ALPHA BANK

GROUP FINANCIAL STATEMENTS AS AT 31.12.2007

(In accordance with the International Financial Reporting Standards - I.F.R.S.)

ATHENS
FEBRUARY 26, 2008

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Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of ALPHA BANK A.E.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ALPHA BANK A.E. (the "Bank") which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are harmonized with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view, of the consolidated financial position of the Bank as of 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Director's report is consistent with the Consolidated Financial Statements.

Athens, 26 February 2008

KPMG Certified Auditors AE

Marios T. Kyriacou
Certified Auditor Accountant
AM SOEL 11121

Harry Sirounis
Certified Auditor Accountant
AM SOEL 19071

Directors Report for the year 2007

During 2007 the growth of global economy continues to show a satisfactory increase despite the crisis, initiated by the American sub-prime mortage market during July 2007 which has continued up to the beginning of 2008. It is encouraging that Greek banking institutions are not exposed directly to products that are related to American market sub-prime mortage loans given to customers with high credit risk. That is attributed to the fact that Greek banking institutions have focused their efforts to expand their business activities within Greece, where the opportunities are still significant and within neighbouring countries of Southeastern Europe.

Southeastern Europe countries economic growth modules those of developing countries.

The main reasons of the continuing high growth rates are the attraction of capital from abroad, in the form of foreign investments and the fact that Romania and Bulgaria become members and will benefit from structural funds of the European Union.

During 2007, the Greek economy real growth rate remained high, at 4% and it still remains one of the faster growing economies of the European Union. In result to this growth the real convergence is coming along.

During 2007 there was significant progress on the structure reformations. Consequently, the supplementary pension issue of bank employees was resolved and the issues relating to the social security system in general is being addressed.

Therefore employees of the Bank who were insured in the supplementary pension fund (T.A.P.), in accordance with article 10 of Law 3620/07, joined the common pension fund of bank employees (E.T.A.T.) for their supplementary pension from 1.1.2008. The cost of joining E.T.A.T. amounted to EUR 543 million. This cost was determined on an economic study stipulated by Law 3371/2005. This amount shall be paid in 10 equal annual installments and it is included in Group's financial statements in accordance with International Financial Reporting Standards.

With respect to the credit system during 2007 new regulations were embodied in national law which support the transparency of information to investors and protect the capital base of banks.

The positive developments of the Greek banking system continued in 2007 with the expansion of banking services abroad and mainly in the Southeastern Europe, Turkey and Egypt.

The strong growth of the profitability, capital adequacy and the continuous improvement of risk management, contributed to the vigour of the Greek financial system.

The successful and profitable course of the Group continued in 2007 with an increase in net profit of 54%, which includes the tax on reserves based on legislation voted during January 2008 and the donations to forest fire victims.

The strong profitability confirms the robust growth of the Group and the adoption of its strategic expansion in South Eastern Europe.

Net interest income increased by 13% and amounts to EUR 1,605 million. Commissions increased by 16% from the Group's expansion in retail banking evidenced by the increase from loans and credit cards.

Income from financial transactions and other income amount to EUR 82.5 million and EUR 85 million, respectively.

Operating expenses increased by 16% to Euro 1,025 million effected by the rapid expansion of our network in South Eastern Europe. In the region the organic growth in 2007 was significantly accelerated by 133 additional branches and new staff increase of 1,008 employees.

Despite the above, the cost control policy adopted by the Group managed to achieve the cost to income ratio of 45.8%.

The financial statements include the profit from the sale of 99.57% shares of Alpha Insurance A.E. to AXA. Alpha Bank and AXA have also signed a long-term exclusive bank assurance agreement for the distribution of AXA insurance products through the extensive branch network of the Bank.

As at 31.12.2007 the total assets of the Group amounted to EUR 54.7 billion, a 10.6% increase compared to 31.12.2006, whereas the capital adequacy remains at high levels of 12.5% and the core capital ratio of 9.6%.

Equity amounts to EUR 4.3 billion and share capital amounts to EUR 1.6 billion consisting of 410,976,652 ordinary shares with the nominal value of EUR 3.90 each. The increase in the number of shares, during 2007, is attributed to the exercise of 2,954,650 share options to the Group's personnel.

In addition, during 2007, the Bank purchased 13,674,907 treasury shares at a cost of EUR 329 million, based on the decision of the ordinary General Shareholders Meeting held on 3 April 2007. Furthermore, the Bank completed successfully the private placement of all its treasury shares which amounted to 14,476,626 shares at a cost of EUR 340 million.

The loans, before impairment, recorded a significant increase of 29.3% and amounted to EUR 49.2 billion. This increase is attributable to loans within Greece of 19.5% and to the spectacular increase of loans within Southeastern Europe of 88.0%.

The impairment reserve amounts to EUR 840,6 million, or 2% of the total loan portfolio, including write-offs of EUR 382.1 million.

The impairment charge as a percentage of the average loan portfolio stood at 60 bps at the end of 2007, mainly due to the improved business environment in Greece and Cyprus, and the significant progress in restructuring the credit evaluation and the debt collection procedures.

Customer deposits, including bonds issued by Alpha Bank available to customers have increased by 12%, and to EUR 34.7 billion.

The completion of annual funding program from international markets during 2007 together with the ability to attract retail deposits through our extensive network provides us with the required flexibility to achieve our demanding growth strategy for 2008 without any immediate need for funding from the international markets.

The results of 2007 confirm with the best way, our strong success on our Agenda 2010.

The main features of the new business plan, Agenda 2010 presented in London on 16 January 2008 are as follows:

- Net income in 2010 of at least Euro 1,400 million translated into an average increase of earnings per share of 23% for the period 2007-2010 against to 20% of Agenda 2010 and the achievement of return on equity 30% (versus 28%).
- Increased contribution of South Eastern Europe activities to Group earnings to 30% by 2010 (from 25%).
- Accelerated loan growth to produce risk weighted asset growth of 20%.
- A interim target of net income for 2009 of Euro 1,150 million.

It is noted that the achievement of current goals does not presuppose a share capital increase as it is supported by a strong capital adequacy base and the increase of Group's profitability.

By the end of 2010 Alpha Bank expects to achieve a total market share of more than 10% across Southestern Europe with leading positions in these markets. The strength of the Alpha Bank brand combined with our quality network deployment, trained and committed personnel, uniform branding, group product and marketing support and effective credit controls has led to enhanced efficiency levels in Alpha Bank's operations. As a result we are registering significant acceleration of our performance across all countries:

- In Cyprus we command already the number three position based on loans.
- In Romania, we are the fifth largest bank.
- In Serbia, we completed successfully the restructuring of the acquired Jubanka and are positioned for strong growth.
- In Bulgaria we have reached a 3% market share in less than two years.

Alpha Bank is geared for increased returns in its domestic retail franchise benefiting from its quality brand name and more than two and a half million high-end retail customers.

Initiatives already in place include an overhaul of our consumer finance offering and new products in our asset management division, including bancassurance products developed jointly with AXA. The Bank's strong mutual fund business uses tailor made delivery channels, including Alpha Prime which targets mass affluent customers and is expecting to selectively increase its branch network to 536 units by 2010, in order to take advantage of the Bank's expanding geographic coverage.

Alpha Bank is also the market leader in the Greek corporate banking sector and is aiming to achieve increased penetration of its corporate customer base and market share gains in medium-sized companies, where delivery capacity has been strengthened with the roll out of the business centre concept.

Based on net profit of the year and the achievement of the goals, the management of the Bank propose to the Annual General Shareholders Meeting a dividend of € 0.90 per share versus the € 0.75 per share for 2006, an increase of 20%.

Athens, 26 February 2008

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
YANNIS S. COSTOPOULOS

Explanatory Directors' Report For The Year 2007
(In accordance with article 11a of Law 3371/2005)

1a. The share capital of the Bank is one billion six hundred and two million eight hundred and eight thousand nine hundred and forty two Euros and eighty cents (1,602,808,942.80) of stock and is divided into four hundred and ten million nine hundred and seventy six thousand six hundred and fifty two (410,976,652) shares of a par value of three Euros and ninety cents (3.90) each. All shares are listed for trading on the Athens Exchange. The shares of the Bank are registered and indivisible with voting rights and are issued in dematerialized form, in accordance with legal requirements.

1b. There are no restrictions by the Articles of Incorporation in the transfer of shares, with the exception of those provided by law.

1c. There are no important direct or indirect participations as per Law 3556/2007.

1d. There are no holders of shares which provide special control rights according to the Articles of Incorporation.

1e. There are no restrictions provided for in the Articles of Incorporation as to the right to vote and the deadlines of exercising the right to vote with the exception of those provided by law.

1f. There are no agreements among shareholders, which are known to the Bank and involve restrictions in the transfer of shares or restrictions to exercising voting rights.

1g. There are no rules for the appointment and replacement of members of the Board of Directors, and the amendment of the Articles of Incorporation which deviate from those stipulated in Codified Law 2190/1920.

1h. The Bank's share capital may be increased by resolution of the General Assembly of shareholders or of the Board of Directors, according to the Articles of Incorporation or by virtue of whatever regulations may be in force at the time. The Bank may acquire shares of its stock under the provisions of the law. The General Assembly, on the grounds of its resolution dated 6 June 2006, granted the Board of Directors, for a period of four (4) years, i.e. until the date of the regular termination of tenure of the current Board of Directors, with the authority to increase the Bank's share capital under the requirements of article 13 of Codified Law 2190/1920. In this event, under the requirements of article 13, paragraph 4 of Codified Law 2190/1920, the share capital may be increased up to the outstanding paid in share capital on the date the above authorization was granted. This authorization of the Board of Directors may be renewed, by resolution of the General Assembly, subject to the publicity requirements of article 7b of Codified Law 2190/1920, for a period that cannot exceed five years for each renewal, and shall enter in force upon the expiration of each five-year period.

In application of article 13, paragraph 9 of Codified Law 2190/1920 (as was then in force), the General Assembly of the Bank with its resolutions dated 24 May 2005, 6 June 2006 (as regards the stock option scheme for the years 2005-2010) and 6 June 2006 (as regards the stock option scheme for the years 2006-2010), instituted or amended and/or supplemented accordingly, the aforementioned stock option schemes for the purchase of Bank shares by executive members of the Board of Directors, managerial staff and employees of the Bank and its affiliated companies.

As a result of the exercise of stock options by 245 beneficiaries, during the period from 14 to 24 September 2007, the Board of Directors, in its meeting held on 25 September 2007, approved a share capital increase of Euro 10,788,901.50 by issuing 2,766,385 new common shares, of par value Euro 3.90 each, which represent an equal number of exercised stock options, for the subscription of which the beneficiaries paid the amount of Euro 3.90 and Euro 20.61 for 1,123,705 and 1,642,680 options respectively. On 25.9.2007, the Board of Directors confirmed the complete payment of the share capital increase amount, which now corresponds to Euro 1,602,074,709.30, divided in 410,788,387 common, registered shares of par value of Euro 3.90 each, the amount above par being credited to the appropriate accounts of the Bank. The aforementioned resolution was communicated to the Ministry of Development and registered in the Register of Societes Anonymes with its decision number K2-15004/11.10.2007.

As a result of the above and because of the exercise of stock options by 15 beneficiaries on a total of 16, during the period from 23 to 26 November 2007, the Board of Directors of the Bank, in its meeting held on 27 November 2007, approved a share capital increase of Euro 734,233.50 by issuing 188,265 new common shares, of par value Euro 3.90 each, which represent an equal number of exercised stock options, for the subscription of which the beneficiaries paid the amount of Euro 20.61 for 188,265 options. On 27.11.2007, the Board of Directors confirmed the complete payment of the share capital increase amount, which now corresponds to Euro 1,602,808,942.80, divided in 410,976,652 common, registered shares of par value of Euro 3.90 each, the amount above par being credited to the appropriate accounts of the Bank. The aforementioned resolution was communicated to the Ministry of Development and registered in the Register of Societes Anonymes with its decision number K2-17202/7.12.2007.

The Board of Directors, in its meeting held on 18 December 2007, adjusted accordingly the amount of the share capital, under the requirements of article 13, paragraph 13 of Codified Law 2190/1920, with the proviso that its resolution will be ratified by the forthcoming Annual Ordinary General Meeting.

The Ordinary General Meeting of the Shareholders of the Bank, held on 3 April 2007, approved a share buy-back plan up to 3% of the outstanding paid in share capital, at the minimum purchase price of Euro 3.90 and maximum purchase price of Euro 32.00 per share.

Based on the aforementioned resolution of the General Assembly, in the period of time from 2.5.2007 to 31.7.2007, the Bank purchased 1,378,254 own shares, i.e. 0.34% of the outstanding paid in share capital, with an average cost price of Euro 24.76 per share. On 1.8.2007, the Bank sold by way of a private placement 3,505,992 treasury shares, i.e. 0.86% of the Bank's outstanding paid in share capital.

Furthermore, in the period of time from 9.8.2007 to 18.12.2007, the Bank purchased 10,970,634 own shares, i.e. 2.67% of the outstanding paid in share capital, on a total price of Euro 265.96 million. On 20.12.2007, the Bank successfully sold by way of a private placement 10,970,634 treasury shares, i.e. 2.67% of its outstanding paid in share capital. On 31.12.2007, the Bank did not hold any own shares.

1i. There is no important agreement which the Bank has entered into and comes into effect, is amended or expires in case of change in the control of the Bank after a public offering.

1j. There is no agreement which the Bank has entered into with members of the Board of Directors or the staff, which provides for compensation in the case of resignation or dismissal without just cause or termination of tenure or employment because of a public offering, except as stipulated by law.

Athens, 26 February 2008

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
YANNIS S. COSTOPOULOS

CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

	Note	From 1 January to 31.12.2007	31.12.2006
Interest and similar income	2	3,406,725	2,699,217
Interest expense and similar charges	2	(1,801,472)	(1,281,601)
Net interest income		1,605,253	1,417,616
Fee and commission income		507,651	434,093
Commission expense		(43,061)	(33,985)
Net fee and commission income	3	464,590	400,108
Dividend income	4	2,254	2,700
Gains less losses on financial transactions	5	82,542	55,496
Other income	6	81,432	66,655
		166,228	124,851
Total income		**2,236,071**	**1,942,575**
Staff costs	7	(526,935)	(476,085)
General administrative expenses	8	(416,253)	(345,292)
Depreciation and amortization expenses	20,21,22	(78,254)	(62,648)
Other expenses		(3,903)	(3,431)
Total expenses		**(1,025,345)**	**(887,456)**
Impairment losses and provisions for credit risk	9	(226,683)	(253,954)
Share of profit/(loss) of associates	19	1,220	(408)
Profit before tax		**985,263**	**800,757**
Income tax	10.1	(208,181)	(175,427)
		777,082	625,330
Tax on reserves	10.2	(6,384)	(73,902)
Profit after tax from continuing operations		**770,698**	**551,428**
Profit after income tax from discontinued operations	11	80,388	2,687
Profit after tax		**851,086**	**554,115**
Profits attributable to:			
Equity holders of the Bank		**850,035**	**551,987**
Minority interests		1,051	2,128
Earnings per share:	12		
From continuing and discontinued operations			
Basic earnings per share (€)		2.10	1.40
Diluted earnings per share (€)		2.09	1.40
From continuing operations			
Basic earnings per share (€)		1.90	1.40
Diluted earnings per share (€)		1.89	1.39

The attached notes (pages 16 to 92) form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

(Thousands of Euro)

	Note	**31.12.2007**	**31.12.2006**
ASSETS			
Cash and balances with Central Banks	13	3,263,612	2,675,702
Due from banks	14	3,509,696	4,636,712
Securities held for trading	15	266,047	305,991
Derivative financial assets	16	383,432	245,676
Loans and advances to customers	17	42,072,071	32,223,034
Investment securities			
-Available for sale	18	3,156,901	7,552,602
Investments in associates	19	5,320	4,091
Investment property	20	73,560	31,518
Property, plant and equipment	21	1,173,275	935,996
Goodwill and other intangible assets	22	134,497	117,138
Deferred tax assets	23	170,257	276,973
Other assets	24	385,676	309,840
		54,594,344	**49,315,273**
Non-current assets held for sale	25	89,945	484,387
Total Assets		**54,684,289**	**49,799,660**
LIABILITIES			
Due to banks	26	4,437,736	6,686,526
Derivative financial liabilities	16	384,139	224,576
Due to customers (including debt securities in issue)	27	34,665,158	31,014,694
Debt securities in issue held by institutional investors and other borrowed funds	28	9,189,297	6,348,467
Liabilities for current income tax and other taxes	29	158,797	129,077
Deferred tax liabilities	23	94,807	140,208
Employee defined benefit obligations	30	42,019	548,584
Other liabilities	31	1,323,554	675,003
Provisions	32	95,935	65,263
		50,391,442	45,832,398
Liabilities related to non-current-assets held for sale	25	1,583	353,595
Total Liabilities		**50,393,025**	**46,185,993**
EQUITY			
Equity attributable to equity holders of the Bank			
Share capital	33	1,602,809	1,591,286
Share premium	34	184,033	127,961
Reserves	35	445,662	351,697
Amounts recognized directly in equity relating to non-current assets held for sale	25	-	(2,576)
Retained earnings	36	1,138,195	686,018
Treasury shares	37	(188)	(14,653)
		3,370,511	**2,739,733**
Minority interest		**32,859**	**44,280**
Hybrid securities	38	**887,894**	**829,654**
Total Equity		**4,291,264**	**3,613,667**
Total Liabilities and Equity		**54,684,289**	**49,799,660**

The attached notes (pages 16 to 92) form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Thousands of Euro)

	Note	Share capital	Share premium	Fair value reserve and other reserves	Retained earnings	Treasury shares	Total	Minority interest	Hybrid securities	Total equity
Balance 1.1.2006		**1,456,018**	**125,685**	**324,297**	**506,985**	**(188,316)**	**2,224,669**	**53,069**	**844,946**	**3,122,684**
Changes in equity for the period 1.1-31.12.2006										
Net change in fair value of available-for-sale securities				(48,776)			(48,776)			(48,776)
Net change in fair value available-for-sale securities transferred to income statement from sales				(6,665)			(6,665)			(6,665)
Exchange differences on translating foreign operations				31,909			31,909			31,909
Net income recognized directly in equity				(23,532)			(23,532)			(23,532)
Net income for the period after tax					551,987		551,987	2,128		554,115
Total				(23,532)	551,987		528,455	2,128		530,583
Share capital increase by capitalization of reserves and change of nominal value of share to € 3.90	33	133,954			(133,954)					
Change of ownership interests in subsidiaries					(513)		(513)	(9,492)		(10,005)
(Purchase)/sales of treasury shares and hybrid securities					96,598	173,663	270,261		(15,292)	254,969
Recognition of employee share options				5,158			5,158			5,158
Exercise of employee share options	34		2,276	(2,276)						
Share capital increase from the exercise of share options	33	1,314					1,314			1,314
Dividends distributed to equity holders of the Bank and minority interest					(237,556)		(237,556)	(1,425)		(238,981)
Dividends paid to hybrid securities holders					(51,006)		(51,006)			(51,006)
Reserves appropriation				45,474	(45,474)					
Other					(1,049)		(1,049)			(1,049)
Balance 31.12.2006		**1,591,286**	**127,961**	**349,121**	**686,018**	**(14,653)**	**2,739,733**	**44,280**	**829,654**	**3,613,667**

The attached no notes (pages 16 to 92) form an integral part of these financial statements.

	Note	Share capital	Share premium	Fair value reserve and other reserves	Retained earnings	Treasury shares	Total	Minority interest	Hybrid securities	Total equity
Balance 1.1.2007		**1,591,286**	**127,961**	**349,121**	**686,018**	**(14,653)**	**2,739,733**	**44,280**	**829,654**	**3,613,667**
Changes in equity for the period 1.1-31.12.2007										
Net change in fair value of available-for-sale securities				(38,613)			(38,613)			(38,613)
Net change in fair value available-for-sale securities transferred to income statement from sales				123,054			123,054			123,054
Exchange differences on translating foreign operations				68			68			68
Net income recognized directly in equity				84,509			84,509			84,509
Net income for the period after tax					850,035		850,035	1,051		851,086
Total				**84,509**	**850,035**		**934,544**	**1,051**		**935,595**
Purchases, sales and change of participating interests in subsidiaries					(3,613)		(3,613)	(11,395)		(15,008)
(Purchase)/sales of treasury shares and hybrid securities	37,38				(18,197)	14,465	(3,732)		58,240	54,508
Recognition of employee share options				19,487			19,487			19,487
Exercise of employee share options	34.35		25,477	(25,477)						
Issue of new shares due to share options exercise	33.34.45	11,523	30,595				42,118			42,118
Dividends distributed to equity holders of the Bank and minority interest	36				(304,421)		(304,421)	(1,077)		(305,498)
Dividends paid to hybrid securities holders					(52,996)		(52,996)			(52,996)
Transfer of reserves				(36,827)	36,827					
Reserves appropriation				54,849	(54,849)					
Other					(609)		(609)			(609)
Balance 31.12.2007		**1,602,809**	**184,033**	**445,662**	**1,138,195**	**(188)**	**3,370,511**	**32,859**	**887,894**	**4,291,264**

The attached notes (pages 16 to 92) form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

	Note	From 1 January to 31.12.2007	31.12.2006
Cash flows from operating activities			
Profit before tax from continuing operations		985,263	800,757
Adjustments for:			
Depreciation of property, plant and equipment	20,21	54,509	43,543
Amortization of intangible assets	22	23,745	19,105
Impairment losses from loans and provisions		237,398	264,332
Other adjustments		19,487	5,157
(Gains)/losses from investing activities		15,323	(28,489)
(Gains)/losses from financing activities		53,487	89,552
Share of (profit)/loss of associates	19	(1,220)	408
		1,387,992	**1,194,365**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		(240,602)	(1,426,869)
Securities held for trading and derivative financial assets		(97,812)	(290,032)
Loans and advances to customers		(10,050,212)	(5,209,213)
Other assets		(13,071)	(86,348)
Net increase/(decrease) in liabilities relating to operating activities			
Due to banks		(2,307,395)	(1,442,073)
Derivative financial liabilities		159,563	84,340
Due to customers		6,216,867	6,512,073
Other Liabilities		(33,841)	(77,045)
Net cash flows from operating activities before taxes		**(4,978,511)**	**(740,802)**
Income taxes and other taxes paid		(126,471)	(202,328)
Net cash flows from continuing operating activities		**(5,104,982)**	**(943,130)**
Cash flows from investing activities			
Acquisitions of subsidiaries and associates		(22,387)	(11,376)
Proceeds from sale of investments in subsidiaries and associates		20	13,167
Dividends received	4	2,254	2,700
Purchase of property, plant and equipment		(183,060)	(118,648)
Disposal of property, plant and equipment		21,637	13,168
Net (increase)/decrease in investment securities		4,451,770	(14,569)
Net cash flows from continuing investing activities		**4,270,234**	**(115,558)**
Cash flows from financing activities			
Exercise of share options		42,118	1,314
Dividends paid		(303,531)	(236,371)
(Purchase)/sale of treasury shares		11,466	266,267
Proceeds from the issue of loans		677,038	13,658
Repayment of loans		(526,956)	(40,056)
Proceeds from the issue of hybrid securities		43,042	-
Purchase of hybrid securities		-	(19,286)
Dividends paid to hybrid securities holders		(52,996)	(51,006)
Net cash flows from continuing financing activities		**(109,819)**	**(65,480)**
Effect of exchange rate fluctuations on cash and cash equivalents		67	31,909
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(944,500)**	**(1,092,259)**
Net cash flows from discontinued operating activities		-	762
Net cash flows from discontinued investing activities		160,700	1,514
Net cash flows from discontinued financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents from discontinued activities		**160,700**	**2,276**
Cash and cash equivalents at beginning of the year	13	**4,575,831**	**5,665,814**
Cash and cash equivalents at end of the year	13	**3,792,031**	**4,575,831**

The attached notes (pages 16 to 92) form an integral part of these financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

General Information

The Alpha Bank Group, which includes companies in Greece and abroad, offers services such as:

- Banking
- Corporate and retail banking
- Financial services
- Investment banking and brokerage services
- Insurance services
- Real estate management
- Hotel activities

The parent company of the Group is ALPHA BANK A.E. which operates under the brand name of ALPHA BANK. Its registered office is 40 Stadiou Street, Athens and it is listed as a societe anonyme, with register number 6066/06/B/86/05. The Bank's duration is until 2100 which can be extended by a decision of the Shareholders in 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, elected by the Shareholders' General Meeting on April 19, 2005 ends in 2010. The Board of Directors, after the changes approved by the Board meeting held on 27 February 2007 (resignation of the non-executive member Mr. Takis Athanasopoulos, who was replaced by Mr. Evangelos Kaloussis) as at 31 December 2007 consist of:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

VICE CHAIRMAN (Non Executive Member)

Minas G. Tanes***

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. Manessis **

NON-EXECUTIVE INDEPENDENT MEMBERS

Pavlos A. Apostolides **

Thanos M. Veremis

Evangelos I. Kaloussis */***(On 3 April 2007 elected from non-executive member to a non-executive independent member by the Shareholders' Meeting)

Ioannis K. Lyras **

SECRETARY

Hector P. Verykios

* Member of the Audit Committee
** Member of the Remuneration Committee
*** Member of the Risk Management Committee

The certified auditors of the semi-annual and year end financial statements are:

Principal Auditors:	Marios T. Kyriacou
	Harry Sirounis
Substitute Auditors:	Nick Ch. Tsiboukas
of KPMG Certified Auditors A.E.	

The Bank's shares are listed on the Athens Stock Exchange since 1925.

As at 31 December 2007 Alpha Bank was ranked fifth, in terms of market capitalization. Since February 2004 the Bank has been included in the FTSE Eurofirst 300 Index, an index which consists of the 300 largest European companies. Additionally, the Bank is included in a series of other indices, such as S&P Europe 350, FTSE Med 100, MSCI Europe, DJ Euro Stoxx and FTSE4 Good.

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

As at 31 December 2007 the Bank has 410,976,652 shares in issue.

The Bank's growth and consistent dividend policy has attracted local and foreign investors. This has increased the shares' liquidity which for the year ended 31 December 2007 amounted to an average of 1,307,691 shares per day.

Finally, the credit rating of the Bank remains at a high level (Standard & Poor's: A-, Moody's: A1, Fitch Ratings: A-) and reflects the dynamics of its operations and the positive outlook with respect to its share price.

The financial statements have been approved by the Board of Directors on 26 February 2008.

Accounting policies applied

1.1 Basis of presentation

These consolidated financial statements relate to the fiscal year 1 January 2007 to 31 December 2007 and they have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with Regulation 1606/2002 of the European Parliament and the Council of the European Union on 19 July 2002.

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

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

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

The estimates and judgments applied in preparing the financial statements are based on historical information and assumptions which at present are considered appropriate.

The estimates and assumptions are reviewed on an ongoing basis to take into account current conditions, and the effect of any revisions are recognized in the period in which the estimate is revised.

The accounting policies, applied by the Group in the financial statements as at 31 December 2007, are the same as those applied in the financial statements for the year ended 31 December 2006 after taking into account amendments to the standards, and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union which are effective for annual periods beginning on or after 1.1.2007:

- International Financial Reporting Standard (IFRS) 7 *«Financial Instruments: Disclosures» (Regulation 108/2006)*

IFRS 7 and the amendments to other Standards resulted in significant changes relating to the disclosure requirements of financial instruments, which are included in financial statements of 31.12.2007.

- Amendment to IAS 1 *«Presentation of Financial Statements – Capital Disclosure»*

This amendment requires additional disclosures for the management of the Group's capital and quantitative disclosures included in the financial statements of 31.12.2007.

- Interpretation 7 *«Applying the restatement Approach Under IAS 29 Financial Reporting in Hyper Inflationary Economies (Regulation 708/2006)*

The adoption of this interpretation had no effect on the financial statements as the Group has no operations in hyper inflationary economies.

- Interpretations 8 and 9 *«Scope of IFRS 2» and «Reassessment of embedded derivatives» (Regulation 1329/2006)*

The adoption of these interpretations had no impact on the Group's financial statements.

- Interpretation 10 *«Interim Financial Reporting and Impairment» (Regulation 610/2007)*

With the adoption of this interpretation an entity can not reverse an impairment loss recognized in an interim period relating to goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The adoption of this interpretation did not have an impact on Group's financial statements.

Apart from the above Standards and Interpretations, the European Union adopted the following standards and interpretations, which are effective for annual periods beginning after 1.1.2007 and have not been early adopted by the Group.

- Interpretation 11 - *"IFRS 2 – Group and Treasury Share Transactions"*

Effective for annual periods beginning on or after 1.3.2007 (Rule 611/1.6.2007)

The adoption of this interpretation will not have a substantial impact on the Group's financial statements.

- International Financial Reporting Standard 8 *«Operating segments»*

Effective for annual periods on or after 1.1.2009.(Rule 1358/21.11.2007)

This standard replaces IAS 14 «Segment reporting».

Its adoption by the European Union and by the Group will have a significant impact on the Group's disclosures relating to operating segments.

In addition, the International Accounting Standards Board (IASB) has issued the following standards and interpretations which have not yet been adopted by the European Union and have not yet been implemented by the Group.

- Amendment of International Accounting Standard 23 *«Borrowing costs »*

Effective for annual periods on or after 1.1.2009

On 29 March 2007, the Board issued the revised IAS 23, which removed the option of immediately recognizing as an expense all borrowing costs that relate to assets that have a substantial period of time to be ready for use or sale. Such borrowing costs are capitalized as part of the cost of the asset.

Its adoption will not have a substantial impact on Group's financial statements.

- Amendment of International Accounting Standard (IAS) 1 *«Presentation of financial statements».Effective for annual periods on or after 1.1.2009.*

On 6 September 2007, the Board published the revised version of IAS 1. The most significant changes are the following:

i. Introduction of a statement of comprehensive income. This statement includes the profit or loss of the period and all non-owner changes in equity. Entities may present a separate income statement, but all non-owner changes in equity must be presented in an additional statement.

ii. The statement of changes in equity, will include transactions between the entity and the equity holders.

iii. In the instances where a new accounting standard is retrospectively implemented or items are restated, the comparative figures must include the opening and closing balance sheet of the prior year.

The adoption of this Standard by the European Union and the Group will affect the presentation of financial statements.

- *Amendment of International Accounting Standard 27 «Consolidated and Separate Financial Statements» and International Financial Reporting Standard 3 «Business combinations» – Effective for business combinations where the acquisition date relates, to annual periods beginning on or after 1.7.2009.*

The main changes from the amended standards issued on 10 January 2008, are summarized as follows:

i) In circumstances where changes in ownership interests have as result an entity to obtain control or to lose control of another entity, the value of the investment prior to the change or the remaining value, should be measured at fair value with changes recognized in profit and loss account.

ii) Upon initial recognition non-controlling interest might be measured at fair value. In addition non-controlling interest should absorb the total losses incurred attributable to their interest.

iii) Any contingent consideration is recognized as a liability and measured at fair value.

iv) Costs incurred by the acquirer are not included in the cost of a business combination but are expensed.

Finally, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group has already adopted the above accounting policy (relevant note 1.2).

- Amendment of International Financial Reporting Standard 2 *"Share based payments" – Effective for annual periods beginning on or from 1.1.2009.*

This amendment issued on 17 January 2008 clarifies that the vesting conditions are distinguished to:

i. Service conditions which are further distinguished to:
   - vesting conditions that require to complete a specified period of service
   - conditions that require performance targets

ii. Conditions that are not connected to service.

In addition,rules for measuring the grant date fair value of the share-based payments for each for the above categories are clarified, together with the accounting treatment in the cases that a failure to meet the conditions is arisen.

The adoption of this amendment by the European Union and the Group has not expected to have a substantial impact on the financial statements.

- Amendment of International Accounting Standard 32 «Financial instruments: Presentation» - and International Accounting Standard 1 «Presentation of financial statements» Effective for annual periods beginning on 1.1.2009

With the implementation of the above amendment, issued on 14 February 2008, financial instruments that otherwise meet the definition of financial liability, but also contain the right for the holder to put them back to the issuer, under specific conditions, are classified as equity of the issuer. This amendment requires additional disclosures on the financial statements.

The Group is examining whether there will be an impact from the adoption of the above amendment in the financial statements.

- Interpretation 12 «Service concession arrangements»
  Effective for annual periods on or after 1.1.2008

- Interpretation 13 «Customer loyalty programs»
  Effective for annual periods on or after 1.7.2008

- Interpretation 14 «IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction» Effective for annual periods on or after 1.1.2008

The Group is examining whether there will be an impact from the adoption of the above Interpretations in the financial statements.

1.2 Basis of consolidation

The consolidated financial statements include the parent company Alpha Bank, its subsidiaries, associates and joint ventures.

a. Subsidiaries

Subsidiaries are entities controlled, directly or indirectly, by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. When the cost of acquisition exceeds the fair value of the Group's share of the identifiable net assets acquired the excess is recorded as goodwill, which is tested for impairment annually. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

When the Group's interest in a subsidiary increases as a result of an acquisition, the difference between the consideration paid and the share of net assets acquired is recognized directly to retained earnings.

Sales of ownership interests in subsidiaries that do not result in a loss of control for the Group, is considered as a transaction between equity parties and the gain or loss arising from the sale is recognized directly to retained earnings.

Special purpose entities are consolidated when the substance of the relationship between the Bank and the entity indicates that the entity is controlled by the Bank.

Accounting principles of subsidiaries have been adjusted where necessary to ensure consistency with the policies of the Group.

b. Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding, directly or indirectly, of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting.

The Group's share of the associates post-acquisition profits or losses is recognized separately in the income statement.

Accounting principles of associates have been adjusted where necessary to ensure consistency with the policies of the Group.

c. Joint ventures

According to IAS 31, «joint ventures are those entities over whose activities, the Group has joint control, established by contractual agreement whereby two or more parties undertake an economic activity».

The consolidated financial statements include the Group's share of the joint venture under the proportionate consolidation method.

Inter company transactions are eliminated unless the transaction provides evidence of impairment of the asset transferred and it is recognized in the consolidated balance sheet.

Details of the entities and the Group's ownership interest of subsidiaries and joint ventures is provided in note 40, and for associates in note 19.

1.3 Segment reporting

The Group after considering the present management and reporting structure, and that the majority of its income arises from activities in Greece decided that:

a. the primary reporting format are the following business segments:
   - Retail
   - Corporate
   - Asset Management and Insurance
   - Investment Banking and Treasury
   - South Eastern Europe
   - Other

b. the geographical segments are the secondary reporting format:
   - Greece
   - Other Countries

Detailed information relating to business and geographical segments is presented in note 41.

1.4 Transactions in foreign currency and translation of foreign operations

a. Transactions in foreign currency translations

The consolidated financial statements are presented in Euro, which is the functional currency and the currency of the country of incorporation of the parent company Alpha Bank. Items included in the financial statements of the subsidiaries are measured using the currency of the country of incorporation or the currency of the primary economic environment in which the company operates or the currency used for the majority of transactions held.

Transactions in foreign currencies are translated to the functional currency of each subsidiary at the closing exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the closing exchange rate at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities are recognized at the exchange rate ruling at initial recognition, except for those non-monetary items denominated in foreign currencies that are stated at fair value. The exchange differences relating to these items are part of the change in fair value and they are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

b. Translation of foreign operations

The results and financial position of all group entities that have a functional currency that is different from the presentation currency of Group financial statements are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated to Euro at the closing rate applicable on the balance sheet date. The comparative figures presented are translated to Euro at the closing rates at the respective date of the comparative balance sheet.

(ii) Income and expense items for each income statement are translated to Euro at average exchange rates applicable for each period presented.

The resulting exchange difference from the retranslation and those arising from other monetary items designated as a part of the net investment in the entity are recorded in equity. When a foreign subsidiary is sold, the exchange differences are recognized in the income statement as part of the gain or loss on sale.

1.5 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents consists of:

a. Cash on hand.
b. Non-restricted placements with Central Banks.
c. Short-term balances due from banks.

Short-term balances due from banks are amounts that mature within three months after the date of the consolidated financial statements.

1.6 Classification and measurement of financial assets

The Group classifies its financial assets in the following categories:

- Loans and receivables.
- Held–to-maturity investments.
- Financial assets at fair value through profit or loss.
- Available-for-sale financial assets.

For each of the above classifications the following is applicable:

a) *Loans and receivables*
Included in this category are:

i. Direct loans to customers
ii. Amounts paid for a portion or total acquisition of bonds issued by customers
iii. All receivables from customers, banks etc.

Loans and receivables are carried at amortized cost.

b) *Held–to-maturity*

Held–to-maturity investments are financial assets that the Group has the positive intention and ability to hold to maturity.
This category is carried at amortized cost.
The Group has not included any financial assets in this category.

c) *Financial assets at fair value through profit or loss.*

Financial assets included in this category are those:

i. That are acquired principally for the purpose of selling in the near term in order to exploit short term market fluctuations (trading portfolio). The Group has included in this category fixed rate Government bonds and treasury bills, except for certain specific issues and a limited number of shares and corporate loans.
ii. The Group, at initial recognition, designates these financial assets at fair value and recognize changes in the fair value in the income statement.

This classification is used when:

- Management monitors and manages the financial instruments on a fair value basis in accordance with a documented risk management or investment strategy.
- Eliminates an accounting mismatch that would otherwise arise from measuring financial assets and liabilities on a different basis (i.e. amortized cost) in relation to another financial asset or liability (i.e. derivatives which are measured at fair value through the profit or loss).
- The financial instrument contains an embedded derivative that significantly modifies the cash flows or the separation of this derivative is not prohibited.

The Group, at initial recognition, does not designate financial assets at fair value through profit or loss.

d) Available-for-sale

Available-for-sale financial assets are investments that have not been classified in any of the previous categories.

The Group has included in this category:

i. Variable interest rate bonds
ii. Certain issues of fixed rate Government bonds and fixed rate bonds of other issuers
iii. Shares
iv. Mutual fund units

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is transferred to profit or loss. The financial assets included in this category are reviewed at each balance sheet date to determine whether there is any indication of impairment. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss. An impairment loss is reversed through the profit or loss if it can be related objectively to an event occurring after the impairment loss was recognized. However, the impairment losses for equity securities and mutual fund units are not reversed.

The measurement principles noted above are not applicable when a specific financial asset is the hedged item in a hedging relationship, in which case the principles set out in note 1.7 are followed.

1.7 Derivative financial instruments and hedge accounting

Derivatives are financial instruments that upon inception have a minimal or zero value and subsequently change in accordance with a particular underlying instrument (foreign exchange, interest rate, index or other variable).

All derivatives are recognized as assets when their fair value is positive, and as liabilities when their fair value is negative.

Derivatives are entered into for either hedging or trading purposes and they are measured at fair value irrespective of the purpose for which they have been transacted. In the cases were certain derivatives embedded in other financial instruments, such as bonds, loans, deposits, borrowed funds etc are not carried at fair value through profit or loss then they are accounted for as separate derivatives when the derivative is not closely related to the host contract. These embedded derivatives are measured at fair value and are recognized as derivative assets or liabilities.

In the cases where derivatives embedded in financial instruments that have been designated at fair value through profit or loss, the changes in fair value of the derivatives are included in the fair value change of the combined instrument and recognized in gains less losses on financial transactions.

The Bank's activities involve the use of derivatives as a means of exercising asset-liability management within the guidelines established by the Asset-Liability Committee (ALCO).

In addition the Group uses derivatives for trading purposes to exploit short-term market fluctuations, within the Group risk level set by the Asset-Liability Committee (ALCO). Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions.

When the Group uses derivatives for hedging purposes it ensures that appropriate documentation exists on inception of the transaction, and that the effectiveness of the hedge is monitored on an ongoing basis and the above are repeated at each balance sheet date.

We emphasize the following:

a. Synthetic Swaps

The parent company Alpha Bank, in order to increase the return on deposits to selected customers, uses synthetic swaps.

This involves the conversion of a Euro deposit to JPY with a simultaneous forward purchase of JPY to cover the foreign exchange exposure.

The result arising from the forward foreign exchange is recognized as interest expense, foreign exchange differences and other gains less losses on financial transactions.

b. FX Swaps

These types of swaps are entered into primarily to hedge the exposures arising from customer loans and deposits.

As there is no documentation to support hedge accounting they are accounted for as trading instruments.

The result arising from these derivatives is recognized as interest, foreign exchange differences, in order to match with the interest element resulting from the deposits and loans, and other gains less losses on financial transactions.

Hedge accounting

Hedge accounting establishes the valuation rules to offset on the gain or loss in the fair value of a hedging instrument and a hedged item which would not have been possible if the normal measurement principles were applied.

Documentation of the hedge relationship upon inception and of the effectiveness of the hedge on a on-going basis are the basic requirements for the adoption of hedge accounting.

The hedge relationship is documented upon inception and the hedge effectiveness test is carried out upon inception and it is repeated at each reporting date.

(a) Fair value hedge

A fair value hedge of a financial instrument offsets the change in the fair value of the hedged item in respect of the risks being hedged.

Changes in the fair value of both the hedging instrument and the hedged item in respect of the specific risk being hedged are recognized in the income statement.

When the hedge relationship no longer exists, the hedged items are remeasured based on their classification and valuation principles as analyzed in notes 1.6 and 1.16.

Specifically any adjustment, up to the point that the hedge relationship ceases to be effective, to a hedged item for which the effective interest method is used, is amortized to interest income or expense based on a recalculated effective interest rate of the item, over its remaining life.

The Group uses interest rate swaps (IRS's) to hedge risks relating to borrowings, bonds, loans and fixed rate term deposits. In addition the Bank uses foreign exchange derivatives to hedge foreign exchange risks arising from investments in subsidiaries.

(b) Cash flow hedge

A cash flow hedge changes the cash flows of a financial instrument from a variable rate to a fixed rate.

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, whereas the ineffective portion is recognized in profit or loss. The accounting treatment of the hedged item does not change.

There were no instances that would require cash flow hedge accounting.

(c) Hedges of net investment in a foreign operation

The Group uses foreign exchange derivatives or borrowing to hedge foreign exchange risks arising from investment in foreign operations.

Hedge accounting of net investment in foreign operation is similar to cash flow hedge accounting. The accounting for hedge of a net investment in a foreign operation is similar to cash flow hedge accounting. In cases where the hedge relationship no longer exists the cumulative gain or loss recognized in equity is reversed and recognized in profit or loss, at the time the disposal of the foreign operation takes place.

The Group hedges the net investment risk in its subsidiaries through the use of the fx swaps and interbank loans in the functional currency of the subsidiaries.

1.8 Property, plant and equipment

This caption includes: land, buildings (owned and leased) for use by the branches or for administrative purposes, additions and improvements of leased fixed assets and equipment. Cost includes expenditures that are directed attributable to the acquisition of the asset. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized in carrying amount of the item when it increases future economic benefit. Expenditure on repairs and maintenance is recognized in profit or loss as an expense as incurred.

Depreciation is charged on a straight line basis over the estimated useful lives of property, plant and equipment.

The estimated useful lives are as follows:

- Buildings: 20 to 33 years.
- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 4 to 20 years.

Land is not depreciated.

The right to use of land for indefinite period that is held by Alpha Real Estate D.O.O. Belgrade, a subsidiary of the Group, is recorded as land and is not depreciated. The residual value of property and equipment and their useful lives are periodically reviewed and adjusted if necessary at each reporting date.

Property plant and equipment are reviewed at each reporting date to determine whether there is an indication of impairment and if they are impaired the carrying amount is adjusted to its recoverable amount with the difference recorded in profit or loss.

Gains and losses from the sale of property and equipment are recognized in profit or loss.

1.9 Investment property

The Group includes in this category buildings or a portion of buildings together with the respective portion of the land that is held to earn rental income.

Investment property initially is measured at cost which includes all expenditures directly attributable to the acquisition.

Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized in the carrying amount of the item when it increases future economic benefits.

All costs for repairs and maintenance are recognized in profit or loss as incurred.

The estimated useful lives over which depreciation is calculated using the straight line method, are the same as those applied to property, plant and equipment.

1.10 Goodwill and other intangible assets

- *Goodwill*

  Goodwill represents the difference between the cost of an acquisition and the fair value of the net identifiable assets acquired.

  Goodwill arising from acquisitions after 1/1/2004 is recorded to "Goodwill and other intangible assets". Goodwill on acquisitions of associates is included in "Investment in associates".

  At the end of each fiscal year recognized goodwill is tested for impairment.

  Negative goodwill is recognized in profit or loss.

- *Other intangible assets*

  The Group has included in this caption:

  a) Intangible assets (deposit base, relationships with customers and brand name) which were recognized from the acquisition of the Serbian Bank Jubanka A.D. Beograd (currently Alpha Bank Srbija A.D.) in accordance with IFRS 3.

The intangible assets are carried at cost less accumulated amortization. The amortization is charged over the estimated useful life of each asset which is as follows:

- Deposit base and customer relationships: 6 years
- Brand name: 2 years

Specifically, brand name's full amortization, recorded during January 2007, incurred at the same time the subsidiary changed its brand name from Jubanka A.D. Beograd to Alpha Bank Srbija A.D., at the end of 2006.

b) Software is carried at cost less amortization. Amortization is charged over the estimated useful life, which the Group has defined from three to four years. Expenditure incurred to maintain software programs is recognized in the profit or loss.

c) Brand names and banking rights which are carried at cost less accumulated amortization. Amortization is charged over the estimated useful life, which the Group has estimated at 5 years.

Intangible assets are measured at cost less accumulated amortization, excluding those with indefinite useful life, which are not amortized.

All intangible assets are subject to an impairment test.

For intangible assets no residual value is estimated.

1.11 Leases

The Group enters into leases either as a lessee or as a lessor.

When the risks and rewards incident to ownership of an asset are transferred to the lessee they are classified as finance leases. All other lease agreements are classified as operating leases.

The accounting treatment followed depends on the classification of the lease, which is as follows:

a) When the Group is the lessor

i. Finance leases:

For finance leases where the Group is the lessor the aggregate amount of lease payments is recognized as loans and advances.

The difference between the present value (net investment) of lease payments, and the aggregate amount of lease payments, is recognized as unearned finance income and is deducted from loans and advances.

The lease rentals received decrease the aggregate amount of lease payments and finance income is recognized on an accrual basis.

The finance lease loans are subject to the same impairment testing as applied to customer loans and advances as described in note 1.13.

ii Operating leases:

When the Group is a lessor of assets under operating leases, the leased asset is recognized and depreciation is charged over its estimated useful life. Income arising from the leased asset is recognized as other income on an accrual basis.

b) When the Group is the lessee

i. Finance leases:

For finance leases, where the Group is the lessee, the leased asset is recognized as property, plant and equipment and a respective liability is recognized in other liabilities. At the commencement of the lease the leased asset and liability are recognized at amounts equal to the fair value of leased property or, if lower, the present value of the minimum lease payments.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or if this is not available the Group's borrowing rate for similar financing.

Subsequent to initial recognition leased assets are depreciated over their useful lives unless the duration of the lease is less than the useful life of the leased asset and the Group is not expected to obtain ownership by the end of the lease, in which case the asset is depreciated over the term of the lease.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

ii. Operating leases:

For operating leases, the Group as a lessee does not recognize the leased asset but charges in general administrative expenses, the lease payments on an accrual basis.

1.12 Insurance activities

a) Insurance reserves

The insurance reserves are the current estimates of future cash flows arising from insurance life and non-life contracts.
The reserves consist of:

i. Mathematical reserves

The insurance reserves for the term life contracts (e.g. term, comprehension, investment) are calculated on actuarial principles using the present value of future liabilities less the present value of premiums to be received. The calculations are based on technical assumptions (mortality tables, interest rates) in accordance with the respective supervisory authorities on the date the contract was signed.
If the carrying amount of the insurance reserves is inadequate, the entire deficiency is provided for.

ii. Unearned premiums reserves

Represent part of net premiums earned which cover proportionally the period from the balance sheet date to the termination of the period the net premium covers.

iii. Outstanding claims reserves

Concern liabilities on claims occurred and reported but not yet paid at the balance sheet date. These claims are determined on a case-by-case basis based on existing information (loss adjustors' reports, doctors reports, court decisions etc) at the balance sheet date.
Provisions are also determined for claims incurred but not reported at the balance sheet date (IBNR), the calculation of these provisions is based on the estimated average cost of claim.

iv. Reserves for investments held on behalf and at risk of life insurance policy holders
These reserves are accounted for as assets and liabilities at the current value of the associated investments.

b) Revenue recognition

Revenue from life and non-life insurance contracts is recognized when it becomes payable.

c) Reinsurance

The reinsurance premiums ceded and the respective ceded portion of the insurance reserves follow the terms of the relevant reinsurance agreements.

d) Distinction of insurance products

In accordance with IFRS 4 contracts that do not transfer significant insurance risk are characterized as investment and/or service contracts, and their accounting treatment is covered by IAS 32 and IAS 39 for financial instruments, and IAS 18 for revenue.

Based on the above the following were separated from insurance services:

i. The individual unit-linked contracts with zero insured capital.
ii. Group pension fund contracts under unit-linked management.
iii. Group contract services provided for which the Group acts as intermediate (e.g.motor assistance and accident care).

e) Liability adequacy test

In accordance with IFRS 4 an insurer shall assess at each reporting date whether its recognized insurance reserves are adequate less deferred acquisition costs to cover the risk arising from the insurance contracts.

If that assessment shows that the carrying amount of its insurance reserves is inadequate, the entire deficiency is recognized in profit or loss.

The methodology applied for life insurance was based on current estimates of all future cash flows from insurance contracts and of related handling costs. These estimates were based on assumptions representing current market conditions and regarding mortality, cancellations, future changes and allocation of administrative expenses, medical inflation relating to medical changes and the discount rate. The guaranteed return included in certain insurance contracts has also been taken into account in estimating cash flows.

For the liability adequacy test of claims reserves, the triangulation method (chain-ladder/link ratio) was used which is based on the assumption that the proportional relation occurred in past years between the amounts of cumulative claims (paid and outstanding) will be repeated in the future. Data of the last five years were used for the calculation of the relevant test.

1.13 Impairment losses on loans and advances

The Group assess as at each balance sheet date, whether there is evidence of impairment in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance.

Specifically, the steps performed are the following:

a. Establishment of events that provide objective evidence that a loan is impaired (trigger events).

The loans and advances with payment of interest or principal overdue by more than 90 days represents the majority of the loans which were tested for impairment.

In addition an impairment test may be performed for accounts with delays less than 90 days, or accounts with no delay when:

i. procedures for forced recovery have been initiated;
ii. the Group has information that indicates that the financial position of the borrower is deteriorating (reduced sales, gross margins, profit etc.) or other events (bankruptcy filing, extra-ordinary events such as floods, fire, etc at the installations of the borrower) which occurred after the date of initial recognition and which are considered to affect the ability of the borrower to adhere to the agreed repayment schedule.

Finally, an impairment test is performed on loans and advances granted to sectors of the economy or geographical regions which are experiencing problems that arose after the date of initial recognition of the loans.

b. The criteria for assessment on an individual or collective basis.

The outstanding balance is the basic factor in determining whether the assessment of impairment will be performed on an individual basis or on a collective basis.

In determining the amount for each entity of the Group numerous factors were considered such as the composition of the loan portfolio, the specific circumstances of the market and experience obtained from the management of the portfolio.

More specifically for the Group's parent company Alpha Bank the separation point is the amount of € 1 million.

c. *Establishment of groups of assets with similar risk characteristics*

In those instances whereby based on the amount outstanding the assessment of impairment was performed on a collective basis of assets with similar risk characteristics, with respect to credit risk, the collective groups were determined as follows:

i. the borrowers' industry (construction, tourism etc.) for commercial loans.

ii. the type of loan (consumer, credit cards, mortgage etc.) for retail loans.

Based on detailed internal data the above groups are either expanded or combined in the event that this is justified from the historical data.

d. *Methodology in determining future cash flows from impaired loans*

The Group has accumulated a significant amount of historical data of the last five years, which includes the loss given default for loans after the completion of forced recovery, or other measures taken to secure collection of loans, including the realization of collaterals.
On the basis of this data the amount of the impairment is determined on both an individual and collective basis taking into account the time value of money.

The cash flows are discounted at the loans' original effective interest rate.

e. *Interest income recognition*

Interest income on impaired loans is recognized based on the carrying value of the loan net of impairment at the original effective interest rate.

f. *Impairment recognition*

Impaired loans are usually written-off, with the exception of a small number of accounts with large outstandings were an allowance account is established.

g. *Recoveries*

If in a subsequent period after the recognition of the impairment loss, events occur which require impairment loss to be reduced, or there has been a collection of amounts from loans and advances previously written-off, the recoveries are recognized in profit or loss.

1.14 Deferred taxation

Deferred taxation is the tax that will be paid, or for which relief will be obtained in future periods resulting from the different period that certain items are recognized for financial reporting purpose and for taxation purposes.

Deferred tax is provided for temporary differences between the tax base of assets and liabilities and their respective carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the temporary difference when it reverses, based on the tax rate (and laws) enacted at the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax is recognized in profit or loss together with current tax except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

1.15 Non-current assets held for sale and related liabilities

Non-current assets or disposal group comprise assets and liabilities that are expected to be recovered primarily through sale and therefore they are classified as held-for-sale.

These items consist of:

- Assets acquired through the enforcement of security over customer loans and advances.
- Items related to the company Tourist Resorts A.E. for which as at 15.1.2008 an agreement was reached for the transfer of 100% shares held by another subsidiary Ionian Hotel Enterprises A.E.
- Items related to Alpha Insurance A.E., where the Group transferred its total shares at 23.3.2007 to the insurance company AXA (only for fiscal year 2006.)

Before their classification as held for sale, the assets are remeasured in accordance with the respective accounting policy. Thereafter they are measured at the lower of their carrying amount and fair value less cost of sale.

Any losses arising from the above measurement is recorded in the profit or loss. The above losses which can be reversed in the future, are allocated to assets in the disposal group that are within the scope of the measurement requirements of the Standard. The impairment losses on a disposal group first are allocated to goodwill and then to remaining assets and liabilities on a pro-rata basis.

Property in this category is not depreciated, however, reviews for impairment at each reporting date is performed.

Gains or losses from the sale of these assets are recognized in the income statement.

1.16 Financial liabilities

The Group for measurement purposes classifies financial liabilities in the following categories:

a) Financial liabilities measured at fair value through profit or loss

i. This category includes financial liabilities held for trading:
   - when the financial liability is acquired or repurchased in the short term to take advantage of short-term market fluctuations;
   - they are derivatives which are not used for hedging purposes.

ii. In addition in this category the Group includes financial liabilities which are designated at initial recognition, as at fair value through profit or loss in accordance to the principles set in note 1.6 (point c(ii)).

The Group has included in the category of financial liabilities held for trading and derivatives which are not used for hedging purposes.

Liabilities arising from both the derivatives held for trading and the derivatives which are used for hedging purposes, are presented in " derivative financial liabilities" and measurement principles are set out in note 1.7.

At present no financial liabilities have been designated, at initial recognition, as at fair value through profit or loss.

b) Financial liabilities carried at amortized cost.

The liabilities which are classified in this category are measured at amortized cost using the effective interest method.

Liabilities to credit institutions and customers, debt securities in issue and other loan liabilities are classified in this category.

If financial liabilities included in this category are the hedged item in a hedge relationship the accounting principles applied are those set out in note 1.7.

1.17 Employee benefits

The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement which is dependent, among others, on years of service and salary on date of retirement and it is guaranteed by the Group.

A defined contribution plan is where the Group pays fixed contributions into a separate entity, and the Group has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current or prior years.

The liability recognized in consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets together with adjustments for unrecognized actuarial gains or losses and past service costs.

The result of the above method may be negative namely asset. The recognized asset is limited to the net total of:

a. of any unrecognized actuarial losses and past services costs and

b. the present value of any future refunds of Bank's plan or reductions in future contributions to Bank's plan.

The defined benefit obligation is calculated annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

The present value of the defined benefit is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes, and actuarial assumption variations to the extent that they exceed 10 per cent of the greater of the accrued obligation or the fair value of plan assets are amortized over the period equal to the average remaining working lives of the employees.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In the second case, the past service costs are amortized on a straight line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans, to insurance companies and other funds on a mandatory or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense on an accrual basis. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.18 Share options granted to employees

The Group rewards the performance of its executives and managers by granting share options. The number of granted share options, the price and the exercise date are decided from the Board of Directors in accordance to Shareholders' Meeting approvals.

The fair value calculated at grant date, is recognized over the period from the grant date and exercise date and recorded as an expense in payroll and related costs with an increase of a reserve in equity respectively. The amount paid by the beneficiaries of share options upon the exercise date increases the share capital of the Group and the reserve in equity from previously recognized fair value of the exercised options is transferred to share premium.

1.19 Provisions

A provision is recognized if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows. The discount rate applied reflects current market assessments of the time value of money required to settle the obligation. Cash payments are recorded to provisions to the extent that they relate to the specific provision. At each reporting period provisions are re-assessed.

Provisions are not recognized for future operating losses.

Future events that may affect the amount required to settle the obligation, for which a provision has been recognized, are taken into account when sufficient objective evidence exists that they will occur.

Reimbursements from third parties relating to a portion of or all of the estimated cash outflow are recognized as assets, only when it is virtually certain that they will be received. The expense recognized in the profit or loss relating to the provision may be presented net of the amount of the reimbursement.

1.20 Sale and repurchase agreements

The Group enters into purchases of securities under agreements to resell at a certain date in the future at a fixed price. Securities purchased subject to commitments to resell them at future dates are not recognized.

The amounts paid are recognized in loans and advances to either banks or customers. The difference between the purchase price and the resale price is recognized as interest on an accrual basis.

Securities that are sold under agreements to repurchase continue to be recognized in the consolidated balance sheet and are measured in accordance with accounting policy of the category that they have been classified and are presented as investments.

The proceeds from the sale of the securities are reported as liabilities to either banks or customers. The difference between the sales price and the repurchase price is recognized on an accrual basis as interest.

Securities borrowed under securities borrowing agreements are not recognized except when they have been sold to third parties whereby the gain on the sale is recognized in the income statement and the liability to deliver the security is recognized at fair value.

1.21 Equity

Incremental costs of share capital increase

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

The difference between the nominal value of the shares issued and their market value, in cases of the exchange of shares as consideration for the acquisition of a business by the companies of the Group is recorded as share premium.

This also includes the difference between the nominal value of the shares and the cost consideration received in the case of a share capital increase.

Treasury shares

The cost of acquiring treasury shares is recognized as a reduction of equity. Subsequent gains or losses from the sale of treasury shares, after deducting all direct costs and taxes, is recognized directly in retained earnings.

Retained Earnings

Dividends are deducted from retained earnings is recorded as a liability in the period that the dividend is approved by the Shareholders in general meeting.

1.22 Interest income and expense

Interest income and expense is recognized in the income statement for all instruments measured at amortized cost.

The recognition of interest income and expense is performed on the accrual basis using the effective interest rate method.
The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or the next repricing date, in order the present value of the future cash flows to be equal to the carrying amount of the financial instrument including fees or transaction costs.

Interest on financial assets that are impaired is determined on the balance after the impairment provision using the effective interest rate.

Interest income and expense is also calculated for interest bearing financial instruments that are measured at fair value.

1.23 Fee and commission income

Fee and commission income are recognized on a accrual basis when the relevant service has been provided.

Transaction revenues relating to the recognition of a financial instrument which measured at amortized cost, such as loans and advances, are capitalized and recognized in the income statement using the effective interest method.

1.24 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or it has been classified as held for sale and represents:

- a major line of Group's business; or
- a geographical area of operations; or
- a subsidiary acquired exclusively with a view to resale.

The assets and liabilities of discontinued operation are presented separately from other assets and liabilities in balance sheet and are not offset.

Any cumulative income or expense recognized directly in equity relating to a discontinued operation are presented separately (as a separate line in equity).

The post tax profit or loss from discontinued operations and any losses recognized on the measurement to fair value less costs to sell of the disposal group are presented in a separate line in the face of the income statement after net profit from continuing operations.

The comparative financial statements are restated only for the income statement and the cash flow statement.

The Group has classified its subsidiary Alpha Insurance A.E. representing significant line of Asset Management/Insurance business segment as a discontinued operation based on the signed agreement of sale to the insurance company AXA, reached on February 2008.

1.25 Comparatives

To the extent considered necessary the comparatives have been adjusted to facilitate changes in presentation of the current year amounts.

Income statement

2. Net interest income

Interest and similar income	From 1 January to 31.12.2007	31.12.2006
Due from banks	286,634	116,538
Loans and advances to customers	2,615,855	2,005,808
Securities held for trading	10,035	12,661
Available-for-sale securities	170,030	248,462
Derivative financial instruments	313,538	304,833
Other	10,633	10,915
Total	**3,406,725**	**2,699,217**

Interest expense and similar charges		
Due to banks	(151,580)	(186,537)
Due to customers	(563,045)	(357,421)
Debt securities in issue and other borrowed funds	(684,800)	(352,583)
Derivative financial instruments	(310,625)	(300,505)
Other	(91,422)	(84,555)
Total	**(1,801,472)**	**(1,281,601)**
Net interest income	**1,605,253**	**1,417,616**

3. Net fee and commission income

	From 1 January to 31.12.2007	31.12.2006
Loans	70,140	62,344
Letters of guarantee	36,821	37,530
Imports-Exports	17,071	18,841
Credit cards	54,537	48,130
Fund transfers	89,214	86,101
Mutual funds	70,204	65,155
Advisory fees and securities transaction fees	4,175	4,106
Other	122,428	77,901
Total	**464,590**	**400,108**

4. Dividend income

	From 1 January to 31.12.2007	31.12.2006
Available-for-sale securities	2,254	2,700
Total	**2,254**	**2,700**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2007	**31.12.2006**
Foreign exchange differences	46,732	32,528
Securities held for trading		
- Bonds	(1,676)	(7,742)
- Shares	4,414	11,115
Available-for-sale securities		
- Bonds	(38,245)	(11,385)
- Shares	2,044	36,106
- Other securities	13,129	(581)
Derivative financial instruments	33,424	36,097
Valuation of financial instruments due to fair value hedges	21,066	(42,106)
Other financial instruments	1,654	1,464
	82,542	**55,496**

6. Other income

	From 1 January to	
	31.12.2007	**31.12.2006**
Insurance activities	2,669	946
Hotel activities	47,607	46,733
Operating lease income	5,773	4,267
Sale of property, plant and equipment	8,019	3,471
Other	17,364	11,238
Total	**81,432**	**66,655**

Income from insurance activities is analyzed as follows:

	From 1 January to	
	31.12.2007	**31.12.2006**
Non-life Insurance		
Premiums and other related income	12,911	12,592
Less:		
Reinsurance premiums ceded	(3,385)	(2,825)
Commissions	(873)	(1,184)
Claims from policyholders	(6,395)	(9,864)
Reinsurers’ participation	109	3,491
Net income from non-life insurance	**2,367**	**2,210**
Life Insurance		
Premiums and other related income	9,365	7,535
Less:		
Reinsurance premiums ceded	(906)	(1,107)
Commissions	(1,147)	(693)
Claims from policyholders	(7,325)	(7,462)
Reinsurers’ participation	315	463
Net income from life insurance	**302**	**(1,264)**
Total	**2,669**	**946**

7. Staff costs

	From 1 January to	
	31.12.2007	**31.12.2006**
Wages and salaries	387,535	319,601
Social Security contributions	81,380	83,449
Defined benefit plan expense (note 30)	16,539	51,506
Other	41,481	21,529
Total	**526,935**	**476,085**

As at 31.12.2007 staff costs include € 19,487 (31.12.2006: € 5,158) that relate to the cost of share options granted to employees as determined on the grant date.

The total employees of the Group as at 31.12.2007 were 12,907 (31.12.2006: 12,069) of which 7,846 (31.12.2006: 8,017) are employed in Greece and 5,061 (31.12.2006: 4,052) are employed abroad.

Defined contribution plans

All the employees of the Group in Greece receive their main pension from the Social Insurance Fund (IKA). Specifically for the Bank's employees the following apply:

a) The supplementary pension plan for employees of the former Ionian and Popular Bank of Greece is TAPILTAT, a multi-employer plan. The Bank has obtained legal opinions that indicate that it has no obligation if the fund does not have sufficient assets to pay employee benefits. Therefore the Bank considers that the fund is a defined contribution plan and it is accounted for as such.

b) All employees of the Bank receive medical benefits from the Employee Medical Insurance Fund of Credit Bank, of Geniki Bank, of American Express and other. This plan has been accounted for as a defined contribution plan.

Defined benefit plans

An analysis of liabilities arising from defined benefits plans are set out in note 30.

8. General administrative expenses

	From 1 January to	
	31.12.2007	**31.12.2006**
Rent of buildings	36,416	29,232
Rent and maintenance of EDP equipment	22,124	21,524
EDP expenses	39,314	37,607
Marketing and advertisement expenses	43,736	35,095
Telecommunications and postage	30,822	25,930
Third party fees	42,243	35,485
Consultants fees	8,981	11,124
Contribution to Deposit Guarantee Fund	12,697	12,936
Insurance fees	11,219	5,853
Consumables	9,834	6,980
Electricity	8,837	7,822
Agency fees	4,713	6,382
Donation to forest fire victims	24,600	-
Taxes (V.A.T. tax of real estate property etc.)	41,968	37,008
Other	78,749	72,314
Total	**416,253**	**345,292**

9. Impairment losses and provisions for credit risk

	From 1 January to	
	31.12.2007	**31.12.2006**
Impairment losses on loans and advances to customers	206,232	244,631
Impairment losses on due from banks	(14)	(13)
Provisions to cover credit risk relating to off balance sheet items	30,983	14,946
Recoveries	(10,518)	(5,610)
Total	**226,683**	**253,954**

10.1 Income tax

In accordance with Greek tax law the profits of entities in Greece are taxed at a rate of 29% for 2006 and 25% for 2007 and thereafter.

In addition, in accordance with article 9 of Law 2992/2002, as amended by Law 3259/2004, the tax rate for entities that have concluded mergers by 31.12.2005 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 is 5% for each year.

Based on the above, the 2006 profit of the Bank was taxed at the rate of 24% due to the merger with Delta Singular A.E.P., a listed company completed on 8.4.2005. The Bank was not related with Delta Singular A.E.P. before 1.1.1997.
It should be noted that, as all profits have been taxed, the distribution of dividends to shareholders are free of tax.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2007	**31.12.2006**
Current tax	149,713	129,892
Additional tax arising from tax audit	-	10,771
Deferred tax	58,468	34,764
Total income tax	**208,181**	**175,427**

The increased income tax in 2007 is due to the increase in the tax rate from 24% to 25% (due to the abolition of the benefits of law 2992/2002, as described above) and the lower non taxable income.

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

	From 1 January to	
	31.12.2007	**31.12.2006**
Depreciation and fixed asset write-offs	7,882	10,343
Valuation of loans	(6,844)	(13,455)
Suspension of interest accruals	29,108	23,927
Loans impairment	27,301	(2,354)
Employee defined benefit obligations	15,454	313
Valuation of derivatives	(3,595)	8,518
Effective interest rate	5,364	2,031
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedges	9,886	3,046
Valuation of bonds	1,838	-
Carry forward of unused tax losses	516	402
Other temporary differences	(28,442)	1,993
Total	**58,468**	**34,764**

Reconciliation of effective and current tax rate

	From 1 January to			
		31.12.2007		**31.12.2006**
Profit before tax		985,263		800,757
Income tax	22.06%*	217,315	23.66%*	189,466
Increase/(decrease) due to:				
Additional tax on rental income of fixed assets	(0.06%)	(552)	0.05%	404
Non taxable income	(2.32%)	(22,856)	(4.02%)	(32,179)
Non deductible expenses	1.00%	9,804	1.16%	9,257
Part of profit relating to non taxable income	0.07%	670	(0.87%)	(6,980)
Part of profit relating to distributable income	(0.03%)	(295)	0.74%	5,891
Effect of tax rates used for current and deferred tax			0.15%	1,184
Other temporary differences	0.42%	4,136	(0.29%)	(2,238)
Usage of tax losses	(0.01%)	(41)	(0.02%)	(149)
Additional tax from tax audit			1.35%	10,771
Income tax	**21.13%**	**208,181**	**21.91%**	**175,427**

* The effective current income tax rate is 22.06% for 2007 and 23.66% for 2006, and it represents the weighted average of nominal tax rate based on the nominal income tax rate and the profit before tax of each Group's subsidiaries.

10.2 Tax on reserves

a) In accordance with Greek tax law, entities may form tax free reserves from either profits that are not subject to tax (for example gains from the sale of securities) or from income subject to taxation at the source and where the payment of the tax extinguishes the legal entity's tax liability, but not of its shareholders (for example interest from Greek Government bonds, profits from the sale of non-listed shares). The tax free reserves were subject to taxation if distributed or capitalized at the tax rate applicable at the time of distribution or capitalization.

In accordance with article 10 of Law 3513/2006 these reserves, formed until 31.12.2005 by banks established in Greece and by branches of foreign banks operating in Greece, were subject to taxation. The tax rate was 15% on profits that were not subject to tax and 10% on profits that were previously subject to tax at the source.

In 2006 the total tax on these reserves for the Bank amounted to € 73,902. The payment of the above tax extinguishes the Bank's liability as well as that of its shareholders. Therefore these reserves can be distributed or capitalized without any further payment of tax.

b) In accordance with article 26 of Law 3634/2008, the profits of banks, for tax which has been deferred until the profits are distributed and which are recorded to a specific reserve, are subject to taxation at the current tax rate (25%). The above law is applicable for profits generated from fiscal year 2007 and thereafter.

The tax for such reserves for the Bank amounts to € 6,384 and will be paid on September 2008 with a specific return. The payment of the above tax extinguishes the Bank's liability as well as that of its shareholders and these reserves can be distributed or capitalized without any further tax payment.

11 Profit after income tax from discontinued operations

On 23 March 2007, the sale of 99.57% shares of the subsidiary Alpha Insurance A.E. to AXA, an insurance company which is the worldwide leader in financial protection was completed.

Alpha Bank and AXA have also signed a long term exclusive bankassurance agreement for the distribution of AXA products through Alpha Bank's extensive branch network.

The results of Alpha Insurance A.E. which has been classified as a discontinued operation and the profit from the sale are included in caption "profit after income tax from discontinued operations" and are analyzed as follows:

	From 1 January to	
	31.12.2007	**31.12.2006**
Net interest income	860	5,501
Net fee and commission income	409	2,381
Gains less losses on financial transactions		3,904
Other income (premiums etc)	3,573	26,970
Total income	**4,842**	**38,756**
Staff costs	(2,338)	(14,624)
General administrative expenses	(1,583)	(10,923)
Depreciation and amortization expenses	(239)	(1,727)
Total expenses	**(4,160)**	**(27,274)**
Impairment losses and provisions to cover credit risk		(1,200)
Profit / (losses) before income tax	**682**	**10,282**
Income tax	(421)	(7,595)
Profit / (losses) after income tax	**261**	**2,687**
Profit from the disposal of Alpha Insurance A.E.	**80,127**	
Profit after income tax from discontinued operations	**80,388**	**2,687**

12. Earnings per share

Basic earnings per share:

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

	From 1 January to	
	31.12.2007	**31.12.2006**
Profit attributable to equity holders of the Bank from continuing and discontinued operations	850,035	551,987
Weighted average number of outstanding ordinary shares	405,502,633	393,178,131
Basic earnings per share from continuing and discontinued operations (in € per share)	2.10	1.40

	From 1 January to	
	31.12.2007	**31.12.2006**
Profit attributable to equity holders of the Bank from continuing operations	769,647	549,342
Weighted average number of outstanding ordinary shares	405,502,633	393,178,131
Basic earnings per share from continuing operations (in € per share)	1.90	1.40

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 which were exercised during 2007.

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. Upon the issuance of new ordinary shares resulting from share options exercise, the shares are included in the calculation of basic and dilutive earnings per share.

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	
	31.12.2007	**31.12.2006**
Profit attributable to equity holders of the Bank from continuing and discontinued operations	850,035	551,987
Weighted average number of outstanding ordinary shares	405,502,633	393,178,131
Adjustment for share options	727,195	731,705
Weighted average number of outstanding ordinary shares for diluted earnings per share	406,229,828	393,909,836
Diluted earnings per share from continuing and discontinued operations (in € per share)	2.09	1.40

	From 1 January to	
	31.12.2007	**31.12.2006**
Profit attributable to equity holders of the Bank from continuing operations	769,647	549,342
Weighted average number of outstanding ordinary shares	405,502,633	393,178,131
Adjustment for share options	727,195	731,705
Weighted average number of outstanding ordinary shares for diluted earnings per share	406,229,828	393,909,836
Diluted earnings per share from continuing operations (in € per share)	1.89	1.39

Assets

13. Cash and balances with Central Banks

	31.12.2007	31.12.2006
Cash	411,539	364,905
Cheques receivable	69,052	74,649
Balances with Central Banks	2,783,021	2,236,148
Total	**3,263,612**	**2,675,702**
Less deposits pledged with Central Banks	(1,826,958)	(1,435,899)
Total	**1,436,654**	**1,239,803**

The Bank is required to maintain a current account with the Bank of Greece (Central Bank) in order to facilitate interbank transactions with the Central Bank and other financial institutions through the Trans European – Automated Real Time Gross Settlement Express Transfer System (TARGET).

The Bank of Greece also requires, that all financial institutions established in Greece maintain reserve deposits with the Central Bank equal to 2% of customer deposits.

These deposits bear interest at the refinancing rate as set by the European Central Bank which as at 31.12.2007 was 4.18% (31.12.2006:3.58%).

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

	31.12.2007	31.12.2006
Cash and balances with Central Banks	1,436,654	1,239,803
Sale and repurchase agreements (Reverse Repos)	47,874	395,604
Short-term placements with other banks	2,307,503	2,937,316
Cash and cash equivalents from continuing operations	**3,792,031**	**4,572,723**
Cash and cash equivalents from discontinued operations		3,108
Cash and cash equivalents from continuing and discontinued operations	**3,792,031**	**4,575,831**

14. Due from banks

	31.12.2007	31.12.2006
Placements with other banks	2,790,362	3,335,338
Sale and repurchase agreements (Reverse Repos)	47,874	395,605
Loans to credit institutions	678,157	913,452
Less: Allowance for impairment losses	(6,697)	(7,683)
Total	**3,509,696**	**4,636,712**

Allowance for impairment losses

Balance 1.1.2006	**8,707**
Decrease of impairment losses from due from banks (note 9)	(13)
Foreign exchange differences	(1,011)
Balance 31.12.2006	**7,683**
Decrease of impairment losses from due from banks (note 9)	(14)
Foreign exchange differences	(972)
Balance 31.12.2007	**6,697**

15. Securities held for trading

	31.12.2007	31.12.2006
Government bonds	241,724	186,753
Other debt securities		
- Listed	21,459	33,084
- Non-listed	270	53,414
Shares:		
- Listed	2,594	32,740
Total	**266,047**	**305,991**

16. Derivatives financial instruments (assets and liabilities)

	31 December 2007		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	1,150,445	12,746	9,480
Currency swaps	2,888,361	35,013	44,797
Cross currency swaps	555,968	63,655	40,104
Currency options	175,822	3,438	3,261
Currency options embedded in customer products	631	1	
Total non-listed	**4,771,227**	**114,853**	**97,642**
b. Interest rate derivatives			
Interest rate swaps	8,199,341	161,842	136,593
Interest rate options (caps)	616,963	2,233	1,388
Total non-listed	**8,816,304**	**164,075**	**137,981**
Futures	354,305	99	28
Options	6,300	32	
Total listed	**360,605**	**131**	**28**
c. Commodity derivatives			
Commodity swaps	14,410	138	124
Total non-listed	**14,410**	**138**	**124**
d. Index derivatives			
Futures	202		1
Options	383	4	
Total listed	**585**	**4**	**1**
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	137,380	12,114	
Cross currency swaps	181,895		46,258
Total non-listed	**319,275**	**12,114**	**46,258**
b. Interest rate derivatives			
Interest rate swaps	4,083,070	92,117	102,105
Total non-listed	**4,083,070**	**92,117**	**102,105**
Grand Total	**18,365,476**	**383,432**	**384,139**

	31 December 2006		
	Contract	Fair value	
	nominal amount	Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	769,553	7,139	5,410
Currency swaps	1,564,998	17,636	10,072
Cross currency swaps	533,026	67,005	61,398
Currency options	254,115	1,722	1,202
Currency options embedded in customer products	1,745	6	
Total non-listed	**3,123,437**	**93,508**	**78,082**
b. Interest rate derivatives			
Interest rate swaps	9,540,482	104,473	84,118
Interest rate options (caps)	220,399	1,322	711
Total non-listed	**9,760,881**	**105,795**	**84,829**
Futures	450,704	1	317
Options	100,000	4	
Total listed	**550,704**	**5**	**317**
c. Equity derivatives			
Equity swaps	25,427	847	
Total non-listed	**25,427**	**847**	
d. Index derivatives			
Futures	4,930		44
Total listed	**4,930**		**44**
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	72,917		2,603
Cross currency swaps	191,168		39,541
Total non-listed	**264,085**		**42,144**
b. Interest rate derivatives			
Interest rate swaps	1,660,127	45,521	19,160
Total non-listed	**1,660,127**	**45,521**	**19,160**
Grand Total	**15,389,591**	**245,676**	**224,576**

17. Loans and advances to customers

	31.12.2007	31.12.2006
Individuals:		
Mortgages	11,186,669	8,812,267
Consumer	3,606,631	2,445,129
Credit cards	1,092,863	942,025
Other loans	146,762	217,035
Total	**16,032,925**	**12,416,456**
Companies:		
Corporate	24,771,065	18,992,719
Leasing	1,338,340	1,086,745
Factoring	532,640	495,692
Total	**26,642,045**	**20,575,156**
Receivables from insurance and re-insurance activities	**9,494**	**12,179**
Other receivables	**228,201**	**196,492**
	42,912,665	**33,200,283**
Less: Allowance for impairment losses *	(840,594)	(977,249)
Balance	**42,072,071**	**32,223,034**

* In addition to the allowance for impairment losses, an additional provision of € 45,929 (31.12.2006: € 14,946) has been recorded to cover credit risk relating to off-balance sheet items (note 32). The total provision recorded to cover credit risk amounts to € 886,523 (31.12.2006: € 992,195).

Allowance for impairment losses

Balance 1.1.2006	**1,040,360**
Changes for the period from 1.1-31.12.2006	
Impairment of assets classified as held-for-sale	(4,847)
Change in present value of impairment reserve	71,650
Foreign exchange differences	(2,642)
Impairment losses for the period (note 9)	244,631
Loans written-off during the period	(371,903)
Balance 31.12.2006	**977,249**
Impairment of assets classified as held-for-sale	(57)
Change in present value of impairment reserve	41,288
Foreign exchange differences	(2,016)
Impairment losses for the period (note 9)	206,232
Loans written-off during the period	(382,102)
Balance 31.12.2007	**840,594**

The financial lease receivables are analyzed as follows:

	31.12.2007	**31.12.2006**
Up to 1 year	398,360	318,043
From 1 year up to 5 years	675,630	553,620
More than 5 years	829,707	588,952
	1,903,697	**1,460,615**
Unearned finance income	(565,357)	(373,870)
Total	**1,338,340**	**1,086,745**

The net amount of finance leases is analyzed as follows:

	31.12.2007	**31.12.2006**
Up to 1 year	316,096	257,139
From 1 year up to 5 years	456,249	395,356
More than 5 years	565,995	434,250
Total	**1,338,340**	**1,086,745**

18. Investment securities – Available-for-sale

	31.12.2007	**31.12.2006**
Government bonds	1,909,248	6,253,815
Other debt securities		
- Listed	1,065,924	1,142,097
- Non-listed	36,983	28,897
Shares:		
- Listed	69,446	52,317
- Non-listed	21,661	13,374
Other variable yield securities	53,639	62,102
Total	**3,156,901**	**7,552,602**

19. Investments in associates

	From 1 January to	
	31.12.2007	31.12.2006
Opening balance	4,091	11,389
Acquisitions	20	104
Repayment of capital	-	(723)
Dividends received	(11)	(154)
Sale of associates	-	(6,117)
Share of profit/ (loss)	1,220	(408)
Closing balance	**5,320**	**4,091**

The Group's investments in associates are analyzed as follows:

		Group's ownership interest %		
	Name	**Country of incorporation**	**31.12.2007**	**31.12.2006**
a.	Evisak A.E.	Greece	27.00	27.00
b.	AEDEP Thessalias & Stereas Ellados [1]	Greece	50.00	50.00
c.	A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33

[1] The entity is a non profit organization.

The share of the profit share of the Group on the profit or loss of each associate is set out below:

Company name	**Equity (in thousands of €)**	**Profit / (loss) after tax**	**Total (in thousands of €)**	**Share of profit / (loss) 31.12.2007**
a. Evisak A.E.	3,096	145	3,241	9
b. AEDEP Thessallias & Stereas Ellados [1]	147	-	147	-
c. A.L.C. Novelle Investments Ltd	16,166	(455)	15,711	1,211
Total	**19,409**	**(310)**	**19,099**	**1,220**

20. Investment property

	Land and buildings
Balance 1.1.2006	
Cost	33,061
Accumulated depreciation	(3,511)
Net book value 1.1.2006	29,550
1.1.2006-31.12.2006	
Net book value 1.1.2006	29,550
Foreign exchange differences	32
Additions	14
Additions from companies consolidated for first time in 2006	5,342
Disposals	(86)
Reclassifications	(2,987)
Depreciation charge for the period	(347)
Net book value 31.12.2006	31,518
Balance 31.12.2006	
Cost	34,948
Accumulated depreciation	(3,430)
1.1.2007-31.12.2007	
Net book value 1.1.2007	31,518
Foreign exchange differences	(35)
Additions	26,602
Disposals	(480)
Reclassification from "Property, plant and equipment"	16,628
Depreciation charge for the period	(673)
Net book value 31.12.2007	73,560
Balance 31.12.2007	
Cost	78,526
Accumulated depreciation	(4,966)

The fair value of investment property as at 31.12.2006 as calculated by Alpha Astika Akinita A.E. using the income method amounted to € 40 million. All properties that have been acquired in 2007 are at their fair value.

Transfers from «Property, plant and equipment» relate to a building owned by the subsidiary Oceanos A.T.O.E.E. amounting to € 15.8 million, leased by Alpha Insurance A.E. which was also a subsidiary until 23.3.2007. The fair value of the above property as at 31.12.2006 was € 22 million.

21. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
Balance 1.1.2006				
Cost	1,076,377	3,347	342,984	1,422,708
Accumulated depreciation	(212,001)	(1,440)	(271,294)	(484,735)
Net book value 1.1.2006	864,376	1,907	71,690	937,973
1.1.2006-31.12.2006				
Net book value 1.1.2006	864,376	1,907	71,690	937,973
Foreign exchange differences	3,332	119	768	4,219
Additions	36,380	608	39,374	76,362
Disposals	(2,442)		(508)	(2,950)
Reclassifications	(33,344)		(3,068)	(36,412)
Depreciation charge for the period	(19,831)	(542)	(22,823)	(43,196)
Net book value 31.12.2006	848,471	2,092	85,433	935,996
Balance 31.12.2006				
Cost	1,058,044	4,055	361,639	1,423,738
Accumulated depreciation	(209,573)	(1,963)	(276,206)	(487,742)
1.1.2007-31.12.2007				
Net book value 1.1.2007	848,471	2,092	85,433	935,996
Foreign exchange differences	(1,669)	(73)	(536)	(2,278)
Additions	64,714	1,747	37,848	104,309
Disposals	(5,435)		(1,349)	(6,784)
Additions from companies consolidated for first time in 2007 (note 46 n)	145,909		23,346	169,255
Reclassification to "Investment property"	(16,628)			(16,628)
Reclassification from "Non-current assets held-for-sale"*	42,405			42,405
Reclassification to "Software"			(268)	(268)
Depreciation charge for the period**	(24,405)	(694)	(27,633)	(52,732)
Net book value 31.12.2007	1,053,362	3,072	116,841	1,173,275
Balance 31.12.2007				
Cost	1,283,906	5,414	414,199	1,703,519
Accumulated depreciation	(230,544)	(2,342)	(297,358)	(530,244)

* Property, plant and equipment amounting to € 42.4 million was reclassified from "Non-current assets held for sale" due to Bank's decision for own use. The depreciation for the respective period that the specific Property, plant and equipment was classified as "Non-current assets held for sale" amounts to € 2.2 million which was charged to the profit and loss account in 2007.

** The depreciation charge for the period does not include an amount of € 1.1 million that concerns to Hilton Rhodes Resort which was classified as "Non current assets held for sale" (note 25).

As at 31.12.2006 the Bank examined the Group's fixed assets for indication of impairment, and there was no recognition of impairment losses.

Since then no significant events have occurred to indicate that the fixed assets carrying amount is lower than the recoverable amount.

22. Goodwill and other intangible assets

	Goodwill	Other intangible	Software	Total
Balance 1.1.2006				
Cost	54,022	17,392	130,227	201,641
Accumulated amortization		(3,014)	(91,191)	(94,205)
Net book value 1.1.2006	54,022	14,378	39,036	107,436
1.1.2006-31.12.2006				
Net book value 1.1.2006	54,022	14,378	39,036	107,436
Foreign exchange differences	4,322	937	(534)	4,725
Additions	-	428	27,890	28,318
Disposals	-	-	(2,702)	(2,702)
Reclassifications	-	-	(1,534)	(1,534)
Amortization charge for the period	-	(3,334)	(15,771)	(19,105)
Net book value 31.12.2006	58,344	12,409	46,385	117,138
Balance 31.12.2006				
Cost	58,344	18,293	144,745	221,382
Accumulated amortization		(5,884)	(98,360)	(104,244)
1.1.2007-31.12.2007				
Net book value 1.1.2007	58,344	12,409	46,385	117,138
Foreign exchange differences	(336)	145	(233)	(424)
Additions	-	5,340	35,484	40,824
Disposals	-	-	(920)	(920)
Reclassification from "Property, plant and equipment"	-	-	268	268
Additions from companies consolidated for first time in 2007	-	1,333	-	1,333
Amortization charge for the period	-	(3,484)	(20,238)	(23,722)
Net book value 31.12.2007	58,008	15,743	60,746	134,497
Balance 31.12.2007				
Cost	58,008	25,785	181,273	265,066
Accumulated amortization	-	(10,042)	(120,527)	(130,569)

The annual impairment test performed on the goodwill arising from the acquisition of Alpha Bank Srbija A.D. confirmed that no adjustment to the carrying amount is necessary. Specifically, the value in use and the fair value less costs to sell were determined to be higher than the carrying amount of the subsidiary presented in the consolidated financial statements and therefore no impairment loss exists.

Other intangible assets which were recognized upon acquisition of the above mentioned bank that relate to the deposit base, and customer relationships, their recoverable amount was also estimated to be higher than their carrying amount and no impairment loss was required. The only exception was the brand name which has been changed. The amortization of the brand name corresponds with the introduction of the new brand name therefore no impairment loss is required.

23. Deferred tax assets and liabilities

	31.12.2007	31.12.2006
Deferred tax assets	170,257	276,973
Deferred tax liabilities	(94,807)	(140,208)
Total	**75,450**	**136,765**

Deferred tax assets and liabilities are analyzed as follows:

	1.1.2007 -31.12.2007			
		Recognized in		
	Balance 1.1.2007	Income statement	Equity	Balance 31.12.2007
Depreciation	15,009	(7,882)	(3,023)	4,104
Valuation of loans	12,977	6,844	(18)	19,803
Suspension of interest accruals	(24,212)	(29,108)		(53,320)
Impairment of loans	5,323	(27,301)		(21,978)
Valuation of derivative financial instruments	(3,592)	3,595		3
Tax losses carry forward	4,988	(516)	(143)	4,329
Other provisions	(742)	28,442	337	28,037
Effective interest rate	7,576	(5,364)		2,212
Employee defined benefit obligations	127,224	(15,454)		111,770
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedges	(7,786)	(9,886)		(17,672)
Valuation of bonds		(1,838)		(1,838)
Total	**136,765**	**(58,468)**	**(2,847)**	**75,450**

	1.1.2006 - 31.12.2006				
		Recognized in			
	Balance 1.1.2006	Discontinued operations	Income statement	Equity	Balance 31.12.2006
Depreciation	25,099	264	(10,343)	(11)	15,009
Valuation of loans	(478)		13,455		12,977
Suspension of interest accruals	(285)		(23,927)		(24,212)
Impairment of loans	2,994	(25)	2,354		5,323
Valuation of derivative financial instruments	4,926		(8,518)		(3,592)
Tax losses carry forward	8,315	(3,001)	(402)	76	4,988
Other provisions	1,415		(1,993)	(164)	(742)
Effective interest rate	9,607		(2,031)		7,576
Employee defined benefit obligations	131,809	(4,192)	(313)	(80)	127,224
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedges	(4,740)		(3,046)		(7,786)
Total	**178,662**	**(6,954)**	**(34,764)**	**(179)**	**136,765**

24. Other assets

	31.12.2007	31.12.2006
Investments on behalf of life insurance policyholders	18,109	20,141
Prepaid expenses	25,759	10,387
Accrued income	3,316	3,557
Tax advances and withholding taxes	166,723	166,621
Receivables from employee defined benefit program (note 30)	49,189	-
Other	122,580	109,134
Total	**385,676**	**309,840**

25. Non-current assets held for sale and related Liabilities and amounts recognized directly in equity relating to non-current assets held for sale

a. Fixed Assets

As at 31.12.2007 "Non-current assets held for sale" include land, buildings and office equipment amounting to € 55,221 (31.12.2006: € 93,058).

The variation from the previous year is due to the fact that during 2007 Non-current assets held for sale amounting to € 42.4 million has been reclassified to "Property, plant and equipment" based on the Bank's decision to use those assets for administrative purposes.

b. Other

1. On 23 March 2007 99.57% of Alpha Insurance AE shares were sold to AXA. The company's assets as at 31.12.2006 that were classified as « non current assets held for sale» amounted to € 356,536, while the company's liabilities that were classified as « liabilities related to non current assets held for sale» amounted to € 352,370 and the amounts recognized directly in equity amounted to € (2,576).

2. The procedure of finding prospective buyer of Rhodes Hilton Hotel a subsidiary of Ionian Hotel Enterprises is on progress since 2006 and thereafter company's assets and liabilities have been classified as non-current assets held-for-sale.

Company's Assets and Liabilities are as follows:

Assets

	31.12.2007	31.12.2006
Cash and balances with Central Banks	38	8
Loans and advances to customers	1,336	1,432
Goodwill and other intangible assets	9	33
Property, plant and equipment	29,745	30,148
Deferred tax assets	3,319	3,001
Other assets	277	171
Total	**34,724**	**34,793**

Liabilities

Liabilities for current income tax and other taxes	39	6
Deferred tax liabilities	308	262
Other liabilities	970	686
Employee defined benefit obligations	266	271
Total	**1,583**	**1,225**

Ionian Hotel Enterprises A.E. has already agreed on the transfer of the subsidiary Tourist Resort A.E., which owns the Rhodes hotel (note 48a).

Liabilities

26. Due to Banks

	31.12.2007	31.12.2006
Current accounts	66,591	200,488
Term deposits	2,099,127	971,110
Sale and repurchase agreements (Repos)	1,923,548	5,234,819
Borrowings	348,470	280,109
Total	**4,437,736**	**6,686,526**

27. Due to customers

	31.12.2007	31.12.2006
Current accounts	6,857,487	6,072,475
Saving accounts	9,212,287	9,710,996
Term deposits	11,977,552	7,236,510
Debt securities in issue	6,335,599	7,440,786
Sale and repurchase agreements (Repos)	94,078	366,242
	34,477,003	**30,827,009**
Cheques payable	188,155	187,685
Total	**34,665,158**	**31,014,694**

28. Debt securities in issue and other borrowed funds

Senior debt securities

Balance 1.1.2007	**12,759,840**
Changes for the period from 1.1 to 31.12.2007	
New issues [(1)]	8,222,292
(Purchases)/sales by Group companies	(3,477,001)
Maturities/Redemptions	(3,185,839)
Fair value change due to hedging	(42,487)
Change in accrued interest	47,385
Foreign exchange differences	(28,183)
Balance 31.12.2007	**14,296,007**

Subordinated debt

Balance 1.1.2007	**1,029,413**
Changes for the period from 1.1 to 31.12.2007	
New issues [(2)]	677,038
(Purchases)/sales by Group companies	(152,086)
Maturities/Redemptions [(3)]	(325,000)
Fair value change due to hedging	3,745
Change in accrued interest	6,544
Foreign exchange differences	(10,766)
Balance 31.12.2007	**1,228,888**
Grand total	**15,524,895**

Of the above debt securities in issue an amount of € 6,335,598 (31.12.2006 € 7,440,786) held by Bank customers have been reclassified to "Due from customers" as mentioned in note 47. Therefore the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 31 December 2007 amounts to € 9,189,297 (31.12.2006 € 6,348,467).

(1) The majority of the new senior debt securities (€ 7,109 million) pay a Euribor floating rate, with a spread between -10 basis points and +25 basis points, depending on the duration of issue. On 16.11.2007 a loan of $ 300 million was issued which pays three month Libor plus 10 basis points.

(2) On 1 February 2007, a loan of € 350 million was issued which pays three month Euribor plus 40 basis points for the first 5 years. If the Bank does not redeem the loan, for the following 5 years the spread increases to 170 basis points.

On 8 March 2007, a loan of € 200 million, paying three month Euribor plus 35 basis points for the first 5 years was issued. If the Bank does not redeem the loan, then for the following five years the spread increases to 165 basis points.

On 27 July 2007 a perpetual upper Tier II security of € 130 million nominal value, which pays three month Euribor plus 50 basis points for the first 5 years, was issued. If the bank does not redeem the security, the spread for the following five years, increases to 150 basis points.

(3) On 8 March 2007, five years after issuance a 10 year subordinated debt of € 300 million was redeemed.

On 8 May 2007 five years after issuance a 10 year subordinated debt of € 25 million was redeemed.

29. Liabilities for current income tax and other taxes

	31.12.2007	31.12.2006
Current income tax	127,360	108,729
Other taxes	31,437	20,348
Total	**158,797**	**129,077**

30. Employee defined benefit obligations

The total amounts recognized in the financial statements for employee defined benefit obligations are presented in the table below:

	Balance sheet 31.12.2007 Liability/ (Asset)	Income statement 1.1.-31.12.2007 Expense/ (income)	Balance sheet 31.12.2006 Liability/ (Asset)	Income statement 1.1.-31.12.2006 Expense/ (income)
TAP – supplementary pension	-	(1,199)	569,807	42,710
TAP – Lump sum benefit	(49,189)	4,203	(52,035)	2,799
Total	**(49,189)**	**3,004**	**517,772**	**45,509**
TAPILT	**3,733**	**8,194**	**(4,461)**	**491**
Alpha Bank Cyprus Ltd	**33,320**	**5,650**	**31,281**	**4,995**
Other companies	**4,966**	**(309)**	**3,992**	**511**
Total		**16,539**	**548,584**	**51,506**

Balance sheet and income statements amounts are as follows:

a) Bank

i) Supplementary Pension Fund (TAP) of former Alpha Credit Bank Employees

The supplementary pension fund (TAP) of former Alpha Credit Bank was responsible for the main supplementary and lump sum retirement benefits of retired employees of former Alpha Credit Bank.

In accordance with article 10 of Law 3620/2007 the members of TAP joined, from 1.1.2008 the Common Insurance Fund of Bank Employees (E.T.A.T.) for their supplementary pension benefits.

TAP retains its obligation relating to the lump-sum benefit, which is guaranteed by the Bank.

The amounts are analyzed as follows:

- Supplementary pension

The cost of joining E.T.A.T. amounts to € 543 million, which was determined on the basis of an economic study stipulated by Law 3371/2005. The amount will be paid in 10 equal annual installments of € 67,281 starting from January 2008.

Since the economic study reference date was 31.12.2006 the total cost of € 543 million includes the pension costs of 2007. In addition the installments are interest bearing from 1.1.2007 at the rate 4.1%, which is equal to the yield of 10- year EURO ZONE bonds on the date of the study (29.1.2007), in accordance with the requirements of the Ministry of Finance relating to the preparation of economic studies in accordance with Law 3371/2005.

As a result of the above the financial effects of the settlement start on 1.1.2007 whereas the Bank's personnel mandatorily joins E.T.A.T. as on 1.1.2008. Consequently the effect from the settlement of the liability for the supplementary pension has been calculated according to 1.1.2007 data.

Amounts included in balance sheet are as follows:

	31.12.2007	**31.12.2006**
Present value of defined benefit obligations	-	612,339
Fair value of plan assets	-	-
	-	**612,339**
Unrecognized actuarial losses	-	(42,532)
Liability in balance sheet	**-**	**569,807**

Amounts included in profit and loss are as follows:

	31.12.2007	**31.12.2006**
Current service cost	-	9,116
Interest cost	-	33,594
Total (included in staff costs)	**-**	**42,710**

The movement in present value of the liability during 2006 is as follows:

	2006
Opening balance	**601,022**
Current service cost	9,116
Interest cost	33,594
Employees' contribution	2,939
Benefits paid	(34,332)
Closing balance	**612,339**

The movement in fair value of plan assets 2006 is as follows:

	2006
Opening balance	
Bank contribution	31,393
Employees contribution	2,939
Benefits paid	(34,332)
Closing balance	**-**

The movement in liability arises as follows:

Balance 1.1.2006	**558,490**
Accrued expense	42,710
Contributions paid	(31,393)
Balance 31.12.2006	**569,807**
Balance 1.1.2007	**569,807**
Balance as at 1.1.2007 which is recognized in accordance with 3620/07 in the caption Other liabilities/Liabilities to ETAT	(543,000)
Settlement result	(26,807)
Balance 31.12.2007	**-**

The principal actuarial assumptions used for 2006 are the following:

	31.12.2006
Discount rate	5.5%
Future salary increases	3.5%
Future pension increases	2.5%

The result of supplementary pension in 2007 is analyzed as follows:

	Income statement 1.1.-31.12.2007 Expense / (income)
Settlement result	(26,807)
First installment interest (Law 3620/2007)	22,263
Bank's contribution	3,345
Total (included in staff costs)	**(1,199)**

ii) Lump-sum benefit

Amounts included in balance sheet are as follows:

	31.12.2007	31.12.2006
Present value of defined benefit obligations	127,035	121,463
Fair value of plan assets	(162,031)	(165,051)
Deficit / (Surplus)	**(34,996)**	**(43,588)**
Unrecognized actuarial losses	(14,193)	(8,447)
Assets in balance sheet	**(49,189)**	**(52,035)**

The receivable as at 31.12.2006 was offset with the other defined benefit liabilities.

Amounts included in profit and loss are as follows:

	From 1 January to	
	31.12.2007	31.12.2006
Current service cost	5,484	4,528
Interest cost	5,342	5,387
Expected return on plan assets	(6,623)	(7,116)
Total (included in staff costs)	**4,203**	**2,799**

The movement in present value of accrued liability arises as follows:

	2007	2006
Opening balance	**121,463**	**116,426**
Current service cost	5,484	4,528
Interest cost	5,342	5,387
Employees contribution	1,032	1,110
Benefits paid	(8,466)	(5,913)
Contributions paid directly by the bank	(1,357)	-
Expenses	(68)	(75)
Actuarial losses	3,605	-
Closing balance	**127,035**	**121,463**

The movement in fair value of plan assets arises as follows:

	2007	2006
Opening balance	**165,051**	**149,392**
Expected return	6,623	7,116
Bank contribution	-	15,093
Employees contribution	1,032	1,110
Benefits paid	(8,466)	(5,913)
Expenses	(68)	(75)
Actuarial losses	(2,141)	(1,672)
Closing balance	**162,031**	**165,051**

The Plan assets include deposits with Alpha Bank € 35.1 million, receivables from ETAT € 31.1 million, securities of Alpha Credit Group plc bonds € 80.5 million and of Alpha Bank shares € 11.7 million.

The movement of the receivable is as follows:

Balance 1.1.2006	**(39,741)**
Accrued expense	2,799
Contributions paid	(15,093)
Balance 31.12.2006	**(52,035)**
Balance 1.1.2007	**(52,035)**
Accrued expense	4,203
Contributions paid	-
Benefits paid directly by the Bank	(1,357)
Balance 31.12.2007	**(49,189)**

The principal actuarial assumptions used are the following:

	31.12.2007	31.12.2006
Discount rate	5.5%	5.5%
Expected return on plan assets	5.0%	5.5%
Future salary increases	3.5%	3.5%

b) Ionian and Popular Bank Insurance Fund (TAPILT) – (welfare sector)

Ionian and Popular Bank Insurance Fund (TAPILT – Welfare Sector) is responsible for the lump sum benefits of retired employees of former Ionian Bank.

The Bank has guaranteed all benefits paid by the Fund until the last employee retires in accordance with the conditions set out on 6.5.2003.

Amounts included in balance sheet are as follows:

	31.12.2007	31.12.2006
Present value of defined benefit obligations	74,737	63,458
Fair value of plan assets	(64,006)	(61,202)
	10,731	**2,256**
Unrecognized actuarial losses	(6,998)	(6,717)
Liability (asset) in balance sheet	**3,733**	**(4,461)**

The receivable as at 31.12.2006 has been offset with other defined benefit liabilities.

Amounts included in profit and loss are as follows:

	From 1 January to	
	31.12.2007	31.12.2006
Current service cost	255	449
Interest cost	2,744	2,752
Expected return on plan assets	(2,508)	(2,766)
Actuarial losses recognized in this fiscal year	28	56
Past service cost	7,675	-
Total (included in staff costs)	**8,194**	**491**

The movement in present value of the liability is as follows:

	2007	2006
Opening balance	**63,458**	**59,743**
Current service cost	255	449
Interest cost	2,744	2,752
Employees contribution	3,061	2,442
Benefits paid	(3,096)	(1,602)
Expenses	(85)	(326)
Past service cost	7,675	-
Actuarial losses	725	-
Closing balance	**74,737**	**63,458**

The movement in fair value of plan assets is as follows:

	2007	2006
Opening balance	**61,202**	**58,068**
Expected return	2,508	2,766
Employees contribution	3,061	2,442
Benefits paid	(3,096)	(1,602)
Expenses	(85)	(326)
Actuarial gain/(losses)	416	(146)
Closing balance	**64,006**	**61,202**

Plan assets are as follows:

Fixed assets	983
Shares	5,282
Mutual funds	208
Deposits	56,843
Other non interest bearing assets	690
Total	**64,006**

The plan assets include Alpha Bank shares of € 4 million and deposits to Alpha Bank of € 0.3 million.

The liability is as follows:

Balance 1.1.2006	**(4,952)**
Accrued expense	491
Contributions paid	-
Balance 31.12.2006	**(4,461)**
Balance 1.1.2007	**(4,461)**
Accrued expense	8,194
Contributions paid	-
Balance 31.12.2007	**3,733**

The principal actuarial assumptions used are the following:

	31.12.2007	**31.12.2006**
Discount rate	5.5%	5%
Expected return on plan assets	5%	5%
Future salary increases	3.5%	3.5%

b. Group companies

i. Alpha Bank Cyprus Ltd

Personnel receive a lump sum benefit on retirement which is calculated based on the years of service and salary.

Amounts included in balance sheet are as follows:

	31.12.2007	**31.12.2006**
Present value of defined benefit obligations	42,378	37,920
Unrecognized actuarial gains	(9,058)	(6,639)
Recognized liability	**33,320**	**31,281**

Amounts included in profit and loss are as follows:

	From 1 January to	
	31.12.2007	**31.12.2006**
Current service cost	3,452	3,192
Interest cost	1,870	1,649
Net actuarial losses recognized in fiscal year	125	154
Past service cost recognized in fiscal year	203	-
Total (included in staff costs)	**5,650**	**4,995**

The present value of accrued benefit arises as follows:

	2007	**2006**
Opening balance	**31,281**	**26,611**
Current service cost	3,452	3,192
Interest cost	1,870	1,649
Actuarial losses recognized in fiscal year	125	154
Past service cost	203	-
Foreign exchange differences	(389)	(237)
Benefits paid	(3,222)	(88)
Closing balance	**33,320**	**31,281**

The principal actuarial assumptions used are the following:

	31.12.2007	**31.12.2006**
Discount rate	5.25%	5.0%
Future salary increases	6.50%	6.1%

ii. Other companies in Greece

The employees of the subsidiaries in Greece with indefinite employment contracts receive a lump sum payment on retirement, which is defined by Law 2112/1920. In the subsidiary Alpha Bank Srbija A.D., the employees receive a lump sum payment on retirement, which equals three salaries of Serbian State employees.

The liability arises as follows:

	31.12.2007	31.12.2006
Liability in balance sheet	**4,966**	**3,992**

	From 1 January to	
	31.12.2007	31.12.2006
Expense (included in staff costs)	**(309)**	**511**

31. Other liabilities

	31.12.2007	31.12.2006
Dividends payable	8,304	6,357
Liabilities to third parties	241,970	212,705
Liabilities to E.T.A.T. *	565,263	-
Reinsurance activities	1,574	1,371
Brokerage services	37,970	24,421
Deferred income	59,659	33,193
Other accrued expenses	50,807	32,647
Liabilities from credit cards	225,127	207,517
Other	132,880	156,792
Total	**1,323,554**	**675,003**

* In accordance with article 10 of Law 3620/2007 and the fact that employees and pensioners of T.A.P. joined E.T.A.T. from 1.1.2008 (note 30), the charge to the Bank is € 543 million payable in 10 equally annual installments. This account includes the above amount and the interest charged for 2007.

32. Provisions

	31.12.2007	31.12.2006
Insurance reserves	41,561	38,885
Other provisions	54,374	26,378
Total	**95,935**	**65,263**

Insurance provisions are analyzed as follows:

	31.12.2007	31.12.2006
Non-life insurance		
Unearned premiums	4,643	4,942
Outstanding claim reserves	5,780	5,882
Total	**10,423**	**10,824**
Life insurance		
Mathematical reserves	6,992	6,792
Outstanding claim reserves	1,325	1,128
Total	**8,317**	**7,920**
Reserves for investments held on behalf and at risk of life insurance policy holders	**22,821**	**20,141**
Grand total	**41,561**	**38,885**

Other provisions are analyzed as follows:

Balance 1.1.2006	**11,039**
Changes for the period from 1.1 to 31.12.2006	
Allowance relating to discontinued operations	(48)
Provisions to cover credit risk relating to off-balance sheet items (note 9)	14,946
Decrease of provision for contingent liabilities	(288)
Provisions used during the period	(142)
Foreign exchange differences	871
Balance 31.12.2006	**26,378**
Changes for the period from 1.1 to 31.12.2007	
Provisions to cover credit risk relating to off-balance sheet items (note 9)	30,983
Decrease of provision for contingent liabilities	(2,895)
Provisions used during the period	(18)
Foreign exchange differences	(74)
Balance 31.12.2007	**54,374**

Equity

33. Share capital

	Number of shares	Paid-in capital
Opening balance (1 January 2006)	291,203,608	1,456,018
Capitalization of retained earnings and issue of 4 bonus shares for every 10 old shares and decrease of shares nominal value from € 5 to € 3.90	116,481,444	133,954
Exercise of share option	336,950	1,314
Balance 31 December 2006	**408,022,002**	**1,591,286**
Exercise of share option	2,954,650	11,523
Balance 31 December 2007	**410,976,652**	**1,602,809**

As at 31 December 2007 the total number of ordinary shares is 410,976,652 (31.12.2006: 408,022,002) with a nominal value of € 3.90 each.

Each share has a single voting right in Bank's Shareholders meetings.

Further details for Bank's share options granted to employees are presented in note 45.

34. Share premium

Opening balance (1 January 2006)	125,685
Valuation of exercised share options	2,276
Balance 31 December 2006	**127,961**
Valuation of exercised share options	56,072
Balance 31 December 2007	**184,033**

During 2007, 2,954,650 share options were exercised, of which 1,830,945 share options were exercised at a price of € 20.61 and as a result of the difference between the nominal value of the shares and the exercise price, a share premium of € 30,595 was recognized. The additional increase of € 25,477 arises at the exercise date during 2007 from the reclassification of valuation reserve of share options.

35. Reserves

Reserves are analyzed as follows:

	31.12.2007	31.12.2006
Statutory reserve	412,520	394,499
Special reserve from share options valuation		5,990
Available-for-sale reserve	(1,775)	(83,641)
Foreign exchange differences reserve from the translation of foreign operations	34,917	34,849
Total	**445,662**	**351,697**

Companies incorporated in Greece, according to article 44 of Law 2190/1920, are required to transfer 5% of its annual net profit to the statutory reserve, until the reserve reaches the amount of one third of the share capital, unless decided otherwise by the Company's article of association.

More specifically, according to the Bank's articles of association (article 24), the Bank is required to transfer 10% of its annual net profit to the statutory reserve, until the reserve reaches the amount of 50% of the share capital. This reserve can only be used to offset losses presented in retained earnings according to article 44 of Law 2190/1920.
For the companies incorporated abroad the statutory reserve is formed according to local regulations.

The special reserve from share option valuation was reclassified to share premium due to the exercise of share options.

36. Retained Earnings

a. Included in retained earnings are reserves formed from gains arising on the sale of listed shares and other non-taxable income or special taxable income that is not subject to tax and will not be distributed.

   The reserves which were formed by 31 December 2005, have been taxed.

   The reserves which were formed during 2007 and thereafter are subject to tax at the rate applicable to the Bank (Law 3634/2008).

   The reserves which have been subject to tax may be distributed or capitalized without any further tax liability.

b. According to the article 3 paragraph 10 of Law 148/1967 entities are obliged to distribute each year dividends, unless decided otherwise by the Shareholders in General Meeting a minimum amount equal to 35% of the annual profits after the deduction of the statutory reserve appropriation and the gain from the sale of shares. The net profit arising from the valuation of financial instruments to fair value after deducting losses for the same reason is not included in the calculation of the dividend as defined by the relevant legislation.

   Dividends are distributed free of tax to the shareholders since are taxable through entity's income tax return.

   The ordinary General Shareholders' Meeting held on 3 April 2007, approved the distribution of a dividend for 2006 of € 0.75 per share. As at 31.12.2007, the total amount of € 304,421 has been deducted from retained earnings.

   For the year ended 31 December 2007 the Board of Directors will propose to the shareholders the distribution of a dividend of € 0.90 per share, compared to € 0.75 of 2006.

37. Treasury shares

The Bank based on the decisions of the Ordinary General Shareholders' Meetings held in prior years, acquired up to 31 December 2006 801,719 treasury shares at a cost of € 14,465 which represented 0.20% of the share capital.

During 2007 the Bank gradually purchased 13,674,907 treasury shares at a cost of € 329,189 thousand (€ 24.07 per share).

On 1 August 2007 the Bank successfully completed the placement of 3,505,992 treasury shares, at a cost € 77,689 (€ 22.16 per share) representing 0.86% of its issued share capital. On 20 December 2007, the Bank completed an additional placement of 10,970,634 treasury shares, representing 2.67% of its issued share capital at a cost of € 265,965 (€ 24.24 per share).

The net of proceeds of the sale amounted to € 340,655 and the losses from the sale of treasury shares amounted to € 2,999 which were recognized directly to retained earnings.

As at 31 December 2007 the bank did not hold any treasury shares.

The amount of treasury shares presented in balance sheet is held by Alpha Insurance Agents A.E.

The number of treasury shares and the cost are analyzed as follows:

Bank	**Number of shares**	**Cost**
Balance 1.1.2007	801,719	14,465
Purchases 1.1-31.12.2007	13,674,907	329,189
Sales 1.1-31.12.2007	(14,476,626)	(343,654)
Balance 31.12.2007	**-**	**-**

Group companies		
Balance 1.1.2007	10,080	188
Movement	-	-
Balance 31.12.2007	**10,080**	**188**
Total	**10,080**	**188**

38. Hybrid Securities

Alpha Group Jersey a wholly owned subsidiary of the Bank has issued the following hybrid securities:

- On 5 December 2002 an amount of € 200 million preferred securities with interest step up clause, which represent Lower Tier 1 capital for the Group.
  These are perpetual securities and may be redeemed by the issuer after the expiration of 10 years. The issuer has the discretion not to pay a dividend on the conditions that the Bank does not pay a dividend to common Shareholders. They carry interest at 3-month Euribor plus a margin of 2.65%. If redemption option is not exercised by the issuer the margin is increased by 1.325% reaching 3.975% in total. The preferred securities are listed on the Luxembourg Stock Exchange.

- On 5 December 2003 an amount of € 100 million preferred securities were issued with the same characteristics as those issued on 5 December 2002.

- On 18 February 2005 amount of € 600 million preferred securities without an interest step up clause, which also represent Lower Tier 1 capital for the Group since they fulfill the requirements of securities with interest step up clause as described above. The expenses of the issue amounted to €12 million.

  Non-cumulative dividend of preferred securities carry fixed interest at 6% for the first 5 years and thereafter interest is determined based on the formula 4x(CMS10-CMS2) with a ceiling and floor rate of 10% and 3.25% respectively. CMS10 and CMS2 represent the Euribor of interest rate swaps of 10 and 2 years, respectively.

Hybrid securities	**31.12.2007**	**31.12.2006**
Perpetual with 1st call option in 2012	300,000	300,000
Perpetual with 1st call option in 2015	588,000	588,000
Total	**888,000**	**888,000**
Securities held from Group companies	(106)	(58,346)
Total	**887,894**	**829,654**

Additional Information

39. 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 proceedings. No provision has been recorded because after consultation with legal department, the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Bank.

There are no pending legal cases or issues in progress which may have a material impact on the financial statements of the other companies of the Group.

b) Tax issues

The Bank and the companies, Alpha Astika Akinita A.E., Alpha Leasing A.E., Messana Holdings S.A., Ionian Hotel Enterprises A.E., ABC Factors A.E. and Tourist Resorts A.E. have been audited by the tax authorities for the years up to and including 2005. Tax audit is in progress at Alpha Finance A.X.E.P.E.Y. and Alpha Leasing A.E. for fiscal years from 2003-2006 and 2005-2006, respectively. The remaining companies of the Group have been audited by the tax authorities for the years up to and including the year ended 31 December 2002.
Additional taxes and penalties may be imposed for the unaudited tax years.

c) Operating leases

The Group's minimum future lease payments are:

	31.12.2007	31.12.2006
- Less than one year	30,894	32,792
- Between one and five years	92,662	91,419
- More than five years	79,219	72,612
Total	**202,775**	**196,823**

The minimum future revenues are:

	31.12.2007	31.12.2006
- Less than one year	6,017	8,377
- Between one and five years	22,806	32,720
- More than five years	9,177	16,077
Total	**38,000**	**57,174**

d) Off balance sheet liabilities

	31.12.2007	31.12.2006
Letters of credit	48,014	260,170
Letters of guarantee	4,835,271	4,580,796
Credit commitments	17,573,361	14,408,504
Total	**22,456,646**	**19,249,470**

e) Assets pledged

	31.12.2007	31.12.2006
Loans to customers	800,490	-
Investment securities	160,000	585,000
Total	**960,490**	**585,000**

The Bank has collaterized customer loans to the Bank of Greece in accordance with the Monetary Policy Council Act no 54/27.2.2004 as in force, and following its amendment by Monetary Policy Council Act 61/6.12.2006 the Bank of Greece accepts from 1.1.2007 non-marketable assets as collateral for monetary policy purposes and intraday credit which should meet the terms and conditions of the above act.

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

40. Group consolidated companies

a. SUBSIDIARIES

Name	Country of Incorporation	Group's ownership interest %	
		31.12.2007	31.12.2006
Banks			
1.Alpha Bank London Ltd	United Kingdom	100.00	100.00
2.Alpha Bank Cyprus Ltd	Cyprus	100.00	100.00
3.Alpha Bank Romania S.A.	Romania	99.91	99.91
4.Alpha Bank AD Skopje	FYROM	100.00	100.00
5.Alpha Bank Jersey Ltd	Jersey	100.00	100.00
6.Alpha Bank Srbija A.D.	Serbia	99.99	99.99
Leasing companies			
1.Alpha Leasing A.E.	Greece	100.00	99.67
2.Alpha Leasing Romania S.A.	Romania	99.99	99.93
3.ABC Factors A.E.	Greece	100.00	100.00
4.Alpha Asset Finance C.I. Ltd	Jersey	100.00	100.00
Investment Banking			
1.Alpha Finance A.X.E.P.E.Y.	Greece	100.00	100.00
2.Alpha Finance US Corporation	U.S.A.	100.00	100.00
3.Alpha Finance Romania S.A.	Romania	99.98	99.98
4.Alpha Ventures A.E.	Greece	100.00	100.00
5.AEF European Capital Investments B.V.	The Netherlands	100.00	100.00
Asset Management			
1.Alpha Asset Management AEDAK	Greece	100.00	100.00
2.Alpha Private Investment Services A.E.P.E.Y.	Greece	100.00	100.00
3.ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00
Insurance			
1.Alpha Insurance A.E.	Greece	-	99.57
2.Alpha Insurance Agents A.E.	Greece	100.00	100.00
3.Alpha Insurance LTD Cyprus	Cyprus	100.00	100.00
4.Alpha Insurance Brokers S.R.L.	Romania	99.91	99.91
5.Alphalife A.A.E.Z.	Greece	100.00	-
Real estate and hotel			
1. Alpha Astika Akinita A.E.	Greece	84.10	67.30
2. Ionian Hotel Enterprises A.E.	Greece	94.81	93.25
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Alpha Real Estate D.O.O. Beograd	Serbia	84.10	67.30
5. Alpha Astika Akinita D.O.O.E.L Skopje	FYROM	84.10	67.30
6. Tourist Resorts A.E.	Greece	94.81	93.25
7. Alpha Immovables Bulgaria E.O.O.D.	Bulgaria	84.10	-

Special purpose entities			
1. Alpha Credit Group Plc	United Kingdom	100.00	100.00
2. Alpha Group Jersey Ltd	Jersey	100.00	100.00
3. Alpha Group Investments Ltd	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Messana Holdings S.A.	Luxemburg	100.00	100.00
6. Ionian Equity Participations Ltd	Cyprus	100.00	-
Other companies			
1. Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
2. Alpha Trustees Ltd	Cyprus	100.00	100.00
3. Flagbright Ltd	United Kingdom	100.00	100.00
4. Alpha Advisory Romania S.R.L.	Romania	99.98	99.98
5. Evremathea A.E.	Greece	100.00	100.00
6. Kafe Alpha A.E.	Greece	100.00	100.00
7. Ionian Supporting Services A.E.	Greece	100.00	-
b. Joint Ventures			
1. Cardlink A.E.	Greece	50.00	50.00
2. APE Fixed Assets A.E.	Greece	60.10	60.10
3. APE Commercial Property A.E.	Greece	60.10	60.10
4. Anadolu Alpha Gayrimenkul Ticaret Anonim Sirketi	Turkey	50.00	-
5. APE Investment Property S.A.	Greece	67.42	-

The subsidiaries were fully consolidated and the joint ventures were consolidated under the proportionate method.

The Group hedges the foreign exchange risk arising from the net investment in Alpha Bank London Ltd., Alpha Bank Cyprus Ltd. and Alpha Bank Romania S.A. through the use of the FX swaps and interbank deposits in the functional currency of the above subsidiaries.

Further analysis concerning changes in the Group is set out in note 46.

41. Segment reporting

a. Analysis by business segment

(amounts in million Euro)

31.12.2007

	Retail	Corporate Banking	Asset Management/ insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group	Discontinued operation	Group (continuing operation)
Interest	993.6	308.4	18.7	36.9	231.7	16.9	1,606.2	0.9	1,605.3
Commission	166.0	91.5	89.6	50.6	69.2	(2.0)	464.9	0.4	464.5
Other income	18.6	5.5	13.3	28.7	44.9	140.2	251.2	83.7	167.5
Total income	**1.178.2**	**405.4**	**121.6**	**116.2**	**345.8**	**155.1**	**2,322.3**	**85.0**	**2,237.3**
Total expenses	**(554.0)**	**(110.3)**	**(63.8)**	**(38.1)**	**(201.3)**	**(62.0)**	**(1,029.5)**	**(4.2)**	**(1,025.3)**
Impairment	(115.7)	(84.0)		1.0	(27.4)	(0.6)	(226.7)		(226.7)
Profit before tax	**508.5**	**211.1**	**57.8**	**79.1**	**117.1**	**92.5**	**1,066.1**	**80.8**	**985.3**
Assets	19,877.5	17,455.1	2,284.6	7,423.5	7,104.0	539.6	54,684.3		54,684.3
Liabilities	28,430.3	2,552.0	1,818.8	9,626.2	6,198.8	1,766.9	50,393.0		50,393.0
Capital expenditures	72.7	41.9	2.0	2.0	55.2	9.2	183.0		183.0
Depreciation and amortization	35.9	8.6	2.3	1.2	19.8	10.7	78.5	0.2	78.3

(amounts in million Euro)

31.12.2006

	Retail	Corporate Banking	Asset Management/ insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group	Discontinued operation	Group (continuing operation)
Interest	897.1	278.7	22.6	49.9	172.0	2.8	1,423.1	5.5	1,417.6
Commission	147.1	84.5	85.2	40.1	53.3	(7.7)	402.5	2.4	400.1
Other income	11.7	3.1	35.0	23.0	23.1	59.4	155.3	30.9	124.4
Total income	**1,055.9**	**366.3**	**142.8**	**113.0**	**248.4**	**54.5**	**1,980.9**	**38.8**	**1,942.1**
Total expenses	**(508.7)**	**(100.6)**	**(84.5)**	**(32.8)**	**(153.6)**	**(34,5)**	**(914.7)**	**(27.3)**	**(887.4)**
Impairment	(166.1)	(63.1)	(1.2)		(24.8)		(255.2)	(1.2)	(254.0)
Profit before tax	**381.1**	**202.6**	**57.1**	**80.2**	**70.0**	**20.0**	**811.0**	**10.3**	**800.7**
Assets	15,054.9	14,642.1	2,637.5	12,866.6	4,092.3	506.2	49,799.6	356.5	49,443.1
Liabilities	24,410.8	2,248.3	1,532.7	13.092,6	3,634.4	1,267.2	46,186.0	352.4	45,833.6
Capital expenditures	63.0	11.3	5.1	2.7	35.0	1.5	118.6		118.6
Depreciation and amortization	29.5	6.5	3.8	0.9	15.4	8.4	64.5	1.7	62.8

i. Retail banking

Includes all individuals (retail banking customers) of the Group, professionals, small companies.

The Group offers through its extensive 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, letter of guarantees) and debit and credit cards to the above customers.

ii. Corporate banking

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

The Group offers working capital facilities, corporate loans, and letters of guarantees.

This sector also includes the leasing products which are offered through Alpha Leasing A.E. and factoring services to third parties through ABC Factors A.E.

iii. Asset management / Insurance

Consists of a wide range of asset management services through Group's private banking and Alpha Asset Management A.E.D.A.K.

In addition it is offered a wide range of insurance products to individuals and companies through AXA Insurance which is the corporate successor of the subsidiary Alpha Insurance A.E.

iv. Investment Banking/ Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered either by the Bank or through specialized subsidiaries (Alpha Finance, Alpha Ventures). Includes also the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements – Loans etc.). It is noted that for comparative purposes, an amount of € 36,6 million that relates to income on financial transactions of 2006, was reclassified to the respective segment from "Other".

v. South Eastern Europe

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

vi. Other

This segment consists of the Bank's income and expenses that are not related to operating activities and administrative expenses which are distributed to Group companies.

b. Analysis by geographical sector

(amounts in million Euro)

31.12.2007

	Greece	Other countries	Group	Discontinued operation	Group (continuing operation)
Interest	1,359.8	246.4	1,606.2	0.9	1,605.3
Commission	393.5	71.4	464.9	0.4	464.5
Other income	203,4	47.8	251.2	83.7	167.5
Total income	**1,956.7**	**365.6**	**2,322.3**	**85.0**	**2,237.3**
Total Expenses	**(816.1)**	**(213.4)**	**(1,029.5)**	**(4.2)**	**(1,025.3)**
Impairment	(199.3)	(27.4)	(226.7)	0.0	(226.7)
Profit before tax	**941.3**	**124.8**	**1,066.1**	**80.8**	**985.3**
Assets	**45,524.2**	**9,160.1**	**54,684.3**		**54,684.3**

31.12.2006

	Greece	Other countries	Group	Discontinued operation	Group (continuing operation)
Interest	1,221.1	202.0	1,423.1	5.5	1,417.6
Commission	345.7	56.8	402.5	2.4	400.1
Other income	131.5	23.8	155.3	30.9	124.4
Total income	**1,698.3**	**282.6**	**1,980.9**	**38.8**	**1,942.1**
Total Expenses	**(748.3)**	**(166.4)**	**(914.7)**	**(27.3)**	**(887.4)**
Impairment	(230.4)	(24.8)	(255.2)	(1.2)	(254.0)
Profit before tax	**719.6**	**91.4**	**811.0**	**10.3**	**800.7**
Assets	**39,860.3**	**9,939.3**	**49,799.6**	**356.5**	**49,443.1**

42. Financial risk management

The Group has established a systematic and disciplined management framework for the reliable measurement of risk. Considering the stability and continuity of its operations, the Group's management places high priority on the goal of implementing and continuously improving this framework, in order to minimize potential negative effects on Group's financial results.

The Board of Directors of the Bank has overall responsibility for the improvement and oversight of the Risk Management framework. Risk Management Committee is established, which meets on a quarterly basis and reports to the Board of Directors on its activities. The Risk Management Committee is responsible for the implementation and monitoring compliance with the risk management policies. The Bank re-examines the effectiveness of the risk management framework on a regular basis in order to ensure compliance with international best practices and regulatory framework.

Risk management division operate within the Group under the supervision of the Group's Chief Risk Officer and have been assigned with the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee.

42.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is considered the most significant risk for the Group, and its continuous monitoring is management's first priority.

The Group in order to effectively manage credit risk has developed specific methodologies and systems to measure credit risk. These systems and methodologies are continuously evolving so as to provide to the maximum extent possible current and productive support in the decisions making process of the business units in order to avoid possible adverse consequences on the results of the Group.

The main point for the measurement of credit risk is the credit risk grading system established in Alpha Bank Group. Current systems use both quantitative and qualitative criteria of measurement and also criteria of transactional behavior in order to report customer probabilities of loss given defaults. Respective models are continuously improved in order for the total loan portfolio to be included in the new system of internal grading imposed by capital adequacy. The credit grading system consists of nine basic grades. Additionally, the Group uses ratings provided by International Rating Agencies.

Credit risk rating also determine both credit limits and collaterals and it is systematically reassessed on a six or twelve month basis. The reassessment is based on the customer's credit worthiness and on any new information and events that may have a significant impact on the level of credit risk.

Credit risk grading systems are being constantly tested qualitatively in order to assure at every turn their ability. At the same time the Group performs stress testing exercises concerning credit risk on a regular basis. Based on respective stress testing an estimation is provided of the size of financial losses that could occur under extreme transactional behavior of the clients. Additionally, on regular basis large exposures are monitored and management and the Board of Directors are informed.

The Group assess as at each balance sheet date, whether there is evidence of impairment in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance.

Specifically the above mentioned procedures include the following steps:

a. Establishment of events that provide objective evidence that a loan is impaired (trigger events).
b. The criteria for assessment on an individual or collective basis.
c. Establishment of groups of assets with similar risk characteristics.
d. Methodology in determing future cash flows from impaired loans.
e. Interest income recognition.
f. Recoveries.

In note 1.13 "Impairment losses on loans and advances" the accounting principles applied for loan impairment are described in detail.

FINANCIAL INSRUMENTS CREDIT RISK

	31.12.2007			31.12.2006		
	Exposure before impairment	Impairment	Net exposure to credit risk	Exposure before impairment	Impairment	Net exposure to credit risk
a) Credit risk exposure relating on balance sheet items:						
Due from Banks	3,516,393	6,697	3,509,696	4,644,395	7,683	4,636,712
Loans and advances to customers						
Individuals:						
- Mortgages	11,186,669	55,402	11,131,267	8,812,267	45,417	8,766,850
- Consumer	3,606,631	142,221	3,464,410	2,445,129	156,201	2,288,928
- Credit cards	1,092,863	54,123	1,038,740	942,025	29,426	912,599
- Other	146,762		146,762	217,035		217,035
Total	16,032,925	251,746	15,781,179	12,416,456	231,044	12,185,412
Companies:						
- Corporate loans	24,771,065	521,921	24,249,144	18,992,719	679,905	18,312,814
- Leasing	1,338,340	24,977	1,313,363	1,086,745	24,223	1,062,522
- Factoring	532,640	3,215	529,425	495,692	3,624	492,068
Other receivables	237,695	38,735	198,960	208,671	38,453	170,218
Total	26,879,740	588,848	26,290,892	20,783,827	746,205	20,037,622
Securities held for trading:						
- Government bonds	241,724		241,724	186,753		186,753
- Other debt securities	21,729		21,729	86,498		86,498
- Derivative financial instruments	383,432		383,432	245,676		245,676
Total	646,885		646,885	518,927		518,927
Investment securities:						
- Available for sale (government bonds)	1,925,351		1,925,351	6,253,815		6,253,815
- Available for sale (other)	1,086,803		1,086,803	1,170,994		1,170,994
- Available for sale (other variable yield securities)	53,640		53,640	62,102		62,102
Total	3,065,794		3,065,794	7,486,911		7,486,911
Total amount of on balance sheet items exposed to credit risk (a)	**50,141,737**	**847,291**	**49,294,446**	**45,850,516**	**984,932**	**44,865,584**
Other on balance sheet items not exposed to credit risk	5,280,413		5,280,413	4,835,645		4,835,645
Total Assets	**55,422,150**	**847,291**	**54,574,859**	**50,686,161**	**984,932**	**49,701,229**
b) Credit risk exposure relating to off balance sheet items						
Letter of guarantee and letters of credit	4,883,285	45,929	4,837,356	4,840,966	14,946	4,826,020
Undrawn credit facilities	17,573,361		17,573,361	14,408,504		14,408,504
Total amount of off balance sheet items exposed to credit risk b)	**22,456,646**	**45,929**	**22,410,717**	**19,249,470**	**14,946**	**19,234,524**
Total credit risk exposure (a+b)	**72,598,383**	**893,220**	**71,705,163**	**65,099,986**	**999,878**	**64,100,108**

Credit commitments includes an amount of € 921 million (31.12.2006: € 448 million) which are committed limits that cannot be canceled in cases where it becomes apparent that the counter party will fail to meet their contractual obligations.

LOANS AND ADVANCES TO CUSTOMERS – Analysis of past due amounts

	31.12.2007			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgages				
Performing loans	9,833,963	-		9,833,963
Past due 1-90 days	-	1,083,852		1,083,852
Past due >90 days	-	-	268,854	268,854
	9,833,963	**1,083,852**	**268,854**	**11,186,669**
- Credit cards and consumer loans				
Performing loans	4,209,177	-	-	4,209,177
Past due 1-90 days	-	431,590	-	431,590
Past due >90 days	-	-	205,489	205,489
	4,209,177	**431,590**	**205,489**	**4,846,256**
Corporate loans				
Performing loans	22,826,730	-	240,585	23,067,315
Past due 1-90 days	-	2,605,516	84,853	2,690,369
Past due >90 days	-	263,823	858,233	1,122,056
	22,826,730	**2,869,339**	**1,183,671**	**26,879,740**
Total portfolio				
Performing loans	36,869,870	-	240,585	37,110,455
Past due 1-90 days	-	4,120,958	84,853	4,205,811
Past due >90 days	-	263,823	1,332,576	1,596,399
Total	**36,869,870**	**4,384,781**	**1,658,014**	**42,912,665**

	31.12.2006			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgages				
Performing loans	7,807,066			7,807,066
Past due 1-90 days		749,558		749,558
Past due >90 days			255,643	255,643
	7,807,066	**749,558**	**255,643**	**8,812,267**
- Credit cards and consumer loans				
Performing loans	3,110,265	-	-	3,110,265
Past due 1-90 days	-	301,603	-	301,603
Past due >90 days	-	-	192,321	192,321
	3,110,265	**301,603**	**192,321**	**3,604,189**
Corporate loans				
Performing loans	16,887,278	-	270,747	17,158,025
Past due 1-90 days	-	2,259,550	128,801	2,388,351
Past due >90 days	-	269,022	968,429	1,237,451
	16,887,278	**2,528,572**	**1,367,977**	**20,783,827**
Total portfolio				
Performing loans	27,804,609	-	270,747	28,075,356
Past due 1-90 days	-	3,310,711	128,801	3,439,512
Past due >90 days	-	269,022	1,416,393	1,685,415
Total	**27,804,609**	**3,579,733**	**1,815,941**	**33,200,283**

LOANS AND ADVANCES TO CUSTOMERS – Neither past due nor impaired

	31.12.2007			
	Mortgage	Credit cards and consumer loans	Corporate loans	Total
Low risk	9,833,963	4,209,177	22,046,275	36,089,415
Under surveillance			780,455	780,455
Total	**9,833,963**	**4,209,177**	**22,826,730**	**36,869,870**

	31.12.2006			
	Mortgage	Credit cards and consumer loans	Corporate loans	Total
Low risk	7,807,066	3,110,265	16,209,429	27,126,760
Under surveillance			677,849	677,849
Total	**7,807,066**	**3,110,265**	**16,887,278**	**27,804,609**

This category includes loans that have indications that the counterparty will not be able to meet their contractual obligations, accounts were a settlement was agreed during the last 12 months, and they are subsequently meeting their obligations. These loans amounted to € 51.6 million as at 31.12.2007 (31.12.2006: € 88.6 million).

LOANS AND ADVANCES TO CUSTOMERS – past due but not impaired

	31.12.2007			
	Mortgage	Credit cards and consumer loans	Corporate loans	Total
Past due 1-90 days	1,083,852	431,590	2,605,516	4,120,958
Past due > 90 days			263,823	263,823
Total	**1,083,852**	**431,590**	**2,869,339**	**4,384,781**
Fair value of collaterals	**1,647,538**	**106,949**	**3,693,984**	**5,448,472**

	31.12.2006			
	Mortgage	Credit cards and consumer loans	Corporate loans	Total
Past due 1-90 days	749,558	301,603	2,259,550	3,310,711
Past due > 90 days	-	-	269,022	269,022
Total	**749,558**	**301,603**	**2,528,572**	**3,579,733**
Fair value of collaterals	**1,162,874**	**86,711**	**3,686,803**	**4,936,388**

LOANS AND ADVANCES TO CUSTOMERS – Impaired

	31.12.2007			
Loans and advances to individuals	Mortgage	Credit cards and consumer loans	Corporate loans	Total
Carrying amount before impairment	268,854	205,489	1,183,671	1,658,014
Allowance of impairment	(55,402)	(196,344)	(588,848)	(840,594)
Carrying amount	**213,452**	**9,145**	**594,823**	**817,420**
Fair value of collaterals	**260,899**	**21,582**	**1,000,142**	**1,282,623**

	31.12.2006			
Loans and advances to individuals	Mortgage	Credit cards and consumer loans	Corporate loans	Total
Carrying amount before impairment	255,643	192,321	1,367,977	1,815,941
Allowance of impairment	(45,417)	(185,627)	(746,205)	(977,249)
Carrying amount	**210,226**	**6,694**	**621,772**	**838,692**
Fair value of collaterals:	**221,322**	**12,161**	**1,150,725**	**1,384,207**

DUE FROM BANKS: DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES

	31.12.2007				
	Due from Banks	Trading securities	Derivatives financial instruments	Available for sale	Total
AAA				81,305	81,305
AA- to AA+	289,905		265,630	10,000	565,535
A- to A+	1,664,704	244,813	54,622	2,062,609	4,026,748
Lower than A-	1,561,784	18,640	347	911,880	2,492,651
Unrated			62,833		62,833
Total	**3,516,393**	**263,453**	**383,432**	**3,065,794**	**7,229,072**

	31.12.2006				
	Due from Banks	Trading securities	Derivatives financial instruments	Available for sale	Total
AAA		123,895		178,069	301,964
AA- to AA+	1,467,682	30,248	170,559	193,198	1,861,687
A- to A+	3,042,044	65,725	36,168	6,203,698	9,347,635
Lower than A-	134,669	53,383	13,492	911,946	1,113,490
Unrated	-		25,457		25,457
Total	**4,644,395**	**273,251**	**245,676**	**7,486,911**	**12,650,233**

DEBT SECURITIES, GOVERNMENT BONDS AND OTHER ELIGIBLE BILLS: analysis of past due amounts

	31.12.2007				
	Due from Banks	**Trading securities**	**Derivatives financial instruments**	**Available for sale**	**Total**
Neither past due nor impaired	3,509,696	263,453	383,432	3,065,794	7,222,375
Past due and not impaired	-	-	-	-	-
Impaired	6,697	-	-	-	6,697
Total	**3,516,393**	**263,453**	**383,432**	**3,065,794**	**7,229,072**

	31.12.2006				
	Due from Banks	**Trading securities**	**Derivatives financial instruments**	**Available for sale**	**Total**
Neither past due nor impaired	4,636,348	273,251	245,676	7,486,911	12,642,186
Past due and not impaired	-	-	-	-	-
Impaired	8,047	-	-	-	8,047
Total	**4,644,395**	**273,251**	**245,676**	**7,486,911**	**12,650,233**

In the following tables are presented the financial instruments carrying amounts by industry sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK. Analysis by industry sector

	31.12.2007										
	Financial Institutions	**Manufacturing**	**Construction and real estate**	**Whole sale and retail trade**	**Public sector**	**Transportation**	**Shipping**	**Hotels/ Tourism**	**Other sectors**	**Individuals**	**Total**
Credit risk exposure relating to on balance sheet items:											
Due from Banks	3,516,393										3,516,393
Loans and advances to customers											
Individuals:											
- Mortgages										11,186,669	11,186,669
- Credit cards and Consumer loans										4,699,494	4,699,494
- Other loans										146,762	146,762
Total										16,032,925	16,032,925
Companies											
- Corporate loans	1,206,591	4,844,582	3,649,578	6,099,197	238,362	1,935,614	1,360,515	2,034,856	3,639,465		25,008,760
- Leasing	133,151	251,264	360,413	344,364	481			64,245	184,422		1,338,340
- Factoring	34,113	269,615	2,685	168,996				1,265	55,966		532,640
Total	1,373,855	5,365,461	4,012,676	6,612,557	238,843	1,935,614	1,360,515	2,100,366	3,879,853		26,879,740
Securities held for trading:											
Debt securities					236,340				27,113		263,453
Derivative financial instruments	324,929								58,503		383,432
Total	324,929	-	-	-	236,340	-	-	-	85,616	-	646,885
Investment securities:											
Available for sale	803,345	82,100		80,246	1,856,217				243,886		3,065,794
Total carrying amount of on balance sheet items exposed to credit risk (a)	**6,018,522**	**5,447,561**	**4,012,676**	**6,692,803**	**2,331,400**	**1,935,614**	**1,360,515**	**2,100,366**	**4,209,355**	**16,032,925**	**50,141,737**
Other on balance sheet items not exposed to credit risk									5,280,413		5,280,413
Total assets	**6,018,522**	**5,447,561**	**4,012,676**	**6,692,803**	**2,331,400**	**1,935,614**	**1,360,515**	**2,100,366**	**9,489,768**	**16,032,925**	**55,422,150**
Credit risk exposures relating to off balance sheet items											
Letters of guarantee and letters of credit	11,009	729,337	902,888	770,334	4,534	10,203	38,701	124,063	2,292,216		4,883,285
Undrawn credit facilities									17,573,361		17,573,361
Total carrying amount of off balance sheet items exposed to credit risk (b)	**11,009**	**729,337**	**902,888**	**770,334**	**4,534**	**10,203**	**38,701**	**124,063**	**19,865,577**		**22,456,646**
Total credit risk exposure (a+b)	**6,029,531**	**6,176,898**	**4,915,564**	**7,463,137**	**2,335,934**	**1,945,817**	**1,399,216**	**2,224,429**	**24,074,932**	**16,032,925**	**72,598,383**

FINANCIAL INSTRUMENTS CREDIT RISK. Analysis by industry sector

	31.12.2006										
	Financial Institutions	Manufacturing	Construction and real estate	Whole sale and retail trade	Public sector	Transportation	Shipping	Hotels/ Tourism	Other sectors	Individuals	Total
Credit risk exposure relating to on balance sheet items:											
Due from Banks	4,644,395										4,644,395
Loans and advances to customers											
Individuals:											
- Mortgages										8,812,267	8,812,267
- Credit cards and Consumer loans										3,387,154	3,387,154
- Other loans										217,035	217,035
Total										12,416,456	12,416,456
Companies											
- Corporate loans	462,982	4,442,210	2,486,756	5,338,815	319,624	1,034,767	777,908	1,694,934	2,643,394		19,201,390
- Leasing	100,503	190,363	195,437	329,618	2,067			64,997	203,760		1,086,745
- Factoring	14,079	272,811	2,060	149,474				1,494	55,774		495,692
Total	577,564	4,905,384	2,684,253	5,817,907	321,691	1,034,767	777,908	1,761,425	2,902,928		20,783,827
Securities held for trading:											
- Debt securities					221,300				51,951		273,251
- Derivative financial instruments	206,181								39,495		245,676
Total	206,181				221,300				91,446		518,927
Investment securities											
Available for sale	4,967,290				2,269,598				250,023		7,486,911
Total carrying amount of on balance sheet items exposed to credit risk (a)	**10,395,430**	**4,905,384**	**2,684,253**	**5,817,907**	**2,812,589**	**1,034,767**	**777,908**	**1,761,425**	**3,244,397**	**12,416,456**	**45,850,516**
Other on balance sheet items not exposed to credit risk									4,835,645		4,835,645
Total assets	**10,395,430**	**4,905,384**	**2,684,253**	**5,817,907**	**2,812,589**	**1,034,767**	**777,908**	**1,761,425**	**8,080,042**	**12,416,456**	**50,686,161**
Credit risk exposures relating to off balance sheet items											
Letters of guarantee and letters of credit	242,120	505,532	1,201,621	652,767	4,281	3,563	7,590	88,289	2,135,203		4,840,966
Undrawn credit facilities									14,408,504		14,408,504
Total carrying amount of off balance sheet items exposed to credit risk (b)	**242,120**	**505,532**	**1,201,621**	**652,767**	**4,281**	**3,563**	**7,590**	**88,289**	**16,543,707**	**-**	**19,249,470**
Total credit risk exposure (a+b)	**10,637,550**	**5,410,916**	**3,885,874**	**6,470,674**	**2,816,870**	**1,038,330**	**785,498**	**1,849,714**	**19,788,104**	**12,416,456**	**65,099,986**

42.2 Market risk

Market risk is the risk of losses arising from unfavourable changes in interest rates, foreign exchange rates, equity prices and commodities. Losses may occur either from the trading portfolio or from the banking book.

i. Trading portfolio

Market risk is measured with Value at Risk – VAR. The method applied for calculating Value at Risk is historical simulation. The Bank applies a holding period of 1 and 10 days, depending on the time required to liquidate the portfolio.

	1 day value at risk 99% confidence level (2 years historical data)					
	2007					2006
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	129,899	400,253	58,054	(267,415)	320,791	1,287,000
Average daily value (annual)	363,901	818,897	564,707	(728,010)	1,019,495	2,087,632
Maximum daily value (annual)	1,039,112	2,345,212	1,266,372	(1,623,054)	3,027,642	4,640,487
Minimum daily value (annual)	71,192	259,452	52,685	(160,290)	223,039	546,742

The above items concern the Bank. The Group's subsidiaries and branches have limited trading positions, which are immaterial compared to the positions of the Bank. As a result the market risk effect deriving from these positions is immaterial.

The Value at Risk methodology is complemented with stress tests 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 and maximum loss (stop loss) limits for various products of the trading portfolio have been set. In particular limits have been set for the following risks:

- Foreign currency risk regarding spot and forward positions.
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options.
- Price risk regarding positions in shares, index futures and options.
- Credit risk regarding interbank transactions, corporate bonds and emerging market government bond.

Positions held in these products are monitored during the day and are examined as to the corresponding limit percentage cover and limit excess.

ii. Asset/Liability Management

Apart from the trading portfolio, market risk may also arise, from the banking book. The interest rate and foreign exchange risk calculation methodology is the same for the Bank and for the Group companies.

a. Foreign exchange risk

The Group takes on exposure to the fluctuations in foreign exchange rates. The General Management of the Group sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. The total position arises from the net on-balance sheet position and derivatives forward position is presented in the tables below:

	31.12.2007						
	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
ASSETS							
Cash and balances with Central Banks	29,168	2,317	735	38	520,922	2,710,432	3,263,612
Due from banks	563,054	102,925	201,888	(7,842)	218,555	2,431,116	3,509,696
Securities held for trading	(3)	-	-	-	19,018	247,032	266,047
Derivative financial instruments	-	-	-	-	-	383,432	383,432
Loans and advances to customers	2,143,130	733,485	1,286,883	36,745	2,483,723	35,388,105	42,072,071
Investment Securities							
-Available for sale	517,212	7,647	-	-	157,830	2,474,212	3,156,901
Investments in associates	2	(14)	-	-	(2)	5,334	5,320
Investment property	-	-	-	-	8,416	65,144	73,560
Property, plant and equipment	25	3,386	-	-	145,702	1,024,162	1,173,275
Goodwill and other intangible assets	-	573	-	-	73,302	60,622	134,497
Deferred tax assets	-	49	-	-	3,904	166,304	170,257
Other assets	5,918	1,679	250	1	47,299	330,529	385,676
Non-current assets held for sale	-	-	-	-	514	89,431	89,945
Total Assets	**3,258,506**	**852,047**	**1,489,756**	**28,942**	**3,679,183**	**45,375,855**	**54,684,289**
LIABILITIES							
Due to banks and customers	4,326,281	533,970	(5,880)	828,208	2,861,422	30,558,893	39,102,894
Derivative financial instruments	-	-	-	-	-	384,139	384,139
Debt securities in issue and other borrowed funds	56,845	-	115,780	183,633	378,959	8,454,080	9,189,297
Liabilities for current income tax and other taxes	-	1,766	-	-	6,428	150,603	158,797
Deferred tax liabilities	-	-	-	-	6,875	87,932	94,807
Employee defined benefit obligations	-	-	-	-	33,961	8,058	42,019
Other liabilities	7,184	4,105	397	434	10,432	1,301,002	1,323,554
Provisions	-	-	-	-	48,085	47,850	95,935
Liabilities related to assets held-for-sale	-	-	-	-	-	1,583	1,583
Total Liabilities	**4,390,310**	**539,841**	**110,297**	**1,012,275**	**3,346,162**	**40,994,140**	**50,393,025**
Net on-balance sheet position	(1,131,804)	312,206	1,379,459	(983,333)	333,021	4,381,715	4,291,264
Derivatives forward foreign exchange position	1,150,203	(294,136)	(1,383,736)	978,495	49,646	(320,192)	180,280
Total foreign exchange position	**18,399**	**18,070**	**(4,277)**	**(4,838)**	**382,667**	**4,061,523**	**4,471,544**
Undrawn credit facilities	158,990	84,645	-	-	512,007	16,817,719	17,573,361

	31.12.2006						
	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
Total Assets	2,986,286	558,204	620,620	42,449	2,531,602	43,060,499	49,799,660
Total Liabilities	2,884,686	500,415	30,300	624,428	2,347,802	39,798,362	46,185,993
Net on-balance sheet position	101,600	57,789	590,320	(581,979)	183,800	3,262,137	3,613,667
Derivatives forward foreign exchange position	(114,125)	(25,708)	(593,254)	577,724	230,442	(89,772)	(14,693)
Total foreign exchange position	**(12,525)**	**32,081**	**(2,934)**	**(4,255)**	**414,242**	**3,172,365**	**3,598,974**
Undrawn credit facilities	32,219	57,834	-	-	280,348	14,038,103	14,408,504

The net foreign exchange position as at 31.12.2007 presents the following sensitivity analysis:

	Currency risk		
Currency	**Exchange rate variation scenario against Euro (%)**	**Impact on net income before tax**	**Impact on equity**
USD	Appreciation of USD 5%	968	
USD	Depreciation of USD 5%	(876)	
GBP	Appreciation of GBP 5%	951	
GBP	Depreciation of GBP 5%	(861)	
RSD	Appreciation of RSD 5%		9,632
RSD	Depreciation of RSD 5%		(8,714)

The Bank's high exposure in other currencies is primarily due to the CYP/EUR, position which due to the entrance of Cyprus in the EURO zone does not exist from 1.1.2008. The sensitivity analysis for foreign exchange position in RSD is presented in the above table.

b. Interest rate risk

Gap Analysis is performed in order to examine the interest rate risk of the banking book. Assets and liabilities are allocated into time bands according to their Reprice Date for variable interest rate instruments,or according to their Maturity Date for fixed rate instruments.

Gap Analysis is presented in the table below:

	31.12.2007							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	2,712,836	-	-	-	-	-	550,776	3,263,612
Due from banks	2,621,128	179,809	42,390	132,781	522,910	6,727	3,951	3,509,696
Securities held for trading	11,577	1,100	24,210	274	37,068	191,818	-	266,047
Derivative financial instruments	383,432	-	-	-	-	-	-	383,432
Loans and advances to customers	22,707,257	7,819,711	3,823,368	1,014,238	6,487,910	219,587	-	42,072,071
Investment Securities								
- Available-for-sale	157,570	583,990	1,861,064	128,553	56,316	271,342	98,066	3,156,901
Investments in associates	-	-	-	-	-	-	5,320	5,320
Investment property	-	-	-	-	-	-	73,560	73,560
Property, plant and equipment	-	-	-	-	-	-	1,173,275	1,173,275
Goodwill and other intangible assets	-	-	-	-	-	-	134,497	134,497
Deferred tax assets	-	-	-	-	-	-	170,257	170,257
Other assets	-	-	-	-	-	-	385,676	385,676
Non-current assets held-for-sale	-	-	-	-	-	-	89,945	89,945
Total Assets	**28,593,800**	**8,584,610**	**5,751,032**	**1,275,846**	**7,104,204**	**689,474**	**2,685,323**	**54,684,289**
LIABILITIES								
Due to banks	2,935,144	1,309,583	156,254	34,154	722	1,198	681	4,437,736
Derivative financial instruments	384,139	-	-	-	-	-	-	384,139
Due to customers	28,710,388	2,747,807	1,138,970	734,091	1,267,459	7,577	58,866	34,665,158
Debt securities in issue held by institutional investors and other borrowed funds	2,004,290	6,548,581	612,409	20,659	3,358	-	-	9,189,297
Liabilities for current income tax and other taxes	-	-	-	-	-	-	158,797	158,797
Deferred tax liabilities	-	-	-	-	-	-	94,807	94,807
Employee defined benefit obligations	-	-	-	-	-	-	42,019	42,019
Other liabilities	-	-	-	-	-	-	1,323,554	1,323,554
Provisions	-	-	-	-	-	-	95,935	95,935
Liabilities related to assets held-for-sale	-	-	-	-	-	-	1,583	1,583
Total Liabilities	**34,033,961**	**10,605,971**	**1,907,633**	**788,904**	**1,271,539**	**8,775**	**1,776,242**	**50,393,025**
EQUITY								
Share capital	-	-	-	-	-	-	1,602,809	1,602,809
Share premium	-	-	-	-	-	-	184,033	184,033
Reserves	-	-	-	-	-	-	445,662	445,662
Retained earnings	-	-	-	-	-	-	1,138,195	1,138,195
Treasury shares	-	-	-	-	-	-	(188)	(188)
Minority interest	-	-	-	-	-	-	32,859	32,859
Hybrid securities	-	887,894	-	-	-	-	-	887,894
Total Equity	**-**	**887,894**	**-**	**-**	**-**	**-**	**3,403,370**	**4,291,264**
Total Liabilities and Equity	**34,033,961**	**11,493,865**	**1,907,633**	**788,904**	**1,271,539**	**8,775**	**5,179,612**	**54,684,289**
GAP	**(5,440,161)**	**(2,909,255)**	**3,843,399**	**486,942**	**5,832,665**	**680,699**	**(2,494,289)**	
CUMMULATIVE GAP	**(5,440,161)**	**(8,349,416)**	**(4,506,017)**	**(4,019,075)**	**1,813,590**	**2,494,289**	**-**	

	31.12.2006							
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
ASSETS								
Cash and balances with Central Banks	2,185,352	-	-	-	386	-	489,964	2,675,702
Due from banks	3,592,485	149,947	218,710	262,225	403,406	6,883	3,056	4,636,712
Securities held for trading	109,049	27,232	21,616	26,834	73,041	42,061	6,158	305,991
Derivative financial instruments	245,676	-	-	-	-	-	-	245,676
Loans and advances to customers	20,471,077	4,031,162	2,798,777	1,013,802	3,155,190	668,161	84,865	32,223,034
Investment Securities - Available for sale	62,212	82,644	797,561	392,442	5,602,800	509,804	105,139	7,552,602
Investments in associates	1	-	-	-	-	-	4,090	4,091
Investment property	-	-	-	-	-	-	31,518	31,518
Property, plant and equipment	-	-	-	-	-	-	935,996	935,996
Goodwill and other intangible assets	-	-	-	-	-	-	117,138	117,138
Deferred tax assets	-	-	-	-	-	-	276,973	276,973
Other assets	-	-	-	-	-	-	309,840	309,840
Non-current assets held-for-sale	-	-	-	-	-	-	484,387	484,387
Total Assets	**26,665,852**	**4,290,985**	**3,836,664**	**1,695,303**	**9,234,823**	**1,226,909**	**2,849,124**	**49,799,660**
LIABILITIES								
Due to banks	5,955,296	451,508	99,265	93,119	85,047	7	2,284	6,686,526
Derivative financial instruments	224,576	-	-	-	-	-	-	224,576
Due to customers	27,900,137	1,109,864	636,743	523,488	32,634	4,656	807,172	31,014,694
Debt securities in issue held by institutional investors and other borrowed funds	322,045	5,877,446	131,897	17,079	-	-	-	6,348,467
Liabilities for current income tax and other taxes	-	-	-	-	-	-	129,077	129,077
Deferred tax liabilities	-	-	-	-	-	-	140,208	140,208
Employee defined benefit obligations	-	-	-	-	-	-	548,584	548,584
Other liabilities	-	-	-	-	-	-	675,003	675,003
Provisions	-	-	-	-	-	-	65,263	65,263
Liabilities related to assets held-for-sale	-	700	4,108	1,352	-	-	347,435	353,595
Total liabilities	**34,402,054**	**7,439,518**	**872,013**	**635,038**	**117,681**	**4,663**	**2,715,026**	**46,185,993**
Equity								
Share capital	-	-	-	-	-	-	1,591,286	1,591,286
Share premium	-	-	-	-	-	-	127,961	127,961
Reserves	-	-	-	-	-	-	351,697	351,697
Retained earnings	-	-	-	-	-	-	686,018	686,018
Treasury shares	-	-	-	-	-	-	(14,653)	(14,653)
Amounts recognized directly in equity related to non-current assets held for sale	-	-	-	-	-	-	(2,576)	(2,576)
Minority interest	-	-	-	-	-	-	44,280	44,280
Hybrid securities	-	829,654	-	-	-	-	-	829,654
Total equity	**-**	**829,654**	**-**	**-**	**-**	**-**	**2,784,013**	**3,613,667**
Total Liabilities and equity	**34,402,054**	**8,269,172**	**872,013**	**635,038**	**117,681**	**4,663**	**5,499,039**	**49,799,660**
GAP	**(7,736,202)**	**(3,978,187)**	**2,964,651**	**1,060,265**	**9,117,142**	**1,222,246**	**(2,649,915)**	
CUMMULATIVE GAP	**(7,736,202)**	**(11,714,389)**	**(8,749,738)**	**(7,689,473)**	**1,427,669**	**2,649,915**	**-**	

Gap Analysis allows an immediate calculation of changes in net interest income and equity for available-for-sale securities upon application of alternative scenarios, such as changes in market interest rates or changes in Bank's and Group’s companies base interest rates.

Currency	**Interest rate variation scenario (parallel fall or rise in yield curves)**	**Sensitivity for net interest income (annual)**	**Sensitivity of equity**
EUR	+50 m.b.	16,514	(9,902)
	-50 m.b.	(16,703)	10,093
USD	+50 m.b.	(1,013)	(680)
	-50 m.b.	1,027	685
GBP	+50 m.b.	412	(14)
	-50 m.b.	(409)	14

42.3 Liquidity risk

Liquidity risk refers to the Group's ability to maintain sufficient funds to cover its obligations. A substantial portion of the Group's assets are funded with customer deposits and bonds issued by the Group. Funding comprises two categories:

a) Customer deposits for working capital purposes

Deposits for working capital purposes consist of savings accounts and sight deposits. Although these deposits may be withdrawn on demand the number of accounts and type of depositors ensure that unexpected fluctuations are limited and that these deposits constitute mostly a stable deposit base.

b) Customer deposits and bonds issued for investment purposes

Customer deposits and bonds issued for investment purposes concern customer term deposits, customer repurchase agreements (repos) and sale of bonds issued by the Group.

According to Liquidity Gap Analysis, cash flows arising from all assets and liabilities are estimated and allocated into time bands depending on when they occur, with the exception of securities held for trading and available for sale securities. In the case of such portfolios, they are allocated in the first period using relevant haircuts.

Liquidity Gap Analysis is given in the table below:

	31.12.2007					
	less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	Total
ASSETS						
Cash and balances with Central Banks	3,228,742	2,552	1,408	2,137	28,773	3,263,612
Due from Banks	2,573,667	130,342	80,716	134,673	590,298	3,509,696
Securities held for trading						
- Bonds	252,745				13,302	266,047
Derivative financial instruments	383,432					383,432
Loans and advances to customers	944,848	2,985,886	3,950,801	6,380,285	27,810,251	42,072,071
Investment securities						
- Bonds classified in available for sale	2,904,519				152,869	3,057,388
- Shares classified in available for sale	89,562				9,951	99,513
Investments in associates					5,320	5,320
Investment property					73,560	73,560
Property, plant and equipment					1,173,275	1,173,275
Goodwill and other intangible assets					134,497	134,497
Deferred tax assets					170,257	170,257
Other assets	7,581		14,415	158,230	205,450	385,676
Non-current assets held-for-sale					89,945	89,945
Total Assets	**10,385,096**	**3,118,780**	**4,047,340**	**6,675,325**	**30,457,748**	**54,684,289**
LIABILITIES						
Due to banks	2,938,843	849,253	140,094	32,714	476,832	4,437,736
Derivative financial instruments	384,139					384,139
Due to customers (including debt securities in issue)	7,470,658	3,010,010	1,710,240	1,884,253	20,589,997	34,665,158
Debt securities in issue held by institutional investors and other borrowed funds	457,103	9,859	12,576	698,538	8,011,221	9,189,297
Liabilities for current tax and other taxes	50,533		101,880	6,384		158,797
Deferred tax liabilities					94,807	94,807
Employee defined benefit obligations					42,019	42,019
Other liabilities	1,131,238	54,098	33,521	64,493	40,204	1,323,554
Provisions					95,935	95,935
Liabilities related to assets held-for-sale	1,583					1,583
Total Liabilities	**12,434,097**	**3,923,220**	**1,998,311**	**2,686,382**	**29,351,015**	**50,393,025**
Total Equity					**4,291,264**	**4,291,264**
Total Liabilities and Equity	**12,434,097**	**3,923,220**	**1,998,311**	**2,686,382**	**33,642,279**	**54,684,289**
Liquidity gap	**(2,049,001)**	**(804,440)**	**2,049,029**	**3,988,943**	**(3,184,531)**	

	31.12.2006					
	less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**more than 1 year**	**Total**
ASSETS						
Cash and balances with Central Banks	2,675,702					2,675,702
Due from Banks	3,578,766	109,809	212,501	272,127	463,509	4,636,712
Securities held for trading						
- Bonds	290,691				15,300	305,991
Derivative financial instruments	245,676					245,676
Loans and advances to customers	1,001,730	2,534,946	3,208,807	4,958,311	20,519,240	32,223,034
Investment Securities						
- Bonds classified in available for sale	7,079,518				372,606	7,452,124
- Shares classified in available for sale	90,430				10,048	100,478
Investments in associates					4,091	4,091
Investment property					31,518	31,518
Property, plant and equipment					935,996	935,996
Goodwill and other intangible assets					117,138	117,138
Deferred tax assets					276,973	276,973
Other Assets	4,623	36	19,496	213,160	72,525	309,840
Non-current assets held-for-sale					484,387	484,387
Total Assets	**14,967,136**	**2,644,791**	**3,440,804**	**5,443,598**	**23,303,331**	**49,799,660**
LIABILITIES						
Due to banks	6,206,295	83,491	11,101	9,980	375,659	6,686,526
Derivative financial instruments	224,576					224,576
Due to customers (including debt securities in issue)	5,170,344	1,500,397	1,143,948	1,527,537	21,672,468	31,014,694
Debt securities in issue held by institutional investors and other borrowed funds	18,977	485,873	403,537	120,345	5,319,735	6,348,467
Liabilities for current income tax and other taxes	17,054		112,023			129,077
Deferred tax liabilities					140,208	140,208
Employee defined benefit obligations					548,584	548,584
Other liabilities	447,357	39,114	48,721	73,807	66,004	675,003
Provisions					65,263	65,263
Liabilities related to assets held-for-sale	353,595					353,595
Total Liabilities	**12,438,198**	**2,108,875**	**1,719,330**	**1,731,669**	**28,187,921**	**46,185,993**
Total Equity					**3,613,667**	**3,613,667**
Total Liabilities and Equity	**12,438,198**	**2,108,875**	**1,719,330**	**1,731,669**	**31,801,588**	**49,799,660**
Liquidity gap	**2,528,938**	**535,916**	**1,721,474**	**3,711,929**	**(8,498,257)**	

Cash flows arising from financial liabilities including derivative financial liabilities, are allocated into time bands according to their Due Date. Estimated interest payments are also included. Liabilities in foreign currency have been translated into Euro. Regarding derivatives,their outflows and inflows are estimated according to their contractual terms.

	Total Balance Sheet	31.12.2007 Nominal in flow / (outflow) Less than 1 month	2 to 3 months	4 to 6 months	7 to 12 months	More than 1 year	TOTAL
Non-derivative Liabilities							
Due to Banks	4,437,736	2,942,944	860,877	151,698	47,796	521,779	4,525,094
Due to customers	34,665,158	7,902,917	2,964,211	1,775,079	2,054,059	20,291,945	34,988,211
Debt securities in issue held by institutional investors and other borrowed funds	9,189,297	445,475	123,272	118,009	880,748	11,011,239	12,578,743
Other liabilities	1,323,554	1,131,238	54,098	33,521	64,493	40,203	1,323,553
Derivatives held for liabilities fair value hedge	103,670						
Outflows		(2,618)	(14,647)	(6,575)	(19,459)	(811,865)	(855,164)
Inflows		2,825	13,540	4,102	14,833	707,756	743,056
Derivatives held for assets fair value hedge	44,160						
Outflows		0	0	(48,430)	(8,431)	(1,202,158)	(1,259,019)
Inflows		7,810	5,839	13,598	27,061	1,158,024	1,212,332
Derivatives held for trading	236,309						
Outflows		(2,196,887)	(304,231)	(258,690)	(133,733)	(864,133)	(3,757,674)
Inflows		2,132,027	317,068	242,863	117,933	700,966	3,510,857
Total	**49,999,884**	**12,365,731**	**4,020,027**	**2,025,175**	**3,045,300**	**31,553,756**	**53,009,989**
Off balance sheet items							
Unrecognized loans commitments		(921,273)					(921,273)
Financial guarantees		(73,860)	(44,776)	(29,966)	(46,853)	(136,074)	(331,529)
Total off balance sheet items		**(995,133)**	**(44,776)**	**(29,966)**	**(46,853)**	**(136,074)**	**(1,252,802)**

	Total Balance Sheet	31.12.2006 Nominal in flow / (outflow) Less than 1 month	2 to 3 months	4 to 6 months	7 to 12 months	More than 1 year	TOTAL
Non-derivative Liabilities							
Due to Banks	6,686,526	6,047,115	162,632	48,584	383,959	100,249	6,742,539
Due to customers	31,014,694	6,032,726	1,542,243	1,245,335	1,722,760	20,929,293	31,472,357
Debt securities in issue held by institutional investors and other borrowed funds	6,348,467	42,318	596,043	614,532	222,385	8,440,781	9,916,059
Other liabilities	675,003	474,303	34,768	43,229	65,489	57,214	675,003
Derivatives held for liabilities fair value hedge	58,193						
Outflows		(1,083)	(7,099)	(4,488)	(13,584)	(593,595)	(619,849)
Inflows		693	3,022	2,856	6,333	433,103	446,007
Derivatives held for assets fair value hedge	1,263						
Outflows		0	0	(1,769)	(3,999)	(47,177)	(52,945)
Inflows		879	412	1,353	3,039	46,673	52,356
Derivatives held for trading	165,120						
Outflows		(905,352)	(155,120)	(157,918)	(257,473)	(900,636)	(2,376,499)
Inflows		888,100	179,942	141,451	241,538	813,965	2,264,996
Total	**49,949,266**	**12,579,699**	**2,356,843**	**1,933,165**	**2,370,447**	**29,279,870**	**48,520,024**
Off balance sheet items							
Unrecognized loans commitments		(448,051)					(448,051)
Financial guarantees		(172,682)	(93,069)	(31,295)	(41,345)	(85,861)	(424,252)
Total off balance sheet items		**(620,733)**	**(93,069)**	**(31,295)**	**(41,345)**	**(85,861)**	**(872,303)**

42.4 Fair value of financial Assets and Liabilities

The table below presents the carrying amounts and the fair values of financial assets and liabilities which are not carried at fair value in the financial statements. For the remaining financial assets and liabilities which are not carried at amortized cost the fair values are not substantially different from carrying amounts.

The fair value of loans is estimated based on the interbank market yield curves adjusted with the credit spread of loans.

The fair value of deposits is estimated based on the interbank market yield curves deducted with customers spread depending on form of the deposit.

Both loans and deposits future cash flows are discounted based on their duration and the respective interest rates.

	31.12.2007	
	Carrying amount	**Fair value**
Assets		
Loans and advances to customers	42,072,071	42,133,975
Liabilities		
Due to customers	34,665,158	34,665,470

43. Capital management - capital adequacy

The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The dividend policy is always examined in order to achieve the best balance between the higher return for the shareholder and the security affected by the sound capital position.

Share capital increases are performed through shareholders meeting or Board of Directors decisions in accordance with articles of association or relevant laws.

Specifically, the Shareholders' General Meeting held on 6 June 2006 gave the authority to the Board of Directors for the period of four years to approve a share capital increase in accordance with Law 2190/1920 article 13.

The Group is allowed to purchase treasury shares based on the terms and conditions of law.

The Group uses all modern methods to manage capital adequacy. It has issued hybrid and subordinated debt which are included as regulatory own-funds. The cost of these securities is lower than share capital and adds value to the shareholders.

The Bank capital adequacy is monitored by the Bank of Greece which is reported to on a quarterly basis.

In accordance with Presidential Decision of the Bank of Greece the minimum capital adequacy ratios have been (Tier I and capital adequacy ratio) which must be adhered to established by the Group.

The capital adequacy ratio is determined by comparing the Group's regulatory own funds with the risks that the Group undertakes (risk weighted assets). Own funds include Tier I capital (share capital, reserves, minority interests), additional Tier I capital (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.

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.

	(In million of Euro) 31.12.2007	31.12.2006
Risk-weighted assets from credit risk	39,756	32,603
Risk-weighted assets from market risk	591	865
Total risk-weighted assets	40,347	33,468
Upper Tier I capital	3,129	2,701
Tier I capital	3,877	3,413
Total Tier I + Tier II capital	5,025	4,315
Upper Tier I ratio	7.8%	8.1%
Tier I ratio	9.6%	10.2%
Capital adequacy ratio (Tier I + Tier II)	12.5%	12.9%

44. Related-party transactions

a) The outstanding balances with members of the Board of Directors and their close family members are as follows:

	31.12.2007	31.12.2006
Loans	39,951	3,100
Deposits	43,523	31,067
Debts securities in issue	9,009	15,688
Letters of guarantee	83	165

	From 1 January to 31.12.2007	31.12.2006
Interest and similar income	477	82
Interest expense and similar charges	1,640	1,247

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

	From 1 January to 31.12.2007	31.12.2006
Assets		
Loans and advances to customers	277	611
Total	**277**	**611**
Liabilities		
Amounts due to customers	26	5
Total	**26**	**5**

	From 1 January to 31.12.2007	31.12.2006
Income		
Interest and similar income	33	89
Other income	-	578
Total	**33**	**667**
Expenses		
General administrative expenses	-	781
Other expenses	2,971	-
Total	**2,971**	**781**

c) The Group companies Board of Directors and Executive Manager fees recorded in the income statement of 2007 amounted to € 26,554 (31.12.2006: € 11,771).

45. Share options granted to employees

a) On 11 April 2000 the Shareholders' in General Meeting approved a share option plan to be granted to the executive managers of the Bank and Group, which would be granted based on their performance. The total number of shares to be issued under the share option plan was set at 0.5% of the total shares in issue and the exercise price was set at the nominal value. If subsequent to the grant date, there is a change in either the nominal value of the shares or the number of shares in issue, the number of issued options is adjusted so that their fair value is not altered.
The exercise of the share options is three years after the grant date, and the Bank is not obliged to settle the options in cash.

b) On 24 May 2005 the Shareholders' in General Meeting approved a new share options plan to be granted to the executive managers of the Bank and the Group. The duration of this plan is 5 years maturing in December 2009. The total number of shares to be issued under the share plan was set up to 1% of the total shares in issue and the exercise price will range from the nominal value up to 80% of the market price of the share.

c) The Second General Meeting of the Shareholders of Alpha Bank on 6.6.2006 approved the issuance of a new share option plan with a 5 year duration granted to the executive managers of the Bank and the Group. The new share option plan will differ from the current in the following:

i. The maximum number of options to be issued under the new share option plan is set up at 5% of the total shares in issue.

ii. The beneficiaries are executive members of the Board of Directors, executive managers and other key management personnel of the Bank and the related companies as defined in Law 2190/1920 article 42e paragraph 5.

iii. The exercise price will equal to 90% of the average market price of Bank's share for December and the month proceeding the Board of Directors' decision to grant the share options.

iv. After one year from the granting of the share options and thereafter every year and for the next two years the beneficiary can exercise up to 1/3 of the total share options entitled. Under certain conditions the options can be exercised during the following two years but not more than 5 years from the grant date.

Finally, it has been approved the modification of the current effective option plan in order the beneficiaries be eligible to participate in both plans.

d) The Bank's Board of Directors on the meetings held on 25 September 2007 and 27 November 2007 decided on the exercise of all share options plans approved by the General Shareholders Meetings on 11 April 2000 and 9 April 2001 (2000-2004 plan), 24 May 2005 and 6 June 2006 (2006-2010 plan) and 6 June 2006 (2006-2010 plan).

As a result the share capital of the Bank increased by € 11,523 with the issuance of 2,954,650 new shares of nominal value of € 3.90 and exercise price.

a) equal to the nominal value of € 3.90 for the share options plans of 2000-2004 and 2005-2010 and

b) equal to € 20.61 for the share option plans of 2006-2010. The difference between the exercise price and nominal value amounting to € 30,595 is included in share premium.

The movement of the outstanding share options and their weighted average exercise price, after the adjustment following:

i. the share capital increases approved by Ordinary Shareholders' General Meetings of 30 March 2004, 19 April 2005 and 18 April 2006.

ii. The share option exercise as at 1 December 2006 and

iii. The remaining share options exercise during 2007 are as follows:

	2007		2006	
	Average exercise price per share	**Share options remaining**	**Average exercise price per share**	**Share options remaining**
1 January	3.90	903,824	5.00	523,222
Granted	18.95	2,037,310	3.90	521,027
Cancelled	20.61	(3,970)	3.90	(21,979)
Exercised	14,255	(2,954,650)	3.90	(336,950)
Adjusted	3.90	17,486	3.90	218,504
31 December	**-**	**-**	**3.90**	**903,824**

46. Acquisitions, disposals of subsidiaries and associates and other corporate events

a. On 5 March 2007 the Bank filed a tender offer for the acquisition of the remaining shares of its subsidiary Alpha Leasing A.E., which the Capital Market Committee approved on 8.3.2007. During April 2007, the Bank acquired 95,773 shares representing 0.24% of the paid in share capital and voting rights of the Company. Consequently, the number of Alpha Leasing A.E. shares and voting rights held by Alpha Bank amounts to 39,585,000, or 100%. At the same time, the Capital Market Committee approved on 17.5.2007 the delisting of Alpha Leasing A.E. shares from Athens Stock Exchange following the Company's application.

b. On 13.3.2007, the process of the separation and transfer of the Rhodes Hotel sector, from Bank's subsidiary Ionian Hotel Enterprises A.E. to Tourist Resorts A.E. was completed.

c. On 21.3.2007, the restaurant buffet sector of Tourist Resorts A.E. was transferred to subsidiary Kafe Alpha A.E.

d. On 23.3.2007, the transaction for the sale of Bank's subsidiary Alpha Insurance A.E. from its subsidiary Alpha Group Investments Ltd to the french AXA, an insurance company which is the leader of European insurance companies, was completed for € 255 million. At the same time, Alpha Bank and AXA have signed a long-term exclusive bancassurance agreement for the distribution of AXA insurance products through Alpha Bank's extensive branch network.

e. On 29.3.2007, Alpha Immovables Bulgaria E.O.O.D was founded in Sofia with initial capital € 306 thousand by the Bank's subsidiary Alpha Astika Akinita A.E. The Company's main purpose is to provide real estate services.

f. On 30 April 2007 the Bank acquired 50% of Anadolu Alpha Gayrimenkul Ticaret Anonim Sirketi, a new founded company in Istanbul, participating together with Anadolu Group. The Company would operate as a vehicle for investments in Turkey.

   Due to the rejection of the application by the Turkish regulatory authorities to acquire an ownership interest in companies Alternatifbank and Alternatiflease, Alpha Bank and the Anadolu Group have terminated, on a consensual basis, their business agreement.

g. On 14 June 2007, Ionian Supporting Services A.E. and Ionian Investments A.E. were established in Athens, of which the Bank has 99% interest in both entities. The primary activity of Ionian Supporting Services A.E. is to provide support services to the Bank and the group entities, whereas Ionian Investments A.E. is involved in the acquisition and sale of securities. The share capital of each company amounts to € 60 thousand.

   As at 17 August 2007 the Bank participated proportionally to Ionian Supporting Services share capital increase at the total amount of € 500 thousand.

h. On 19 June 2007 the Bank acquired 100% of the shares of the Cypriot company Ionian Equity Participations Ltd. Company's share capital amounts to CYP 1,000.

i. On 19 June 2007 the Bank acquired 9,034,808 ordinary shares at a price of € 0.60 each by participating to AEGEK A.E., a listed constructions company, share capital increase.

j. On 29 June 2007 the transfer of 100% shares of Alpha Private Investment Services A.E.P.E.Y. from the subsidiary Alpha Bank London Ltd to the Bank was completed.

k. On 18 July 2007 the Bank sold its participation to Unisystems A.E. (ownership interest 9.67%).

l. On 18 September 2007 the Bank participated in ALC Novelle Investments Ltd share capital increase proportionally by € 20 thousand.

m. On 28 September 2007 the Bank participated in A.P.E. Commercial Property A.E., share capital increase proportionally by € 541 thousand.

n. As at 27.11.2007 the subsidiary Ionian Holdings A.E. renamed to APE Investment Property S.A. As at 29.11.2007, the Bank sold the 32.58% of its ownership interest in APE Investment Property S.A. to third parties. Upon the transfer of Bank's ownership interest an agreement of shares exchange was signed. Based on respective agreement the subsidiary was converted to joint venture. No profit or loss from the sale. In addition, on 21 December 2007, APE Investment Property S.A. acquired 90% of Astakos Terminal S.A. and 50% of Akarport S.A. for a total amount of EUR 125 million. Both companies are consolidated in current financial statements through APE Investment Property S.A. As at 31.12.2007 the carrying amount of Astakos Terminal S.A. amounted to EUR 27 million.

The allocation of the acquisition price was completed on 31 December 2007, according to IFRS 3. The allocation resulted to the recognition of Company's land at fair value as it is presented in the table below:

o.

(In thousands of Euro)

	Carrying Amount	Fair Value
Assets		
Property, plant and equipment	138,965	250,665
Intangible assets	1,770	1,770
Other long term receivables	239	239
Customers	755	755
Other receivables	16,418	16,418
Cash and cash equivalent	79	79
Total Assets	**158,226**	**269,926**
Liabilities		
Long term borrowings	400	400
Deferred tax liabilities	4,407	4,407
Employee defined benefit obligations	20	20
Other short term liabilities	8,268	8,268
Short term bank liabilities	45,800	45,800
Current tax liabilities	18	18
Government grants of fixed assets	72,242	72,242
Total liabilities	**131,155**	**131,155**
Equity	27,071	138,771
Total Liabilities and Equity	**158,226**	**269,926**
Acquisition price of 90%		€ 124.9 million
Goodwill of APE Investment Property S.A.		€ 0.0 million

p. On 28.11.2007 the Bank participated in Ionian Equity participation Ltd share capital increase by € 17,490 thousand through the contribution of venture capital units in which participates.

q. On 20.12.2007 Alphalife A.A.E.Z. insurance company was established, in which Alpha Bank has a 100% ownership interest. The purpose of the company is to provide insurance life and non life insurance contracts in Greece and abroad. The company share capital amounts to € 6,000 thousand.

r. On 21.12.2007 the Bank increased of 100% subsidiary ALPHA Finance US Corporation share capital by € 1,047 thousand.

47. Restatement of prior year financial statements

Debt securities in issue sold to Banks' customers have been reclassified to "Due to customers". Due to the above change the balances of comparative periods here restated with the following amounts:

Liabilities Accounts	**31.12.2006**
Due to customers (including debt securities in issue)	7,440,786
Debt securities in issue held by institutional investors and other borrowed funds	(7,440,786)

48. Events after the balance sheet date

a. As at 15.1.2008, Ionian Hotel Enterprises A.E. transferred 100% of Tourist Resort A.E. ownership interest of Hilton Rhodes Resort to the Greek Hotel Company Lamsa S.A. and to Plaka S.A. by 50%, respectively. The total price of the transaction amounted to EUR 35.5 million. The transaction is under respective Law's approvals and it will not have a significant impact on Company's income statement.

b. Under the implementation of Law 3606/2007 which is included in Greek legislation guidance MIFID (2004/2007) of European Council and after the decision of Extraordinary Shareholders General Meeting held on 14 December 2007 and the approval of Greek Ministry of Development on 11 February 2008, the Company Alpha Finance A.X.E.P.E.Y. was renamed to Alpha Finance A.E.P.E.Y.

Athens, 26 February 2008

The Chairman of the Board of Directors	The Managing Director	The Executive Director	Group Financial Reporting Officer
Yannis S. Costopoulos I.D. X 661480	Demetrios P. Mantzounis I.D. I 166670	Marinos S. Yannopoulos I.D. N 308546	George N. Kontos I.D. AB 522299

The above financial statements, which consist of 92 pages, are the financial statements that we refer to in our auditor's report dated 26 February 2008.

Athens, 26 February 2008

KPMG Certified Auditors A.E.

Marios T. Kyriacou Certified Auditor Accountant AM SOEL 11121	Harry Sirounis Certified Auditor Accountant AM SOEL 19071