis

Peloponnese Branch Division:
Grigorios N. Antoniadis

Crete Branch Division:
Athanassios A. Gatsis

Marketing Division

MIS Division:
Athanassios K. Sakellarakis

Non-Performing Loans Division:
Constantinos G. Karamanis

Organisation Division:
Efstathios I. Sotiropoulos

Participations Division

Private Banking Division:
Dimitrios P. Verriopoulos

Property Management Division:
Themistocles I. Corcontzelos

Risk Management Division:
Athanassios K. Sakellarakis

Secretariat Division:
Hector P. Verykios

Shipping Division:
Christos A. Kokkinis

Software Applications Division:
Olga P. Charitou

Training Division:
Michael C. Tsourgiannis

Treasury Division:
George A. Georgiou

Security Department:
George N. Kiranakos

The companies of the Group

Banks

Alpha Bank London

Chairman: Yannis S. Costopoulos
Vice Chairman: Anthony D. Loehnis
Managing Director: Emmanuel P. Zuridis

Alpha Bank Jersey

Chairman: Emmanuel P. Zuridis

Alpha Bank Cyprus

Chairman: Spyros N. Filaretos
Managing Director: Emmanouil P. Zaloumis
General Manager: Constantinos M. Kokkinos

Alpha Bank Romania

Chairman: Eleftherios P. Ioannou
First Vice Chairman: Radu G. Ghetea
Vice Chairman: Sergiu Oprescu

Alpha Bank a.d. Skopje

Chairman: Spyros N. Filaretos
General Manager A΄: Pavlina D. Cherepnalkovska
General Manager B΄: Zaharias G. Charpidis

Financing

Alpha Leasing

Chairman and Managing Director:
Stephanos N. Karathanassis
Vice Chairman: John A. Catsoris
General Manager: Nicolaos D. Giannissis

ABC Factors

Chairman and Managing Director:
Stephanos N. Karathanassis
Vice Chairman: John L. Galanopoulos

Financial Services

Alpha Finance

Chairman and Managing Director:
Artemis Ch. Theodoridis
Vice Chairman: George A. Georgiou

Alpha Finance US

Chairman: Artemis Ch. Theodoridis

Alpha Mutual Fund Management Company

Chairman: George N. Kontos
Vice Chairman: John L. Galanopoulos
Managing Director and General Manager:
Antonios S. Lampadiaris

Alpha Asset Management

Chairman: Charalampos E. Tsoutrelis
Vice Chairman and Managing Director:
Marinos S. Yannopoulos
General Manager: Charalampos E. Siganos

Investment

Alpha Ventures

Chairman: Artemis Ch. Theodoridis
Vice Chairman: Christos Ch. Giampanas
General Manager: Pantelis I. Vernikos

Alpha Investment Services

Chairman: Spyros N. Filaretos
Vice Chairman: John A. Catsoris
Managing Director: Dimitrios P. Verriopoulos

Insurance

Alpha Insurance Company

Chairman: Photis P. Costopoulos
Vice Chairman: Demetrios P. Mantzounis
Managing Director: Doucas J. Paleologos
General Manager: Nicolaos Ch. Yannoulas

Alpha Insurance Brokers

Chairman: Doucas J. Paleologos
Vice Chairman: Christos A. Kokkinis
Managing Director and General Manager:
Georgios P. Caramanos

Real Estate

Alpha Astika Akinita

Chairman and Managing Director:
Marinos S. Yannopoulos
Vice Chairman: Themistocles I. Corcontzelos

Information Technology

Delta Singular

Chairman: Andreas G. Drymiotis

Vice Chairman: Marinos S. Yannopoulos

Managing Director: Efstathios A. Kakogiannis

Managing Director: Antonios A. Kyriazis

Services

Icap

Chairman: George A. Provopoulos

Vice Chairman: Dimitrios D. Fragetis

Managing Director: Dimitris L. Maniatakis

General Manager: Napoleon B. Carantinos

Hotels

Ionian Hotel Enterprises

Chairman: Yannis S. Costopoulos

Vice Chairman: Paul G. Karakostas

Managing Director: Marinos S. Yannopoulos

General Manager: Nicolas K. Roussos

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