

ALPHA BANK



**INTERIM FINANCIAL STATEMENTS  
AS AT 30.06.2006**

(In accordance with the International Accounting Standard 34)



ATHENS  
JULY 27, 2006

# Table of Contents

		Page
<b>Auditor's Review Report</b>		<b>1</b>
<b>Financial statements</b>		
	Interim income statement	2
	Interim balance sheet	3
	Interim statement of changes in equity	4
	Interim cash flow statement	7
<b>General information</b>		<b>8</b>
<b>Notes to the interim financial statements</b>		
<b>Accounting principles applied</b>		
Note		
1	Basis of presentation	10
<b>Income Statement</b>		
Note		
2	Net interest income	12
3	Net fee and commission income	12
4	Dividend income	12
5	Gains less losses on financial transactions	12
6	Other income	13
7	Staff costs	13
8	General administrative expenses	13
9	Impairment losses and provisions to cover credit risk	14
10	Income tax	14
11	Earnings per share	15

<b>Assets</b>		
<b>Note</b>		<b>Page</b>
12	Cash and balances with Central Banks	16
13	Loans and advances to customers	16
14	Investments in subsidiaries and associates	17
15	Investment property	19
16	Property, plant and equipment	20
17	Goodwill and other intangible assets	21
18	Deferred tax assets and liabilities	22
19	Non-current assets held for sale	24

<b>Liabilities</b>		
<b>Note</b>		
20	Due to Customers	25
21	Debt securities in issue and other borrowed funds	25

<b>Equity</b>		
<b>Note</b>		
22	Share capital, Retained earnings and Treasury shares	27

<b>Additional Information</b>		
<b>Note</b>		
23	Contingent liabilities and commitments	28
24	Segment reporting	29
25	Capital adequacy	30
26	Related-party transactions	31
27	Mergers and disposals of subsidiaries and associates	32
28	Events after the balance sheet date	33

## Auditors' Review Report

To the Shareholders of ALPHA BANK A.E.

We have reviewed the accompanying interim condensed balance sheet of ALPHA BANK A.E. ("the Bank") as of 30 June 2006 and the interim condensed statements of income, changes in equity and cash flows for the six month period then ended and the explanatory notes (the interim financial information). This interim financial information is the responsibility of the Bank's management. Our responsibility is to issue a report on this interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400 as provided by the Greek Auditing Standards. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the International Financial Reporting Standards adopted by the European Union applicable to interim financial reporting (IAS 34).

Athens, 27 July 2006  
KPMG Kyriacou Certified Auditors A.E.

Marios T. Kyriacou,  
Certified Auditor Accountant  
AM SOEL 11121

Nick Vouniseas,  
Certified Auditor Accountant  
AM SOEL 18701

## Interim income statement

	Note	(Thousands of Euro)			
		From 1 January to		From 1 April to	
		30.6.2006	30.6.2005	30.6.2006	30.6.2005
Interest and similar income		1,109,648	744,626	580,259	385,779
Interest expense and similar charges		(547,322)	(276,920)	(294,521)	(146,663)
Net interest income	2	562,326	467,706	285,738	239,116
Fee and commission income		144,446	124,813	74,955	64,965
Commission expense		(8,896)	(9,646)	(4,796)	(5,170)
Net fee and commission income	3	135,550	115,167	70,159	59,795
Dividend income	4	37,685	59,609	26,901	5,042
Gains less losses on financial transactions	5	25,643	(8,251)	7,541	(16,692)
Other income	6	6,583	15,910	4,017	12,437
		69,911	67,268	38,459	787
<b>Total income</b>		<b>767,787</b>	<b>650,141</b>	<b>394,356</b>	<b>299,698</b>
Staff costs	7	(182,020)	(173,498)	(90,846)	(86,015)
General administrative expenses	8	(131,640)	(112,603)	(73,430)	(58,850)
Depreciation and amortization expenses	15,16,17	(19,687)	(18,906)	(9,693)	(9,424)
Other expenses		(761)	(70)	(344)	(61)
<b>Total expenses</b>		<b>(334,108)</b>	<b>(305,077)</b>	<b>(174,313)</b>	<b>(154,350)</b>
Impairment losses and provisions to cover credit risk	9	(115,654)	(115,735)	(58,322)	(59,020)
<b>Profit before tax</b>		<b>318,025</b>	<b>229,329</b>	<b>161,721</b>	<b>86,328</b>
Income tax	10	(67,977)	(34,149)	(30,222)	(14,166)
<b>Profit after tax</b>		<b>250,048</b>	<b>195,180</b>	<b>131,499</b>	<b>72,162</b>
<b>Earnings per share:</b>	11				
Basic earnings per share (€)		0.63	0.49	0.33	0.18
Diluted earnings per share (€)		0.63	0.48	0.33	0.18

The attached notes (pages 9 to 33) form an integral part of these interim financial statements.

## Interim balance sheet

(Thousands of Euro)

	Note	30.6.2006	31.12.2005
<b>ASSETS</b>			
Cash and balances with Central Banks	12	1,761,535	1,621,172
Due from banks		4,558,577	5,673,393
Securities held for trading		180,466	153,587
Derivative financial assets		234,397	139,114
Loans and advances to customers	13	26,341,261	24,201,139
Investment securities			
-Available for sale		8,938,463	7,561,491
Investments in subsidiaries and associates	14	1,508,500	1,481,979
Investment property	15	43,047	43,245
Property, plant and equipment	16	524,382	529,511
Goodwill and other intangible assets	17	34,800	33,016
Deferred tax assets	18	232,087	177,936
Other assets		211,571	143,414
		<u>44,569,086</u>	<u>41,758,997</u>
Non-current assets held for sale	19	90,745	90,249
<b>Total Assets</b>		<b><u>44,659,831</u></b>	<b><u>41,849,246</u></b>
<b>LIABILITIES</b>			
Due to banks		8,435,639	8,600,366
Derivative financial liabilities		231,424	140,632
Due to customers	20	19,505,227	19,301,646
Debt securities in issue and other borrowed funds	21	13,221,348	10,665,761
Liabilities for current income tax and other taxes		60,533	87,699
Deferred tax liabilities	18	84,561	19,517
Employee defined benefit obligations		513,340	513,797
Other liabilities		809,315	566,763
Provisions		17,094	1,628
<b>Total Liabilities</b>		<b><u>42,878,481</u></b>	<b><u>39,897,809</u></b>
<b>EQUITY</b>			
Share Capital	22	1,589,972	1,456,018
Share premium		125,685	125,685
Reserves		164,903	220,423
Retained earnings	22	178,401	337,439
Treasury shares	22	(277,611)	(188,128)
<b>Total Equity</b>		<b><u>1,781,350</u></b>	<b><u>1,951,437</u></b>
<b>Total Liabilities and Equity</b>		<b><u>44,659,831</u></b>	<b><u>41,849,246</u></b>

The attached notes (pages 9 to 33) form an integral part of these interim financial statements.

## Interim statement of changes in equity

(Thousands of Euro)

	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.1.2005	1,274,272		264,835	291,548	(18,638)	1,812,017
<b>Changes in equity for the period 1.1-30.6.2005</b>						
Valuation on available for sale securities	-	-	(4,442)	-	-	(4,442)
Transfer to income statement due to sales of available for sale securities	-	-	1,018	-	-	1,018
Other	-	-	-	403	-	403
Net income recognized directly in equity	-	-	(3,424)	403	-	(3,021)
Profit for the period	-	-	-	195,180	-	195,180
<b>Total</b>	-	-	(3,424)	195,583	-	192,159
Purchase of treasury shares	-	-	-	-	(11,337)	(11,337)
Dividends distributed	-	-	-	(174,064)	-	(174,064)
Increase of share capital from capitalization of reserve and change of nominal value of share to € 5	157,735	-	-	(157,735)	-	-
Acquisition of 61.24% of Delta Singular A.E. with issuance of 7,564,106 shares	23,449	125,685	-	-	-	149,134
Capitalization of reserve to round the share price to € 5.35	562	-	-	(562)	-	-
Amortization of initial share options valuation granted to employees	-	-	1,105	-	-	1,105
<b>Balance 30.6.2005</b>	<b>1,456,018</b>	<b>125,685</b>	<b>262,516</b>	<b>154,770</b>	<b>(29,975)</b>	<b>1,969,014</b>

	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.7.2005	1,456,018	125,685	262,516	154,770	(29,975)	1,969,014
Changes in equity for the period 1.7-31.12.2005						
Valuation on available for sale securities	-	-	(40,494)	-	-	(40,494)
Transfer to income statement due to sales of available for sale securities	-	-	(2,739)	-	-	(2,739)
Other	-	-	-	(21)	-	(21)
Net income recognized directly in equity	-	-	(43,233)	(21)	-	(43,254)
Profit for the period	-	-	-	182,690	-	182,690
Total	-	-	(43,233)	182,669	-	139,436
Purchase of treasury shares	-	-	-	-	(158,153)	(158,153)
Amortization of initial share options valuation granted to employees	-	-	1,140	-	-	1,140
Balance 31.12.2005	<u>1,456,018</u>	<u>125,685</u>	<u>220,423</u>	<u>337,439</u>	<u>(188,128)</u>	<u>1,951,437</u>



	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.1.2006	1,456,018	125,685	220,423	337,439	(188,128)	1,951,437
Changes in equity for the period 1.1.-30.6.2006						
Valuation on available for sale securities	-	-	(80,064)	-	-	(80,064)
Transfer to income statement due to sales of available for sale securities	-	-	(15,818)	-	-	(15,818)
Net income recognized directly in equity	-	-	(95,882)	-	-	(95,882)
Profit for the period	-	-	-	250,048	-	250,048
Total	-	-	(95,882)	250,048	-	154,166
Purchase of treasury shares	-	-	-	-	(89,483)	(89,483)
Dividends distributed	-	-	-	(237,556)	-	(237,556)
Increase of share capital from capitalization of reserve and change of nominal value of share to € 3.90	133,954	-	-	(133,954)	-	-
Reserves	-	-	37,780	(37,780)	-	-
Amortization of initial share options valuation granted to employees	-	-	2,582	-	-	2,582
Other	-	-	-	204	-	204
Balance 30.6.2006	<u>1,589,972</u>	<u>125,685</u>	<u>164,903</u>	<u>178,401</u>	<u>(277,611)</u>	<u>1,781,350</u>

The attached notes (pages 9 to 33) form an integral part of these interim financial statements.

## Interim cash flow statement

	Note	(Thousands of Euro)	
		From 1 January to 30.6.2006	30.6.2005
<b>Cash flows from operating activities</b>			
Profit before taxes		318,025	229,329
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	15,16	13,309	13,682
Amortization of intangible assets	17	6,378	5,224
Impairment losses and provisions		117,584	115,791
Other adjustments		2,583	1,967
Gains / (losses) from investing activities		(59,902)	(59,239)
Gains / (losses) from financing activities		26,990	17,342
		<u>424,967</u>	<u>324,096</u>
<i>Net (increase) / decrease in assets relating to operating activities:</i>			
Due from banks		(558,891)	459,619
Securities held for trading and derivative financial assets		(122,162)	(253,179)
Loans and advances to customers		(2,300,302)	(1,918,313)
Other assets		(69,640)	(12,408)
<i>Net increase / (decrease) in liabilities relating to operating activities</i>			
Due to banks		(162,784)	4,490,227
Derivative financial liabilities		90,792	(73,629)
Due to customers		2,800,958	1,497,922
Other liabilities		221,787	192,577
<i>Net cash flows from operating activities before taxes</i>		324,725	4,706,912
Income taxes paid and other taxes		(76,049)	(118,040)
<b>Net cash flows from operating activities</b>		<b>248,676</b>	<b>4,588,872</b>
<b>Cash flows from investing activities</b>			
Acquisitions of subsidiaries and associates		(8,194)	(171,676)
Proceeds from sale of investments (subsidiaries and associates)		7,883	59
Dividends received	4	37,685	59,609
Purchase of property, plant and equipment	15,16,17	(22,618)	(19,023)
Merger of Belgrade Branch with Alpha Bank AD Beograd		(48,125)	-
Disposal of property, plant and equipment		1,525	108
Net (increase) / decrease in investment securities		(1,453,366)	(490,197)
<b>Net cash flows from investing activities</b>		<b>(1,485,210)</b>	<b>(621,120)</b>
<b>Cash flows from financing activities</b>			
Purchases (sales) of treasury shares		(86,283)	(11,337)
Dividends paid		(233,707)	(166,829)
Proceeds from the issue of loans		-	805,000
Repayment of loans		(63,351)	(110,194)
<b>Net cash flows from financing activities</b>		<b>(383,341)</b>	<b>516,640</b>
Effect of exchange rate fluctuations on cash and cash equivalents		385	601
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,619,490)</b>	<b>4,484,993</b>
Cash and cash equivalents at beginning of the period	12	5,083,955	5,392,022
Cash and cash equivalents at end of the period	12	3,464,465	9,877,015

The attached notes (pages 9 to 33) form an integral part of these interim financial statements.

## **General information**

At present, the Bank operates under the brand name of ALPHA BANK S.A. and with the sign of ALPHA BANK. Its registered office is at 40 Stadiou Street, Athens and it is listed as a societe anonyme, with number 6066/06/B/86/05. The Bank's duration is until 2100 which can be extended by a decision of the shareholders in a general meeting.

In accordance with article 4 of the articles of association, the Bank's purpose is to provide general banking services in Greece and abroad.

The term of the Board of Directors, which were elected by the shareholders in general meeting of April 19, 2005, ends in 2010. The members of the Board of Directors consist of:

### **CHAIRMAN** (Executive Member)

Yannis S. Costopoulos

### **VICE CHAIRMAN** (Non Executive Member)

Andreas L. Canellopoulos

## **EXECUTIVE MEMBERS**

### **MANAGING DIRECTOR**

Demetrios P. Mantzounis

### **EXECUTIVE DIRECTORS AND GENERAL MANAGERS**

Marinos S. Yannopoulos (CFO)

Spyros N. Filaretos

Artemis Ch. Theodoridis

## **NON-EXECUTIVE MEMBERS**

George E. Agouridis \*

Sophia G. Eleftheroudaki

Paul G. Karakostas\*

Nicholaos I. Manassis \*\*

Minas G. Tanes \*

## **NON-EXECUTIVE INDEPENDENT MEMBERS**

Pavlos A. Apostolides \*\*

Thanos M. Veremis

Ioannis K. Lyras \*\*

## **SECRETARY**

Hector P. Verykios

\* Member of the Audit Committee

\*\* Member of the Remuneration Committee

The certified auditors of the Bank are:

Principal Auditors:

Marios T. Kyriacou

Nick E. Vouniseas

Substitute Auditors:

Garyfallia B. Spyriouni

Nick Ch. Tsiboukas

of KPMG Kyriacou Certified Auditors S.A.

The Bank's shares are listed on the Athens Stock Exchange since 1925. As at 30 June 2006 Alpha Bank was ranked 5th among all listed companies, in terms of market capitalization. Since February 2004 the Bank has been included in the FTSE Eurofirst 300 Index, which consists of the 300 largest European companies.

Apart from the Greek market, the shares of the Bank are listed in London Stock Exchange in the form of international certificates (GDR's) and are traded over the counter in New York (ADR's).

The Bank as at 30.6.2006 has issued 407,685,052 shares after the share capital increase and the free distribution of 116,481,444 shares from the capitalization of retained earnings in accordance with shareholders decision of General Shareholders' Meeting on 18 April 2006. The new shares are trading since 24 May 2006.

The Bank's growth and consistent dividend policy has attracted local and foreign investors. This has increased the shares' liquidity which for the first semester of 2006 amounted to an average of 1,240,000 shares per day.

The credit rating of the Bank remains at a high level (Standard & Poor's: BBB+, Moody's: A3, Fitch Ratings: A-) and reflects the dynamics of its operations and the positive share price prospect.

The Board of Directors approved the financial statements on 27 July 2006.

## Notes to the interim financial statements

### Accounting principles applied

#### 1. Basis of presentation

The Bank has prepared these condensed interim financial statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The accounting policies applied by the Bank in these condensed interim financial statements as at 30 June 2006 are the same as those applied by the Bank in its published financial statements for the year ended 31 December 2005, taking into consideration the new standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union which are effective for accounting periods beginning on or after 1.1.2006:

##### 1.1 IAS 19 (amendment), «Employee Benefits» (Rule 1910/8.11.2005)

The amendment of IAS 19, introduces the option of an alternative recognition approach for actuarial gains and losses, of certain benefit plans. It allows the total recognition of actuarial gains and losses directly to equity. It also clarifies the way the companies must include defined benefit obligations to their financial statements and it imposes the disclosure of additional information.

The Bank has not changed the accounting policies relating to the recognition of defined benefit obligations.

##### 1.2 Amendment IAS 39, Fair Value option (Rule 1864/15.11.2005)

According to the above amendment, under certain circumstances, the Bank has the ability to designate financial instruments upon initial recognition, to be measured at fair value, with changes in fair value recognized in profit and loss (fair value option).

The Bank did not use the above option at the present financial statements.

##### 1.3 IAS 39 (amendment), Recognition and Valuation of financial instruments (Rule 2106/21.12.2005)

According to this amendment, it allows the companies to appoint, under certain circumstances, forecast intragroup transaction, stated in foreign currency, as the hedged instrument in the Group's financial statements.

As at 30.6.2006, no forecast intragroup transactions had occurred which could be recognized as hedged instruments.

##### 1.4 IAS 39 and IFRS 4 (amendment), Financial Guarantee Contracts (Rule 108/27.1.2006)

The main objective of these amendments is to ensure that the issuers of Financial Guarantee Contracts include obligations on their balance sheet. Particularly, the issuer of such contract must initially recognize it at its fair value and subsequently to measure it at the higher between of:

- (i) the amount arising from the principles of IAS 37 relating to provisions.
- (ii) the amount initially recognized, reduced by the amount that has been already recognized as revenue, according to IAS 18, for revenue recognition.

These amendments did not have a significant effect on Bank's financial statements.

##### 1.5 Amendment in IAS 21, concerning the effects of exchange prices variation (Rule 708/8.5.2006)

This amendment allows the direct recognition of the exchange differences in Group's equity. These exchange differences result from monetary assets, which consist part of the net

investment in foreign currency, even if these monetary assets are presented in different currency from the functional currency of the counterparties of the Group.

On 30.6.2006 no monetary assets consisting part of a net investment in foreign currency existed.

*Interpretation 4 « Determining whether an Arrangement contains a Lease».*

*Interpretation 5 «Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds» (Rule 1910/8.11.2005).*

*Interpretation 6 «Liabilities arising from participating in a Specific Market – Waste Electrical and Electronic Equipment» (Rule 108/27.1.2006)*

From the adoption of interpretation 4, 5 and 6 no substantial effect on the Bank's financial statements arised.

Apart from the amendments of the Standards and the new interpretations stated above, the European Union, on 27.1.2006, adopted, through rule 108/2006, the International Financial Reporting Standard 7 « Financial instruments: Disclosures», as well as the changes that it has imposed to other Standards. IFRS 7 and the amendments that has imposed to other standards are effective for accounting periods beginning on or after 1.1.2007 and are expected to affect significantly the disclosure requirements concerning the financial instruments.

In addition from 8.5.2006, through 708/2006 regulation, interpretation 7, « Applying the restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies» was adopted, which is not expected to have a substantial effect on the financial statements of the Bank.

Finally, IASB has issued interpretations 8, 9 and 10 which are effective for annual periods beginning on or after 1.5.2006, 1.6.2006 and 1.11.2006 respectively and they have not been adopted, yet, by the European Union. Their application will not have a significant impact on the financial statements.

The financial statements are presented in Euro, rounded to the nearest thousand unless otherwise indicated.

The financial statements are prepared on the historical cost basis except for the following assets and liabilities, which were measured at fair value:

- Securities held for trading
- Derivative financial instruments
- Available for sale securities

The adoption by the European Union, by 31 December 2006, of new standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) and their mandatory or voluntary adoption after 1 January 2006, may retrospectively affect the period that these interim financial statements present.

# Income Statement

## 2. Net interest income

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Due from Banks	59,462	77,578	29,546	41,683
Securities	125,859	38,912	68,635	20,608
Loans and advances to customers	808,880	622,504	419,810	321,486
Due to Banks	(96,947)	(38,466)	(53,242)	(23,495)
Due to Customers	(112,090)	(84,145)	(57,647)	(42,468)
Debt securities in issue and other borrowed funds	(187,295)	(119,881)	(102,500)	(64,765)
Other	(35,543)	(28,796)	(18,864)	(13,933)
<b>Total</b>	<b>562,326</b>	<b>467,706</b>	<b>285,738</b>	<b>239,116</b>

## 3. Net fee and commission income

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Loans	24,546	18,476	14,425	9,786
Letters of guarantee	16,636	15,527	7,997	7,862
Imports-Exports	9,655	9,146	4,879	4,609
Credit Cards	18,893	18,123	10,966	10,248
Fund transfers	29,906	29,904	15,320	15,219
Mutual Funds	22,494	12,774	10,626	6,702
Management and advisory fees	4,344	4,352	1,232	2,240
Other	9,076	6,865	4,714	3,129
<b>Total</b>	<b>135,550</b>	<b>115,167</b>	<b>70,159</b>	<b>59,795</b>

## 4. Dividend income

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Subsidiaries and associates	35,870	57,818	25,086	3,400
Available-for-sale securities	1,815	1,791	1,815	1,642
<b>Total</b>	<b>37,685</b>	<b>59,609</b>	<b>26,901</b>	<b>5,042</b>

## 5. Gains less losses on financial transactions

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Foreign exchange differences	9,901	(2,069)	2,039	(2,201)
Bonds	(3,438)	(11,504)	(5,201)	(12,514)
Shares	13,094	3,451	5,463	2,439
Other financial instruments	6,086	1,871	5,240	(4,416)
<b>Total</b>	<b>25,643</b>	<b>(8,251)</b>	<b>7,541</b>	<b>(16,692)</b>

## 6. Other income

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Rental income	1,466	1,379	739	795
Sale of fixed assets	1,243	778	1,093	387
Fund transfers	-	433	-	206
Insurance indemnities	101	442	55	47
Secondment of personnel to group companies	1,208	1,138	675	642
Goodwill from merger with Delta Singular A.E.	-	7,695	-	7,695
Other	2,565	4,045	1,455	2,665
<b>Total</b>	<b>6,583</b>	<b>15,910</b>	<b>4,017</b>	<b>12,437</b>

## 7. Staff costs

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Wages and salaries	113,832	107,025	56,733	52,920
Social Security contributions	34,846	33,418	16,601	16,807
Expenses of defined benefit plans	23,000	22,082	11,500	11,041
Other	10,342	10,973	6,012	5,247
<b>Total</b>	<b>182,020</b>	<b>173,498</b>	<b>90,846</b>	<b>86,015</b>

As at 30.6.2006 staff costs include the amount of € 2,582 (30.6.2005: € 1,105) referring to amortization of initial share options valuation granted to employees.

The total employees of the Bank as at 30.6.2006 were 7,213 (30.6.2005: 7,158). A number of 6,913 (30.6.2005: 6,981) are employed in Greece and 300 (30.6.2005: 177) are employed abroad.

## 8. General administrative expenses

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Rent of buildings	11,232	10,400	5,706	5,274
Rent and maintenance of EDP equipment	7,995	7,936	4,534	3,665
EDP expenses	17,111	14,180	8,871	7,453
Marketing and advertisement expenses	14,534	10,214	9,069	6,813
Telecommunications and postage	9,802	8,891	5,594	4,874
Third party fees	8,436	7,303	5,086	4,281
Consultants fees	3,692	3,381	2,220	1,807
Contribution to Deposit Guarantee Fund	5,043	4,938	2,571	2,570
Insurance	3,972	4,492	2,544	2,204
Consumables	2,542	1,954	1,389	1,026
Electricity	2,255	2,043	1,109	1,065
Taxes (VAT, real estate etc)	15,049	13,085	7,664	6,625
Repairs of buildings and equipment	1,870	1,772	1,010	993
Cleaning fees	1,084	1,105	564	570
Security	1,908	1,881	1,197	689
Transportation	1,673	1,699	914	742
Agency fees	4,689	2,059	2,145	1,367
Other	18,753	15,270	11,243	6,832
<b>Total</b>	<b>131,640</b>	<b>112,603</b>	<b>73,430</b>	<b>58,850</b>



## 9. Impairment losses and provisions to cover credit risk

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Impairment on loans and advances	101,732	117,592	58,719	59,888
Provisions to cover credit risk from off balance sheet items	14,946	-	-	-
Recoveries	(1,024)	(1,857)	(397)	(868)
<b>Total</b>	<b>115,654</b>	<b>115,735</b>	<b>58,322</b>	<b>59,020</b>

## 10. Income tax

In accordance with Greek tax law the profits of entities in Greece are taxed at a rate of 32% for 2005, 29% for 2006 and 25% thereafter.

In addition, in accordance with article 9 of Law 2992/2002, the tax rate for entities that have concluded mergers is reduced by 10% and 5%. This reduced rate is applicable on the profits declared for the first and second fiscal year after the completion of the merger respectively, on the condition that the entities were not related from 1.1.1997 up to 20.3.2002. For entities that were related up to 31.12.1996 the reduction of the tax rate amounts to 5% for each year.

Based on the above, the 2005 profit of the Bank was taxed at the rate of 22% and the 2006 profit will be taxed with 24% due to the merger with Delta Singular A.E., a listed company, which was not related with the Bank before 1.1.1997.

It should be noted that, due to the fact that all profits have been taxed, the distribution of dividends to shareholders are free of tax.

### Income tax

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Current tax	57,084	28,841	22,270	11,896
Deferred tax	10,893	5,308	7,952	2,270
<b>Total</b>	<b>67,977</b>	<b>34,149</b>	<b>30,222</b>	<b>14,166</b>

The difference of income tax in the comparative periods is due to the increased profit for the period 1.1 – 30.6.2006, the decreases of taxable income (dividends) and the change of tax rate as mentioned above.

Deferred tax recognized in the income statement is attributable to the following temporary differences:

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Amortization and write-offs of intangibles	4,551	5,450	2,408	2,677
Loans and advances	(9,992)	(1,373)	(1,477)	159
Employee defined benefit obligations	238	404	143	(424)
Valuation of derivatives	9,680	(1,077)	2,007	7,066
Finance leases	26	39	26	22
Effective interest rate of financial instruments	420	851	390	370
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	6,876	1,030	4,455	(7,618)
Other temporary differences	(906)	(16)	-	18
<b>Total</b>	<b>10,893</b>	<b>5,308</b>	<b>7,952</b>	<b>2,270</b>

## 11. Earnings per share

### Basic earnings per share:

Basic earnings per share is calculated by dividing the profit after tax for the period by the weighted average number of ordinary shares outstanding, after deducting treasury shares held, during the period.

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Profit attributable to shareholders (in € thousand)	250,048	195,180	131,499	72,162
Weighted average number of outstanding ordinary shares	395,243,303	402,074,432	394,566,867	402,053,026
Basic earnings per share (in € per share)	0.63	0.49	0.33	0.18

### Diluted earnings per share:

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank has a single category of dilutive potential ordinary shares resulting from a share options program. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	From 1 January to		From 1 April to	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Profit attributable to shareholders (in € thousand)	250,048	195,180	131,499	72,162
Weighted average number of outstanding ordinary shares	395,243,303	402,074,432	394,566,867	402,053,026
Adjustment for share options	974,168	591,610	1,017,119	638,359
Weighted average number of outstanding ordinary shares for diluted earnings per share	396,217,471	402,666,042	395,583,986	402,691,385
Diluted earnings per share (in € per share)	0.63	0.48	0.33	0.18

Basic and diluted earnings per share, for the period from 1 January 2005 to 30 June 2005 have been restated in order to be comparative, due to free distribution of shares resulted from the capitalization of reserve on 3 May 2006, in accordance with the decision of the Ordinary General Shareholders' Meeting held on 18 April 2006.

## Assets

### 12. Cash and balances with Central Banks

	30.6.2006	31.12.2005
Cash	215,513	271,373
Cheques receivable	50,960	40,734
Balances with Central Banks	1,495,062	1,309,065
<b>Total</b>	<b>1,761,535</b>	<b>1,621,172</b>
Of which mandatory deposits with Central Banks:	784,039	821,890

Cash and cash equivalents (as presented for the purposes of the cash flow statement)

	30.6.2006	31.12.2005
Cash and balances with Central Banks	977,496	799,282
Sale and repurchase agreements (Reverse Repos)	1,659,603	2,148,476
Short-term placements with other banks	827,366	2,136,197
<b>Total</b>	<b>3,464,465</b>	<b>5,083,955</b>

Cash and cash equivalents, as presented in the cash flow statement for the period from 1 January 2005 to 30 June 2005 has been restated in order to be comparative with the respective figures from the period 1/1-30/6/2006, as pledged deposits with Central Banks are not included in the calculation of cash and cash equivalents.

Due to the merger of Belgrade Branch with Alpha Bank A.D. Beograd (note 27, par. e) on May 2006, cash and cash equivalent have been reduced by an amount of € 48,125.

### 13. Loans and advances to customers

	30.6.2006	31.12.2005
<i>Individuals:</i>		
Mortgages	7,331,871	6,616,104
Consumer	1,965,880	1,736,453
Credit cards	894,156	863,798
Other	142,211	161,195
	<b>10,334,118</b>	<b>9,377,550</b>
<i>Companies:</i>		
Loans	16,692,346	15,440,322
Other receivables	242,839	206,244
	<b>16,935,185</b>	<b>15,646,566</b>
	<b>27,269,303</b>	<b>25,024,116</b>
Allowance for impairment losses	(928,042)*	(822,977)
<b>Total</b>	<b>26,341,261</b>	<b>24,201,139</b>

\* In addition to the provision made for impairment on loans and advances, an additional provision of € 14,946 has been made on the first semester of 2006 to cover credit risk relating to off balance sheet items. The total provision recorded to cover credit risk amounts to € 942,988.

## Allowance for impairment losses

Balance 1.1.2005	621,120
Exchange differences	(108)
Impairment on loans and advances (note 9)	117,592
Provision from merger with Delta Singular A.E.	7,566
Loans written-off during the period	<u>(12,926)</u>
Balance 30.6.2005	733,244
Exchange differences	(78)
Impairment on loans and advances	116,990
Loans written-off during the period	<u>(27,179)</u>
Balance 31.12.2005	822,977
Exchange differences	(69)
Impairment on loans and advances (note 9)	101,732
Decrease due to merger of Belgrade Branch with Alpha Bank A.D. Beograd (note 27 par. e)	(3,180)
Unwind of discount of allowance	33,831
Loans written-off during the period	<u>(27,249)</u>
Balance 30.6.2006	<u><u>928,042</u></u>

## 14. Investments in subsidiaries and associates

	1.1-30.6.2006	1.7-31.12.2005	1.1-30.6.2005
<b>Subsidiaries</b>			
Beginning balance	1,471,394	1,392,617	1,221,616
Additions <sup>(1)</sup>	29,886	87,621	171,001
Disposals <sup>(2)</sup>	(3,371)	(6,749)	-
Valuation of subsidiaries fair value hedge <sup>(4)</sup>	(52)	-	-
Impairment	-	(340)	-
Transfer to non-current assets held for sale	-	(1,755)	-
Ending balance	<u>1,497,857</u>	<u>1,471,394</u>	<u>1,392,617</u>
<b>Associates</b>			
Beginning balance	10,463	10,400	110,082
Additions	1,236	63	914
Disposals <sup>(3)</sup>	(1,178)	-	(100,336)
Impairment	-	-	(260)
Ending balance	<u>10,521</u>	<u>10,463</u>	<u>10,400</u>
<b>Joint Ventures</b>			
Beginning balance	122	50	50
Additions	-	72	-
Ending balance	<u>122</u>	<u>122</u>	<u>50</u>
<b>Total</b>	<u><u>1,508,500</u></u>	<u><u>1,481,979</u></u>	<u><u>1,403,067</u></u>

Additions of investments represent shares purchases, participation in share capital increases and cancellations of shares due to mergers.

Disposals of investments represent sales of shares, repayment of capital and liquidation of companies.

- (1) The following amounts are included to:
  - € 3,009 share purchases of Ionian Hotel Enterprise
  - € 3,893 share purchases of Alpha Astika Akinita A.E.
  - € 22,928 increase of investment to subsidiary Jubanka AD due to the merger with Bank's Belgrade Branch. As at 1.6.2006 Jubanka A.D was renamed to Alpha Bank A.D. Beograd.
- (2) The amount of € 3,371 refers to the sale of Alpha Private Investment Services A.E. (note 27, paragr. a).
- (3) It includes an amount of € 436 referring to the sale of Lesvos Tourist Company A.E. (note 27, paragr. c).
- (4) From the current quarter the Bank uses FX SWAPS to hedge the foreign exchange risk of the investment in Alpha bank London.

Summary Financial information  
Subsidiaries and Associates

*Subsidiaries*

30.6.2006							
Name	Country of Incorporation	Assets	Equity	Liabilities	Turnover 1.1- 30.6.2006	Profit/(loss) before tax 1.1-30.6.2006	Ownership interest % 30.6.2006
<b>BANKS</b>							
1. Alpha Bank London Ltd	United Kingdom	630,330	90,974	539,356	14,546	1,833	100.00
2. Alpha Bank Ltd	Cyprus	2,893,428	227,168	2,666,260	84,266	17,310	100.00
3. Alpha Bank Romania S.A.	Romania	1,702,530	196,663	1,505,867	59,052	17,202	99.44
4. Alpha Bank AD Skopje	Fyrom	71,638	23,444	48,194	2,948	642	100.00
5. Alpha Bank a.d. Beograd	Serbia- Montenegro	460,693	124,119	336,574	19,241	2,367	99.99
<b>LEASING/ FACTORING COMPANIES</b>							
1. Alpha Leasing A.E.	Greece	828,578	274,498	554,080	24,277	8,429	99.23
2. Alpha Leasing Romania S.A.	Romania	68,831	10,201	58,630	3,704	1,239	62.94
3. ABC Factors A.E.	Greece	319,457	57,251	262,206	12,265	4,147	100.00
<b>INVESTMENT BANKING</b>							
1. Alpha Finance A.X.E.P.E.Y.	Greece	131,486	46,974	84,512	23,316	8,022	99.62
2. Alpha Finance US Corporation	U.S.A.	973	953	20	539	(189)	100.00
3. Alpha Finance Romania S.A.	Romania	68,917	2,208	66,709	964	137	45.68
4. Alpha Ventures	Greece	25,816	25,547	269	251	(185)	99.42
<b>ASSET MANAGEMENT</b>							
1. Alpha Mutual Fund Management A.E.	Greece	39,140	27,402	11,738	29,732	3,696	80.00
2. Alpha Asset Management A.E.P.E.Y.	Greece	10,106	8,464	1,642	5,639	4,496	99.00
<b>INSURANCE</b>							
1. Alpha Insurance A.E.	Greece	410,466	74,203	336,263	92,436	7,794	99.56
3. Alpha Insurance Agents A.E.	Greece	3,883	3,003	880	3,084	3,068	100.00
<b>OTHER COMPANIES</b>							
1. Alpha Astika Akinita A.E.	Greece	109,072	105,819	3,253	8,305	4,130	65.16
2. Alpha Group Jersey Ltd	Jersey	914,609	284	914,325	25,922	108	100.00
3. Ionian Hotel Enterprises A.E.	Greece	249,403	101,976	147,427	22,183	36	92.53
4. Ionian Holding A.E.	Greece	343,950	343,871	79	1,381	1,317	100.00
5. Oceanos A.T.O.E.E.	Greece	22,100	17,786	4,314	744	433	100.00
6. Alpha Credit Group Plc	United Kingdom	13,305,242	21,135	13,284,107	187,395	7,590	100.00
7. Messana Holdings S.A.	Luxembourg	138	83	55	5	(4)	99.00
8. Kafe Mazi A.E.	Greece	156	103	53	104	14	100.00
9. Evremethea A.E.	Greece	1,544	22	1,522	780	(68)	100.00

*Associates*

Name	Country of Incorporation	Equity	Profit/(loss) before tax 1.1-30.6.2006	Ownership interest % 30.6.2006
1. A.L.C.Novelle Investments Ltd.	Cyprus	13,482	301	33.33
2. Icap A.E.	Greece	18,256	1,220	26.96
3. Evisak A.E.	Greece	2,950	49	27.00
4. Gaiognomon A.E. (under liquidation)	Greece	1,224	-	20.00
5. AEDEP Thessalias and Stereas Ellados	Greece	147	-	50.00

*Joint Ventures*

1. Cardlink A.E.	Greece	242	176	50.00
2. APE Fixed Assets A.E.	Greece	26	(8)	60.10
3. APE Commercial Property A.E.	Greece	26	(8)	60.10

Where amounts are not mentioned the respective balances are immaterial.

## 15. Investment property

	Land and buildings
Balance 1.1.2005	
Cost	49,520
Accumulated Depreciation	<u>(5,973)</u>
Net Book Value 1.1.2005	<u>43,547</u>
<hr/>	
1.1.2005-30.6.2005	
Net Book Value 1.1.2005	43,547
Additions	73
Additions from merger with Delta Singular A.E.	36,546
Accumulated depreciation from merger with Delta Singular A.E.	(2,940)
Depreciation charge for the period	<u>(388)</u>
Net Book Value 30.6.2005	<u>76,838</u>
<hr/>	
Balance 30.6.2005	
Cost	86,139
Accumulated Depreciation	(9,301)
<hr/>	
1.7.2005-31.12.2005	
Net Book Value 1.7.2005	76,838
Additions	70
Reclassification to non-current assets held for sale	(33,463)
<i>a) Cost</i>	(36,591)
<i>b) Accumulated depreciation</i>	3,128
Depreciation charge for the period	<u>(200)</u>
Net book value 31.12.2005	<u>43,245</u>
<hr/>	
Balance 31.12.2005	
Cost	49,618
Accumulated Depreciation	(6,373)
<hr/>	
1.1.2006-30.6.2006	
Net Book Value 1.1.2006	43,245
Additions	3
Depreciation charge for the period	<u>(201)</u>
Net Book Value 30.6.2006	<u>43,047</u>
<hr/>	
Balance 30.6.2006	
Cost	49,621
Accumulated Depreciation	(6,574)

## 16. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
<b>Balance 1.1.2005</b>				
Cost	638,891	8,406	221,442	868,739
Accumulated depreciation	(143,739)	(8,292)	(188,860)	(340,891)
Net Book Value 1.1.2005	495,152	114	32,582	527,848
<b>1.1.2005-30.6.2005</b>				
Net book Value 1.1.2005	495,152	114	32,582	527,848
Additions	3,286	-	11,204	14,490
Additions from merger with Delta Singular A.E.	-	800	2,093	2,893
Accumulated depreciation from merger with Delta Singular A.E.	-	(270)	(1,902)	(2,172)
Disposals	(406)	-	(58)	(464)
<i>a) Cost</i>	(1,059)	-	(2,917)	(3,976)
<i>b) Accumulated depreciation</i>	653	-	2,859	3,512
Reclassification from non-current assets held for sale	1,373	-	-	1,373
<i>a) Cost</i>	1,536	-	-	1,536
<i>b) Accumulated depreciation</i>	(163)	-	-	(163)
Depreciation charge for the period	(6,126)	(72)	(7,096)	(13,294)
Net Book Value 30.6.2005	493,279	572	36,823	530,674
<b>Balance 30.6.2005</b>				
Cost	642,654	9,206	231,822	883,682
Accumulated Depreciation	(149,375)	(8,634)	(194,999)	(353,008)
<b>1.7.2005-31.12.2005</b>				
Net Book Value 1.7.2005	493,279	572	36,823	530,674
Additions	5,405	-	7,538	12,943
Foreign exchange differences	(120)	-	(11)	(131)
<i>a) Cost</i>	(115)	-	(14)	(129)
<i>b) Accumulated depreciation</i>	(5)	-	3	(2)
Disposals	(97)	-	(813)	(910)
<i>a) Cost</i>	(278)	-	(969)	(1,247)
<i>b) Accumulated depreciation</i>	181	-	156	337
Reclassification from non-current assets held for sale	330	-	-	330
<i>a) Cost</i>	392	-	-	392
<i>b) Accumulated depreciation</i>	(62)	-	-	(62)
Transfer to other category	(5)	-	5	-
<i>a) Cost</i>	(319)	(7,996)	8,315	-
<i>b) Accumulated depreciation</i>	314	7,996	(8,310)	-
Depreciation charge for the period	(5,967)	(252)	(7,176)	(13,395)
Net book value 31.12.2005	492,825	320	36,366	529,511
<b>Balance 31.12.2005</b>				
Cost	647,739	1,210	246,692	895,641
Accumulated depreciation	(154,914)	(890)	(210,326)	(366,130)

	Land and Buildings	Leased equipment	Equipment	Total
<b>1.1.2006-30.6.2006</b>				
Net Book Value 1.1.2006	492,825	320	36,366	529,511
Additions	7,252	-	7,199	14,451
Foreign exchange differences	(12)	-	(3)	(15)
<i>a) Cost</i>	(17)	-	(9)	(26)
<i>b) Accumulated depreciation</i>	5	-	6	11
Disposals <sup>(1)</sup>	(5,972)	-	(553)	(6,525)
<i>a) Cost</i>	(6,360)	-	(1,920)	(8,280)
<i>b) Accumulated depreciation</i>	388	-	1,367	1,755
Transfer to other category	-	-	-	-
<i>a) Cost</i>	-	(68)	68	-
<i>b) Accumulated depreciation</i>	-	68	(68)	-
Depreciation charge for the period <sup>(2)</sup>	(6,222)	(60)	(6,758)	(13,040)
Net book value 30.6.2006	<u>487,871</u>	<u>260</u>	<u>36,251</u>	<u>524,382</u>
<b>Balance 30.6.2006</b>				
Cost	648,614	1,142	252,030	901,786
Accumulated depreciation	(160,743)	(882)	(215,779)	(377,404)

(1) Disposals include an amount of € 6,134 referring to property plant, and equipment of Belgrade Branch merged in May 2006 with Alpha Bank A.D. Beograd.

(2) For the reason mentioned above, depreciation charge for the period does not include depreciation for 1.1 – 31.5.2006 of Belgrade Branch amounted to € 68.

## 17. Goodwill and other intangible assets

Only software is included in this category.

<b>Balance 1.1.2005</b>	
Cost	83,954
Accumulated amortization	(60,845)
Net Book Value 1.1.2005	<u>23,109</u>
<b>1.1.2005-30.6.2005</b>	
Net book Value 1.1.2005	23,109
Additions	4,460
Additions from merger with Delta Singular A.E.	620
Accumulated depreciation from merger with Delta Singular A.E.	(381)
Amortization charge for the period	(5,224)
Net Book Value 30.6.2005	<u>22,584</u>
<b>Balance 30.6.2005</b>	
Cost	89,034
Accumulated amortization	(66,450)
<b>1.7.2005-31.12.2005</b>	
Net Book Value 1.7.2005	22,584
Additions	15,108
Amortization charge for the period	(4,676)
Net Book Value 31.12.2005	<u>33,016</u>
<b>Balance 31.12.2005</b>	
Cost	104,142
Accumulated amortization	(71,126)



1.1.2006-30.6.2006	
Net Book Value 1.1.2006	33,016
Additions	8,164
Foreign exchange differences	(2)
<i>a) Cost</i>	(2)
<i>b) Accumulated amortization</i>	-
Disposals	-
<i>a) Cost</i>	(14)
<i>b) Accumulated amortization</i>	14
Amortization charge for the period	(6,378)
Net Book Value 30.6.2006	<u>34,800</u>
Balance 30.6.2006	
Cost	112,290
Accumulated amortization	(77,490)

## 18. Deferred tax assets and liabilities

	30.6.2006	31.12.2005
Deferred tax assets	232,087	177,936
Deferred tax liabilities	(84,561)	(19,517)
Total	<u>147,526</u>	<u>158,419</u>

	1.1.2005-30.6.2005					
	Recognition in					
	Income statement		Equity			
	Balance				Balance	
	1.1.2005	Assets	Liabilities	Assets	Liabilities	30.6.2005
Depreciation	36,297	-	(5,450)	387	-	31,234
Loans and advances	238	1,373	-	1,640	-	3,251
Valuation of derivative financial instruments	429	1,077	-	-	-	1,506
Other provisions	88	19	(42)	-	(20)	45
Effective interest rate of financial instruments	6,180	111	(962)	-	-	5,329
Employee defined benefit obligations	127,585	-	(404)	-	-	127,181
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(233)	-	(1,030)	-	-	(1,263)
Total	<u>170,584</u>	<u>2,580</u>	<u>(7,888)</u>	<u>2,027</u>	<u>(20)</u>	<u>167,283</u>

	1.7.2005-31.12.2005					
	Recognition in					Balance 31.12.2005
	Income statement			Equity		
Balance 1.7.2005	Assets	Liabilities	Assets	Liabilities		
Depreciation	31,234	-	(6,276)	-	-	24,958
Loans and advances	3,251	1,624	(2,768)	-	-	2,107
Valuation of derivative financial instruments	1,506	3,872	-	-	-	5,378
Other provisions	45	42	-	-	-	87
Effective interest rate of financial instruments	5,329	55	(1,034)	-	-	4,350
Employee defined benefit obligations	127,181	117	(812)	-	-	126,486
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(1,263)	-	(3,684)	-	-	(4,947)
<b>Total</b>	<b>167,283</b>	<b>5,710</b>	<b>(14,574)</b>	<b>-</b>	<b>-</b>	<b>158,419</b>

	1.1.2006-30.6.2006					
	Recognition in					Balance 30.6.2006
	Income statement			Equity		
Balance 1.1.2006	Assets	Liabilities	Assets	Liabilities		
Depreciation	24,958	66	(4,617)	-	-	20,407
Loans and advances	2,107	33,087	(23,095)	-	-	12,099
Valuation of derivative financial instruments	5,378	2,654	(12,334)	-	-	(4,302)
Other provisions	87	906	(26)	-	-	967
Effective interest rate of financial instruments	4,350	4,825	(5,245)	-	-	3,930
Employee defined benefit obligations	126,486	696	(934)	-	-	126,248
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,947)	11,917	(18,793)	-	-	(11,823)
<b>Total</b>	<b>158,419</b>	<b>54,151</b>	<b>(65,044)</b>	<b>-</b>	<b>-</b>	<b>147,526</b>

## 19. Non-current assets held for sale

### a) Property, plant and equipment

	Land and buildings	Office equipment	Total
<b>1.1.2005-30.6.2005</b>			
Balance 1.1.2005	32,002	617	32,619
Additions	938	-	938
Additions from merger with Delta Singular A.E.	21,175	-	21,175
Disposals	(1,546)	-	(1,546)
Reclassification to property, plant and equipment	(1,373)	-	(1,373)
<b>Balance 30.6.2005</b>	<b>51,196</b>	<b>617</b>	<b>51,813</b>
<b>1.7.2005-31.12.2005</b>			
Balance 1.7.2005	51,196	617	51,813
Additions	8,068	20	8,088
Disposals	(4,488)	(52)	(4,540)
Reclassification to property, plant and equipment	(330)	-	(330)
Reclassification from investment property	33,463	-	33,463
<b>Balance 31.12.2005</b>	<b>87,909</b>	<b>585</b>	<b>88,494</b>
<b>1.1.2006-30.6.2006</b>			
Balance 1.1.2006	87,909	585	88,494
Additions	3,625	240	3,865
Disposals	(1,378)	(236)	(1,614)
<b>Balance 30.6.2006</b>	<b>90,156</b>	<b>589</b>	<b>90,745</b>

### b) Investments

<b>Balance 31.12.2005</b>	<b>1,755</b>
<b>1.1.2006-30.6.2006</b>	
Balance 1.1.2006	1,755
Disposals	(1,755)
<b>Balance 30.6.2006</b>	<b>-</b>

Disposals of € 1,755 concern the sale of Alpha Insurance Romania S.A. (note 27, par. b).

## Liabilities

### 20. Due to customers

	30.6.2006	31.12.2005
Current accounts	5,641,014	5,481,435
Saving accounts	9,491,005	9,652,069
Term deposits		
- Synthetic swaps	302,209	357,627
- Other	3,315,988	2,887,928
Sale and repurchase agreements (Repos)	551,657	738,018
	<u>19,301,873</u>	<u>19,117,077</u>
Cheques payable	203,354	184,569
Total	<u>19,505,227</u>	<u>19,301,646</u>

### 21. Debt securities in issue and other borrowed funds

The Bank to effectively fund its activities has significantly broadened its funding sources so as to ensure:

- i) cheaper funding
- ii) long-term funding
- iii) strengthening of the capital adequacy ratio

As a result the Bank has issued:

- i) Senior debt securities
- ii) Subordinated debt securities
 

These securities are subordinated, because the holders in case of a compulsory payment are satisfied after the owners of common debt securities.

Their initial maturity is 10 years, with the right of first redemption after 5 years. These bonds are considered own funds for regulatory purposes.
- iii) Hybrid securities with or without interest step-up clause.
 

These securities are referred to as hybrid securities because they combine characteristics of debt and equity. They are perpetual securities and are offered for long-term borrowing. They can be redeemed after the expiration of 10 years.

#### Senior debt

	30.6.2006	31.12.2005
Euro due 2006	1,011,757	2,519,937
Euro due 2007 with 1 <sup>st</sup> call option in 2006	-	7,126
Euro due 2007	902,118	901,444
US \$ 5 million due 2007	3,700	-
HKD 100 million due 2007	10,234	11,027
Euro due 2008	507,358	507,260
US \$ 10 million due 2008 with 1 <sup>st</sup> call option in 2006	7,370	8,052
Euro due 2009	1,432,356	710,405
Euro due 2009 with 1 <sup>st</sup> call option in 2007	38,783	-
CZK 1,500 million due 2009	52,648	51,511
US \$ 11 million due 2009 with 1 <sup>st</sup> call option in 2006	8,360	8,960
US \$ 5 million due 2009 with 1 <sup>st</sup> call option in 2006	3,676	4,027
HKD 50 million due 2009	5,113	5,497
Euro due 2010	1,125,000	924,947
Euro due 2010 with 1 <sup>st</sup> call option in 2006	36,815	56,600

	30.6.2006	31.12.2005
Euro due 2010 will 1 <sup>st</sup> call option in 2007	2,502,395	2,502,060
US \$ 7 million due 2010 with 1 <sup>st</sup> call option in 2006	4,537	5,366
US \$ 50 million due 2010 with 1 <sup>st</sup> call option in 2007	39,476	42,521
Euro due 2011	231,511	15,439
CZK 700 million due 2011	24,444	-
Euro due 2011 with 1 <sup>st</sup> call option in 2006	21,970	22,843
Euro due 2011 with 1 <sup>st</sup> call option in 2008	2,502,012	-
Euro due 2012	315,260	316,104
Euro due 2012 with 1 <sup>st</sup> call option in 2006	54,879	9,353
Euro due 2013	318,923	19,341
Euro due 2015	11,773	12,360
US \$ 3 million due in 2016	2,214	-
Euro due 2021	80,388	-
<b>Total</b>	<b>11,255,070</b>	<b>8,662,180</b>

The majority of senior debt securities bears a Euribor floating rate, with a margin between -10 and +30 basis points, which is connected with bond's start date and maturity date.

#### Subordinated debt

Euro due 2012 with 1 <sup>st</sup> call option in 2007	325,665	325,817
Euro due 2013 with 1 <sup>st</sup> call option in 2008	351,709	351,570
Euro due 2014 with 1 <sup>st</sup> call option in 2009	201,321	201,115
JPY 30 billion with 1 <sup>st</sup> call option in 2015	184,675	203,706
<b>Total</b>	<b>1,063,370</b>	<b>1,082,208</b>

Subordinated debt securities due in 2012 carry interest at three-month Euribor plus 90 basis points spread, until they are redeemed. If they are not redeemed the spread increases to 220 basis points.

Subordinated debt securities, due in 2013, carry interest at three-month Euribor plus a margin between 65 and 90 basis points, until they are redeemed. If they are not redeemed the spread increases to 195 up to 200 basis points.

Subordinated debt securities, due in 2014, carry interest at three-month Euribor plus 60 basis points spread, until they are redeemed. If they are not redeemed the spread increases to 190 basis points.

The subordinated debt securities in JPY, with the first option to redeem in 2015, carrying a fixed rate of 2.94%.

#### Hybrid securities

Euro perpetual with 1 <sup>st</sup> call option in 2012	301,280	301,224
Euro perpetual with 1 <sup>st</sup> call option in 2015	601,628	620,149
<b>Total</b>	<b>902,908</b>	<b>921,373</b>
<b>Grand total</b>	<b>13,221,348</b>	<b>10,665,761</b>

The interest rate of the hybrid security, with a first redemption option in 2012 is three-month Euribor plus 265 basis points until the redemption date, which increases to 397.5 basis points in the event that the security is not redeemed.

The interest rate on the hybrid security, with the first redemption option in 2015 carry interest at a fixed rate of 6% for the first five years and thereafter it is determined annually as four times the difference between the 10 CMS and 2 years CMS with a floor of 3.25% and a cap of 10%.

## Equity

### 22. Share capital, Retained earnings and Treasury shares

#### a. Share capital increase

Bank's shareholders Ordinary General Meeting on 18.4.2006 approved the share capital increase at the amount of € 133,954 with issuance of 116,481,444 shares of nominal value € 3.90 each at a ratio of 4 new for 10, through the capitalization of retained earnings at an amount of € 133,954 and the decrease of nominal value of each share from € 5.00 to € 3.90.

After the above increase, Bank's share capital amounts to € 1,589,972 divided to 407,685,052 shares.

The share capital increase has been approved by the Ministry of Development Decision No K2-6543/3.5.2006.

#### b. Retained earnings

On May 2, 2006 dividends of a total amount of € 237,556 were distributed (€ 0.84 per share), for the financial year 2005.

#### c. Treasury shares

Treasury shares refer to Alpha Bank shares, held by the Bank and are analyzed as follows:

Alpha Bank	No of shares	Cost €	Ownership interest %
Balance 1.1.2006	8,398,426	188,128	
Bonus shares (4/10)	3,359,370	-	
Purchases	4,640,277	89,483	
<b>Balance 30.6.2006</b>	<b>16,398,073</b>	<b>277,611</b>	<b>4.02%</b>

## Additional Information

### 23. Contingent liabilities and commitments

#### *a) Legal issues*

The Bank in the ordinary course of business is a defendant in claims from customers and other legal actions. No provision has been recorded because after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Bank.

#### *b) Tax Issues*

The Bank's books and records have been audited by the tax authorities up to the year ended 31 December 2002. A tax audit is in process by the tax authorities for the years from 2003 up to 2005 and is expected to be finalized at the end of the current year. Additional taxes and penalties may be imposed for the unaudited years.

#### *c) Operating leases*

##### *The Bank as a lessee*

The Bank has various obligations with respect to leases of buildings which are used as branches or for administration purposes. The duration of the lease agreements is initially for 12 years with a renewal option or extension. In accordance with the lease agreements the rent is subject to annual indexation adjustment, usually according to official annual inflation rate.

The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	30.6.2006	31.12.2005
Less than one year	22,032	20,675
Between one and five years	65,079	60,747
More than five years	38,729	34,941
Total	<u>125,840</u>	<u>116,363</u>

The lease expense for the first semester of 2006 relating to buildings amounts to € 11,232 (2005: € 10,400) and is included in General administrative expenses.

##### *The Bank as a lessor*

The Bank claims regarding owned buildings rental either to group companies or third parties companies.

The minimum future revenues are:

	30.6.2006	31.12.2005
Less than one year	2,854	2,718
Between one and five years	9,496	9,356
More than five years	5,230	5,202
Total	<u>17,580</u>	<u>17,276</u>

The lease revenue for the first semester of 2006 amounts to € 1,466 (2005: € 1,379) and is included in Other income.

d) *Off balance sheet liabilities*

	30.6.2006	31.12.2005
Letters of guarantee	4,131,034	3,627,622
Letters of credit	195,880	212,879
Credit commitments	12,329,435	11,794,929
Guarantees issued for bonds by subsidiaries	12,244,638	10,640,897
<b>Total</b>	<b>28,900,987</b>	<b>26,276,327</b>

e) *Assets pledged*

	30.6.2006	31.12.2005
Securities linked to Reverse Repos	-	420,000
Investment securities	585,000	165,000
<b>Total</b>	<b>585,000</b>	<b>585,000</b>

From the investment securities portfolio an amount of € 80,000 is pledged for capital withdrawal and an amount of € 5,000 is pledged as collateral to clearing house of derivative transactions "ETESEP" A.E. as margin account insurance. The remaining securities are pledged as collateral with the Bank of Greece for the participation in the Inter-Europe clearing of payments system on an ongoing time (TARGET).

## 24. Segment reporting

*Analysis by sector*

(Millions of Euro)

	30.6.2006						
	Bank	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other
Net interest income	562.3	415.4	111.1	1.4	27.0	7.4	-
Commission	135.6	61.6	40.1	24.7	7.8	1.4	-
Other income	69.9	4.0	0.8	1.0	6.1	0.4	57.6
<b>Total income</b>	<b>767.8</b>	<b>481.0</b>	<b>152.0</b>	<b>27.1</b>	<b>40.9</b>	<b>9.2</b>	<b>57.6</b>
Expenses	(334.1)	(242.9)	(44.0)	(13.4)	(8.7)	(5.3)	(19.8)
Impairment	(115.7)	(77.3)	(38.4)	-	-	-	-
<b>Profit before tax</b>	<b>318.0</b>	<b>160.8</b>	<b>69.6</b>	<b>13.7</b>	<b>32.2</b>	<b>3.9</b>	<b>37.8</b>

  

	30.6.2005						
	Bank	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other
Net interest income	467.7	336.5	107.3	1.0	17.3	7.1	(1.5)
Commission	115.2	53.9	41.9	15.2	2.9	1.3	-
Other income	67.2	4.5	1.5	0.7	(5.7)	1.1	65.1
<b>Total income</b>	<b>650.1</b>	<b>394.9</b>	<b>150.7</b>	<b>16.9</b>	<b>14.5</b>	<b>9.5</b>	<b>63.6</b>
Expenses	(305.1)	(222.1)	(42.0)	(11.0)	(7.0)	(5.9)	(17.1)
Impairment	(115.7)	(64.9)	(50.8)	-	-	-	-
<b>Profit before tax</b>	<b>229.3</b>	<b>107.9</b>	<b>57.9</b>	<b>5.9</b>	<b>7.5</b>	<b>3.6</b>	<b>46.5</b>

i. Retail banking

Includes all individuals (retail banking customers) of the Bank, free lancers, small and very small companies.

The Bank offers through its extension branch network, all types of deposit products (deposits/ savings accounts, working capital/ current accounts, investment facilities/ term deposits, Repos, Swaps), loan facilities (mortgages, consumer, corporate loans, letters of guarantee), debit and credit cards to the above customers.



ii. Corporate banking

Includes all medium-sized and large companies, corporations with international activities, shipping corporations and corporations managed by the Corporate Banking Division (Corporate).

The Bank offers working capital facilities, corporate loans, and letters of guarantee.

iii. Asset management / Insurance

Consists of a wide range of asset management services through the Bank's private banking units.

In addition a wide range of insurance products are also offered to individuals and corporations.

iv. Investment Banking / Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered by the Bank. This segment also includes the interbank Dealing Room (FX Swaps, Bonds, Futures, IRS, Interbank placements – Borrowings etc.).

v. South Eastern Europe

Consists of the Bank's branches operating in South Eastern Europe.

vi. Other

This segment consists of the administration of the Bank.

## 25. Capital adequacy

The ratios measure capital adequacy by comparing the Bank's eligible capital with the risks that the Bank undertakes (risk weighted assets). Own funds include Tier I capital (share capital, reserves), additional Tier I capital and Tier II capital (subordinated debt and fixed asset revaluation reserves). The risk-weighted assets arise from the credit risk of the banking book and the market risk of the trading book.

The Bank uses all modern methods to manage its capital adequacy. It has issued hybrid and subordinated debt which are included in the calculation of eligible capital. The cost of these types of debt is lower than share capital and adds value to the shareholders.

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 Bank in all areas for the next years.

	(Millions of Euro)	
	30.6.2006	31.12.2005
Risk-weighted assets from credit risk	27,707	25,659
Risk-weighted assets from market risk	500	569
Total Risk-weighted assets	<u>28,207</u>	<u>26,228</u>
Upper Tier I capital	1,892	1,881
Tier I capital	1,857	1,848
Total Tier I + Tier II capital	3,499	3,485
Upper Tier I ratio	6.7%	7.2%
Tier I ratio	6.6%	7.0%
Capital adequacy ratio Tier I + Tier II	12.4%	13.3%

## 26. Related-party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These transactions are performed at arms length transaction terms and are approved by Bank's relevant committees.

- a. The outstanding balances with members of the Board of Directors, the Executive General Managers and their close family members are as follows:

	30.6.2006	31.12.2005
Loans	1,784	3,118
Deposits	14,783	10,960
Letters of guarantee	147	145

- b. The outstanding balances with subsidiaries and associates and the related results of these transactions are as follows:

### I. Subsidiaries

Assets	30.6.2006	31.12.2005
Due from banks	1,461,224	1,026,244
Securities held for trading	38,716	40,695
Derivative financial assets	278	477
Loans and advances to customers	942,457	942,800
Available for sale securities	1,172,749	441,499
<b>Total</b>	<b>3,615,424</b>	<b>2,451,715</b>

Liabilities	30.6.2006	31.12.2005
Due to banks	867,571	735,660
Due to customers	465,206	432,265
Derivatives financial liabilities	88	283
Debt securities in issue and other borrowed funds	13,221,348	10,665,761
Other liabilities	952	2,734
<b>Total</b>	<b>14,555,165</b>	<b>11,836,703</b>

Income	30.6.2006	30.6.2005
Interest and similar income	44,507	26,258
Dividend income	35,715	57,623
Fee and commission income	24,174	14,382
Other income	1,261	1,193
<b>Total</b>	<b>105,657</b>	<b>99,456</b>

Expenses	30.6.2006	31.12.2005
Interest expenses and similar charges	207,218	127,690
Commission expense	684	2,242
General administrative expenses	8,816	10,629
<b>Total</b>	<b>216,718</b>	<b>140,561</b>

Letters of guarantee and other guarantee	128,172	-
--	---------	---

### II. Associates

Assets	30.6.2006	31.12.2005
Loans and advances to customers	978	1,390

	30.6.2006	31.12.2005
<b>Liabilities</b>		
Due to customers	875	639
Letters of guarantee	2,567	1,353
<b>Income</b>		
	30.6.2006	30.6.2005
Interest and similar income	51	56
Dividends income	155	195
Fee and commission income	17	12
Other income	223	-
<b>Total</b>	<b>446</b>	<b>263</b>
<b>Expenses</b>		
Interest and similar charges	3	3
General administrative expenses	320	-
<b>Total</b>	<b>323</b>	<b>3</b>

- c. The fees paid to the members of the Board of Directors and Executive General Managers charged in the first semester of 2006 profit and loss account amount to € 2,523 (30.6.2005: € 1,317). The increase is due to modifications made in Board of Directors as at 23 February 2005 and the placement of two new Executive General Managers.

## 27. Mergers and disposals of subsidiaries and associates

- On 1 February 2006 the Bank transferred 2,178,000 shares of Alpha Private Investment Services AEPEY representing 99% of the company's share capital to another subsidiary Alpha Bank London Ltd at an amount of € 3.4 million. This transfer was made in accordance to the Group's reorganization and did not have any affect on the Bank's results.
- The legal transfer of Alpha Insurance Romania S.A. shares to third parties was completed on 16 February 2006 at an amount of € 1.7 million. The sales agreement was signed on 11 October 2005. The assets of Alpha Insurance Romania S.A., amounted to € 1.7 million, were presented as at 31 December 2005 in "non-current assets held for sale", and therefore no gain or loss resulted from this transaction.
- On 24 February 2006 the total shares of Lesvos Tourist Company A.E. or 24.99% of the company's total share capital was sold to third parties for € 2 million, resulting to € 1.6 million gain.
- The legal procedure of the merger by absorption of the subsidiary Alpha Equity Fund by Alpha Ventures, which is also a subsidiary, became effective on 31 May 2006, when the relevant decision of the Greek Ministry of Development was published in the S.A. Register. In company's new share capital derived from the above merger the Bank has 100% direct and indirect ownership interest.
- On 31 May 2006 was completed the merger by absorption of Bank's Belgrade branch by Jubanka a.d. Beograd, Bank's new acquisition in 2005, which was re-named on 1 June 2006 to Alpha Bank a.d. Beograd. As a result of the above mentioned merger the Bank's participation in Alpha Bank a.d. Beograd increased by € 22,928 thousand.
- On 14 June 2006 was completed the sale of Geosynthesis A.E. representing 20% of company's share capital for € 13.8 thousand. The Bank made a profit of € 13.8 thousand.

## 28. Events after the balance sheet date

- a) The Bank, based on decisions of the Ordinary General Shareholders Meetings held in prior years, had until 31 December 2005 acquired 8,398,426 treasury shares which represent 2.88% of its share capital.  
According to Ordinary General Shareholders meeting held on 18 April 2006 the Bank may proceed, until 17.4.2007, to the purchase of up to 3% of its total outstanding paid-in share capital.

The Board of Directors, at its meeting on 18 July 2006, decided the termination as of 20 July 2006 of the current share buyback period, for the period 22 May 2006 up to 20 October 2006, and the initiation of a new time period from 21 July 2006 to 17 April 2007, for the purchase of up to 6,230,552 treasury shares at the lower and upper limit share purchase price of €3.90 and €26.00 per share respectively.

According to the approved by the Ordinary General Shareholders Meeting, held on 18 April 2006, purchase plan of treasury shares for 2006, the Bank has purchased 1,359,723 shares with cost of €25,800 (€18.97 per share), during the period from 3 July 2006 to 20 July 2006.

The total of treasury shares purchased on 20 July 2006 was 17,757,796 shares or 4.36% of the issued share capital.

- b) The procedure of finding prospective buyers of the Rhodes Hilton Hotel of Ionian Hotel Enterprises A.E. is still in progress.
- c) On 30 December 2005 the Board of Directors of Alpha Mutual Funds AEDAK and Alpha Assets Management AEPEY decided to start the process of merging the two companies, by absorption of the second by the first, with a balance sheet date of 31 December 2005. Both companies are wholly owned subsidiaries of the Bank. The merger is expected to be completed during 2006.

Athens, 27 July 2006

CHAIRMAN

MANAGING DIRECTOR

EXECUTIVE DIRECTOR

CHIEF FINANCIAL REPORTING

YANNIS S. COSTOPOULOS  
ID No. X 661480

DEMETRIOS P. MANTZOUNIS  
ID No. I 166670

MARINOS S. YANNOPOULOS  
ID No. N 308546

GEORGIOS N. KONTOS  
ID No. Ξ 347245