ALPHA BANK

ANNUAL REPORT

For the period from 1 January to 31 December 2015

(In accordance with Law 3556/2007)

Athens,
3 March 2016

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Statement by the Members of the Board of Directors

(in accordance with article 4 paragraph 2 of Law 3556/2007)

To the best of our knowledge, the annual financial statements that have been prepared in accordance with the applicable accounting standards, give a true view of the assets, liabilities, equity and financial performance of Alpha Bank A.E. and of the group of companies included in the consolidated financial statements taken as a whole, as provided in article 4 paragraphs 3 and 4 of Law 3556/2007, and the Board of Directors' annual report presents fairly the evolution, performance and financial position of Bank, and group of companies included in the consolidated financial statements taken as a whole, including the analysis of the main risks and uncertainties that they face.

Athens, 3 March 2016

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE EXECUTIVE DIRECTOR
VASILEIOS T. RAPANOS ID. No AI 666242	DEMETRIOS P. MANTZOUNIS ID. No I 166670	ARTEMIS CH. THEODORIDIS ID. No AB 281969

Board of Directors' Annual Management Report as at 31.12.2015

Greek Economy

The Greek economy, despite the strong headwinds of the last months, showed resilience that appears to mitigate the initially expected negative consequences, due to the prolonged negotiations with the partners, the bank holiday and the imposition of capital controls. That was the result of the milder than expected consequences in the economy from the restrictions in capital movements, the significant increase of tourism activity and the big decline in oil prices.

The adjustment programmes implemented in our country since 2010, managed to address the main macroeconomic and fiscal imbalances, despite delays and divergences. Specifically, the large general government deficit narrowed while the ¾ of total adjustment required was accomplished (final target for a primary surplus of 3.5% of GDP from 2018, as compared to a deficit of 10.1% of GDP in 2009).

Moreover, the current account deficit narrowed, losses in competitiveness recouped and the rigidities in labor market eased. Additionally, it was observed a notable restructuring in production in favor of tradable goods and services and generaly in favor of the more productive enterprises in each economic sector.The new Loan Agreement with the partners, contributed significantly to the decline in uncertainty and the restoration of confidence.

The main developments of the Greek economy are described below:

A. The real GDP recorded during the first half of 2015 a positive rate of change of 0.6% which declined to -1.9% in the second half, due to the capital controls and the increase in tax rates. In 2015 as a whole, GDP fell by 0.7%, against an increase by 0.7% in 2014.

The economic activity was supported by the strong tourism performance and the rise of export of goods. Conversely, investment, revenues from shipping and imports were negatively affected by the capital controls and financing constraints. Private consumption had a positive contribution to GDP growth in H1 2015, while in H2 of 2015 was negatively affected by the increase in tax burden which took a toll on households' disposable income.

B. Concerning inflation developments, the national index of consumer prices decreased by 1.7% on average in 2015, compared to a fall of 1.3% in 2014, while the inflation rate based on the harmonized index registered a positive sign (+0.4%) in December 2015, for the first time since February 2013.

There is a notable deceleration of the deflationary process mainly from October 2015 until the end of the year. This development was triggered mostly by the increase in the standard VAT rate from 13% to 23% for a large number of food products and services in August 2015. The impact of VAT hikes outweighed the deflationary pressures caused by the fall in oil prices and sluggish demand. In 2016 inflation is expected to increase in line with the expected economic recovery in the second half of the year.

C. Concerning the labor market, the employment rate grew by 1.8%, in January-November 2015 (Jan.-Nov. 2014: +0.5 %) on average, according to the seasonally adjusted data of ELSTAT (population of 15-74 age group). Moreover the number of unemployed decreased significantly by 6.0% (Jan.-Nov. 2014: -4.0%). As a result, the average unemployment rate declined to 25.1% in January-November 2015, from 26.6% in January-November 2014.

Moreover, the employment population ratio increased to 44.4% in January-November 2015, compared to 43.3% in January-November 2014. Also, according to the ERGANI information system data, the net flows of salaried employment were positive in 2015; a development which is the second best performance since 2001. In particular, in 2015, the balance of net employment flows was positive to 99,700 persons, as compared to 99,100 in 2014.

D. Manufacturing production increased by 1.2% in 2015, while in the first half of 2015 increased by 1.9% yoy, suggesting that it managed to gain momentum quite rapidly, after the plunge the index registered during the summer, due to capital controls' imposition. The industrial production increased by 0.6% in 2015, against a fall by 1.9% in 2014. The improving performance of Greek industry stemmed from the decline in oil prices as well as raw material and the depreciation of the euro. The upsurge in tourist arrivals in 2015 had a significant contribution to the industrial production growth, mainly to the food and beverages sub-sector. It is noted that key sectors of Greek industry continue to increase their production, as they managed to redirect a significant part of their production to foreign markets as well.

It is encouraging that the purchasing managers' index in manufacturing (PMI) rebounded relatively quickly in October 2015, and in December 2015 exceeded the threshold of 50 points at 50.2 (indicating a marginal increase of manufacturing output), for the first time since

August 2014. The business confidence and in particular the Business Sentiment Indicator in industry rebounded sharply after its large decline registered last summer, as it started recovering since September 2015 and continued its upward trend until January 2016.

E. In external transactions, according to the Bank of Greece, the current account surplus amounted to €1.1 billion In January-November 2015, against a significant deficit of €1.9 billion in the same period of 2014. This significant improvement in the balance of payments reflects the narrowing of the trade balance deficit (as imports registered a bigger fall than exports), which offset the decrease of the surplus of the services balance. Consequently, the 11month 2015 current account balance recorded a surplus of 0.6% of GDP, against a deficit of 1.1% of GDP observed in the same period of 2014.

In particular, the balance of goods and services, which represents the largest share of the current account balance (86.5% in Jan.-Nov. 2015), registered a surplus of €0.9 billion in January-November 2015, compared to a deficit of €2.5 billion in the same period of 2014.The surplus of the services balance shrank by €1.1 billion. (Jan.-Nov. 2015: €16.7 billion, Jan.-Nov. 2014: €17.8 billion), as net transport receipts registered a decline, which was partly offset by a rise in net travel and other services receipts. Specifically, the travel surplus increased, albeit at a decelerated pace, by 7.0% (Jan.-Nov. 2014: +10.1%). In 2016, tourism is expected to support the Greek economy for another year, benefiting from the relatively weak euro.

F. Regarding the fiscal adjustment in 2015 (cash based public data) a primary surplus of €4.1 billion or 2.4% of GDP was recorded, compared to a primary surplus of €2.1 billion in 2014 (1.1% of GDP). Therefore, the target set for primary deficit of 0.25% of GDP, according to the new programme, seems achievable. This development was due to the better-than-expected performance of government revenues during the last months of 2015 and the-larger-than-anticipated decrease of primary expenditure. The downward revision of the primary fiscal surplus targets in the following years, improves liquidity conditions in real economy. According to the Programme, a primary surplus target of 0.5% of GDP is set in 2016.

G. In 2015, the domestic banking system faced unprecedented challenges.

The significant deposit outflow and the increase in non-performing loans (NPLs) ratio, caused turbulences at the Greek banking system and necessitated another comprehensive assessment and recapitalisation for the Greek banks.

In fall 2015, the European Central Bank conducted the comprehensive assessment of the four significant Greek banks and the stress test identified, under the baseline scenario, an aggregate capital shortfall of €4.4 billion and under the adverse scenario, an aggregate capital shortfall of €14.4 billion. The recapitalisation of the Greek banking system was completed successfully in December 2015. The interest of foreign investors was substantial as they placed around €5.3 billion in the four significant banks. Furthermore, an additional €2.7 billion was covered through liability management exercises (voluntary bond swap offers to bank bondholders). Finally, the Hellenic Financial Stability Fund covered the necessary additional funds for the two banks, i.e circa €5.4 billion, that was not covered by private investors.

The rate of contraction of bank credit to the private sector, which started since the second quarter of 2012, continued in 2015 mainly due to the feeble demand, albeit at a significant slower pace (December 2015: -2.0%[1], December 2014: -3.1%). On end-December, 2015 the private sector loan outstanding amounted to €204.3 billion compared to €212 billion on end-December, 2014. In particular, the rate of contraction of bank credit to non-financial corporations sloweddown in December 2015 to an annual rate of 0.9%, compared to a decline of 3.7% in December 2014. The respective rate of decline of bank credit to households, accelerated to 3.1% in December 2015, compared to - 2.9% in December 2014.

The reduced uncertainty combined with the imposition of capital controls, resulted in the increase of private sector deposits by €2.5 billion, from end-July 2015 until the end-December 2015. However, the outstanding amount of private sector deposits stood at €123.4 billion in December 2015, from €160.3 billion in December 2014, registering a fall by 23.0%. Concerning the structure of deposits, in 2015 compared to 2014, there was a fall in time deposits by 48.8% and an increase of savings deposits (+15.5%) and sight deposits (+10.3%). The substitution of time deposits with savings deposits was more intense since July 2015, after the imposition of capital controls.

The expected improvement of the Greek economy from H2 2016 onwards will facilitate financial conditions.

Non-performing loans portfolio management and the return of deposits, remain the main challenges for the Greek banking system. The new framework for the management of the non-performing loans, improves the non-judicial remedies, determines the terms for the protection of the main residence and enhances the bankruptcy law, thus restoring payment morale.

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1 *The rates of change are calculated taking into account the reclassification of loans , write-offs , disposals and exchange rate fluctuations*

The front-loaded design of the new programme, which constitutes a structural element of the new agreement with the partners, enables the swift restoration of the business confidence and investment attraction, as the implementation of a large number of reforms are required before the first review of the programme.

International Economy

The first weeks of 2016, reminded investors of last August, when the sudden devaluation of the Chinese currency by 2% caused strong turbulence to international markets. The sharp decline in stock prices in China and the depreciation of the yuan, reinforced investors' concerns about a noteworthy slowdown in China's economic growth in 2016, accompanied this time by a significant decline in oil prices (lowest price for the last 12 years).

The prevalent position in the Organization of Petroleum Exporting Countries (OPEC) to maintain current production levels in order that members with lower production cost protect their market shares, as well as, the anticipated increase of production by Iran and Indonesia, lead to the expectation that the oil price will decline further. However, the price of oil and basic metals is likely to remain low for a long period. Already, copper price are at the lowest level since May 2009.

High volatility of stock markets recorded since the beginning of the year, which negatively affects economic activity, is not expected to disappear soon. In 2016, global economic growth will mainly depend on the stabilization of commodity prices and whether China's economy will succeed in avoiding major shocks, while moving from an economic growth model based on external demand, to one which is based on consumption and services. China aims to produce competitive goods and turn Chinese consumers to domestically produced goods, instead of imported ones. The ultimate purpose is both to support economic growth and to offset the diminishing income.

However, it should not be forgotten that the heightening of geopolitical tensions is simmering and any time may disturb the international economic activity.

According to the most recent estimates by the International Monetary Fund (January 2016), world GDP is expected to grow by 3.1% in 2015, compared with 3.4% in 2014 and by 3.4% in 2016. As for the developed economies, they will reach a growth rate of 1.9% in 2015 and 2.1% in 2016 from 1.8% in 2014. International trade in goods and services is expected to record a rise in the current year (3.4%) and accelerate further in the next year (4.1%).

In the US, domestic demand was affected by adverse weather conditions in the first quarter of 2015, exports fell significantly and economic activity contracted. However, the dynamics of economic growth returned to higher levels for the rest of the year, as the effect of temporary factors started fading. Within a fragile global economic environment, better than expected positive employment figures in December, helped stabilizing the investment climate to some extent. Although, the US economy continues improving, it is not clear that it will register a notable rate of economic growth during 2016. In particular, the GDP growth rate in the US is expected to reach 2.5% in 2015 and 2.6% in 2016 from 2.4% in 2014.

In 2015, Japan's growth rate is estimated to reach a positive level (0.6%) and further increase by 1.0% in 2016, compared to a negative growth rate (-0.1%) posted in 2014. Positive growth is attributed to fiscal stance, lower oil prices, favourable economic conditions and rising household income.

In the Eurozone, GDP growth is expected to be 1.5% in 2015, compared with 0.9% in 2014, while during 2016 it is estimated to increase further by 1.7%. The recovery is based mainly on domestic demand, though it is still weak. The accommodative monetary policy pursued by the European Central Bank and the weakness of euro have positively contributed to economic growth.

Developing economies' GDP is estimated to fall by 4.0% in 2015 from 4.6% in 2014 and increase by 4.3% in 2016.

China's growth rate, after slowing down in 2015 to 6.9% from 7.3% in 2014, is expected to decelerate further in 2016 to 6.3% due to reduction in investment and the effort to render domestic consumption as the growth driver.

In the third quarter of 2015, according to most recent data, the SEE countries recorded an increase in economic activity. The highest growth rates were registered in Romania (3.6%) and FYROM (3.5%). The economy of Cyprus for the third consecutive quarter posted a positive growth rate (2.2%) after fourteen consecutive quarters of recession, caused by the shrinking of the secondary sector and the difficulties in the financial industry. Moreover, the Serbian economy registered GDP growth (2.2%) for the second consecutive quarter, after five consecutive quarters of negative performance as a result of the natural disasters in May 2014. Overall, the average growth rate in Southeast Europe (excluding Turkey) is estimated to reach approximately 2.2% in 2015 and 2.5% in 2016, from 1.0% in 2014.

A key feature of the global economy is the prevalence of low inflationary pressures, particularly in developed economies, mainly due to the decline in energy and commodity prices.

In advanced economies, low inflation allows the continuation of expansionary monetary policy in order to strengthen recovery and improve the financial conditions of the private sector which indirectly will positively affect the public as well. The major Central Banks aim to increase inflation to a level close to 2%, with a combination of conventional and unconventional measures of expansionary monetary policies such as very low, even negative, official interest rates, quantitative easing (QE) and forward guidance.

Analysis of financial statements

On 31.12.2015 the total assets amounted to €69.3 billion. This amount was reduced by €3.6 billion or 5% compared to 31.12.2014. At the end of December 2015, the total Group loans, before impairment, amounted to €58.2 billion, remaining stable compared to 2014 (€58.4 billion). The increase of accumulated impairments by €3.2 billion, resulted in the adjustment of loans' balance after impairment to €46.2 billion compared to €49.6 billion in 31.12.2014 .

The total deposits of the Group amounted to €31.4 billion, showing a decrease compared to 31.12.2014 by 26.7%, resulting to a loan deposit ratio of 185%. This indicator was deteriorated compared to 31.12.2014, when reached to 136%, as a result of the unstable economic and political environmentand the significant deposit ouflow during the year. The reduction of the deposits led to the increase of the Group's funding from credit institutions (mainly the Eurosystem), which amounted to €25.1 billion, increasing by 45.2% compared to 31.12.2014.

In Assets held for Sale and Liabilities related to Assets held for sale, have been included the figures of the Bank's Branch in Bulgaria and of its subsidiaries Alpha Bank A.D. Skopje and Ioniki Hotel Enterprises S.A., following the relevant decisions for the commencement of the sale procedure.

Regarding the sizes of the equity, the increase from €7.7 billion on 31.12.2014 to €9.1 billion on 31.12.2015, reflects the successful share capital increase wholly from private sources during 2015. Particularly, the increase of the share capital by €2.6 billion was a result of the capitalization of money claims of 1 billion through the liability management exercise and of €1.5 billion paid in cash. Following the above increase, the share capital amounts to €0.46 billion, divided into 1,536,881,200 common, registered, voting shares, and the share premium amounts to €10.8 billion.

Analyzing the financial performance of the year, the net interest income amounted to €1,932 million and it was positively affected by the decrease of the deposits' interest rates, but it was partially offset by an increased cost of capital due to the participation in the Emergency mechanism Liquidity Assistance (ELA).

Net fee and commission income amounted to €314.7 million decreasing by 5.8% compared to the previous year, when amounted to €334.2 million. This reduction was a result of the bank holiday and the imposition of restrictions on capital movements.

Gains less losses on financial transactions recorded a loss of €45 million, having mainly affected negatively by the liability management exercise which was completed in November 2015. Group's total revenue amounted to €2,268 million, reduced by 3.9% compared to 2014 when amounted to €2,360 million.

Group's total expenses, amounted to €1,305 million, reduced by 16% compared to 2014 when amounted to €1,554 million mainly due to the decrease of the personnel cost. This was a result of the successful completion of the voluntary retirement program in the last year.

The impairment losses and provisions to cover credit risk amounted to €3,020 million compared to €1,847 million in 2014. This increase was a result of specific macroeconomic conditions during the year.

In a Group level the income tax is credit and it amounts to €806.8 million. The income tax has been affected by €398 million due to the change in the tax rate from 26% to 29%. Profit/(loss) after income tax from continuing operations amounted to losses of €1,260 million. and the profit/(loss) after income tax from discontinued operations amounted to losses of €111.8 million, including the negative fair valuation of Bulgaria Branch which amounted to €89 million, and of Alpha Bank AD Skopje which amounted to €14 million.

Participation in the program for the enhancement of liquidity of the Greek economy

In the context of the program for the enhancement of the Greek economy's liquidity, according to Law 3723/2008, the Bank proceeded with:

- The issuance of senior debt securities guaranteed by the Greek State amounting to €9.2 billion.

These securities are pledged to the European Central Bank to obtain liquidity.

Other information

The Bank's Ordinary General Meeting of the Shareholders on 26.6.2015 decided the following:

i) The non distribution of dividend to the common shareholders.

ii) The non payment to the Greek State of the return of 2014 as defined by Article 1 paragraph 3 of Law 3723/2008 of the preference shares owned by the Greek State until 17.4.2014.

Risk management

Alpha Bank Group has established a framework of thorough and discreet management of all kinds of risks facing on the best supervisory practices and which is based on the common European legislation and the current system of common banking rules, principles and standards is improving continuously over the time in order to be applied in a coherent and effective way in a daily conduct of the Bank's activities within and across the borders.

The main objective of the Group was to maintain the high quality internal corporate governance and compliance within the regulatory and supervisory provisions risk management. This will have as a result to ensure the confidence in the business field based on suitable financial services.

Since November 2014, the Group falls within the Single Supervisory Mechanism (SSM) - the new financial supervision system which involves the European Central Bank (ECB) and the Bank of Greece - and as a major banking institution is directly supervised by the European Central Bank (ECB). The Single Supervisory Mechanism is working with the European Banking Authority (EBA), the European Parliament, the Eurogroup, the European Commission and the European Systemic Risk Board (ESRB) within their respective competences.

Moreover, since January 1, 2014, EU Directive 2013/36/EU of the European Parliament and of the Council dated June 26, 2013 along with the EU Regulation 575/2013/EU dated June 26, 2013 ("CRD IV") are effective. The Directive and the Regulation gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

In this new regulatory and supervisory risk management framework, Alpha Bank Group strengths its internal governance and its risk management strategy and redefining its business model in order to achieve full compliance within the increased regulatory requirements and the extensive guidelines. The latest ones are related to the governance of data risks, the collection of such data and their integration in the required reports of the management and supervisory authorities.

The Group's new approach constitutes of a solid foundation for the continuous redefinition of Risk Management strategy through (a) the determination of the extent to which the Bank is willing to undertake risks (risk appetite), (b) the assessment of potential impacts of activities in the development strategy by defining the risk management limits, so that the relevant decisions to combine the anticipated profitability with the potential losses and (c) the development of appropriate monitoring procedures for the implementation of this strategy through a mechanism which allocates the risk management responsibilities between the Bank units.

More specifically, the Group taking into account the nature, the scale and the complexity of its activities and risk profile, develops a risk management strategy based on the following three lines of defense, which are the key factors for its efficient operation:

- Development Units of banking and trading arrangements {host functions and handling customer requests, promotion and marketing of banking products to the public (credits, deposit products and investment facilities), and generally conduct transactions (front line)}, which are functionally separated from the requests approval units, confirmation, accounting and settlement. They constitute the first line of defense and 'ownership' of risk, which recognizes and manages risks that will arise in the course of banking business.
- Management and control risk and regulatory compliance Units, which are separated between themselves and also from the first line of defense. They constitute the second line of defense and their function is complementary in conducting banking business of the first line of defense in order to ensure the objectivity in decision-making process, to measure the effectiveness of these decisions in terms of risk conditions and to comply with the existing legislative and institutional framework, by involving the internal regulations and ethical standards as well as the total view and evaluation of the total exposure of the Bank and the Group to risk.
- Internal audit Units, which are separated from the first and second line of defense.

  They constitute the third line of defense, which through the audit mechanisms and procedures cover an ongoing basis of all operation of the Bank and the Group. They ensure the consistent implementation of the business strategy, by involving the risk management strategy through the true and fair implementation of the internal policies and procedures and they contribute to the efficient and secure operation.

Credit Risk

Credit risk arises from the potential weakness of borrowers' or counterparties' to repay their debts as they arise from their loan obligations to the Group.

The primary objective of the Group's strategy for the credit risk management is to achieve the maximization of the adjusted relative to the performance risk, by ensuring at the same time the conduct of daily business within a clearly defined framework of granting credit. This framework has been supported by strict credit criteria and it is the continuous, timely and systematic monitoring of the loan portfolio and the maintenance of the credit risks within the framework of acceptable overall risk limits.

The framework of the Group's credit risk management is developed based on a series of credit policy procedures, systems and measurement models by monitoring and auditing models of credit risk which are subject to an ongoing review process. This happens in order to ensure ful compliance with the new institutional and regulatory framework as well as the international best practices and their adaptation to the requirements of respective economic conditions and to the nature and extent of the Group's business.

The indicative actions below represent the development and improvement that occurred in 2015 with respect to the aforementioned framework:

- Ongoing upgrade of Wholesale and Retail Banking Credit Policies in Greece and on abroad in order to be adapted in the given macroeconomic and financial conditions of the Group's risk profile as well as in the acceptable maximum risk appetite limits totally for each kind of risk.
- Ongoing update of the credit rating models for corporate and retail banking in Greece and on abroad in order to ensure their proper and effective operation.
- Update of the impairment policy for Wholesale and Retail Banking.
- Centralized and automated approval process for retail banking applications in Greece and abroad.
- Complete centralization of the collections policy mechanisms for retail banking (mortgage loans, consumer loans, credit cards, retail banking corporate loans) in Greece and abroad.
- Systematic estimation and assessment of credit risk per counterparty and per sector of economic activity.
- Periodic stress tests as a tool of assessment of consequences of various macroeconomic scenarios to establish the business strategy, the business decisions and the capital position of the Group. The stress tests are performed according to the requirements of the regulatory framework and they are fundamental parameters of the Group's credit risk management Policy.

Additionally, the following actions are in progress in order to enhance and develop the internal system of credit risk management:

- Continuation of the preparation for the transition process for the Bank and the Group companies, including the portfolios of the former Emporiki Bank and Citibank in Greece, to the Advanced Method for the Calculation of Capital Requirements against Credit Risk. For the purpose of this transition, the Advanced Internal Ratings-Based Approach method will be used with regards to the corporate loan portfolios, retail banking, leasing and factoring.
- Determining a specific framework for the management of overdue and non-performing loans, in addition to the existing obligations, which arise from the Executive Committee Act 2015/227 of January 9, 2015 of the European Committee for amending Executive Committee Act (EU) No. 680/2014 of the Committee for establishing executive technical standards regarding the submission of supervisory reports by institutions in accordance with the regulation (EU) No. 575/2013 of the European Parliament and the Council and Executive Committee Act of Bank of Greece, P.E.E. 42/30.5.2014 and the amendment of this with the Executive Committee Act of Bank of Greece, P.E.E. 47/9.2.2015, which define the framework of supervisory commitments for the management of overdue and non-performing loans from credit institutions.

  This framework develops based on the following pillars:

  a. The establishment of an independent operation management for the "Troubled assets" (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils,
  b. The establishment of a separate management strategy for these loans, and
  c. The improvement of IT systems and processes in order to comply with the required periodic reporting to management and supervisory mechanisms.
- Continuous upgrade of databases for performing statistical tests in the Group's credit risk rating models. Upgrade and automatisation of the aforementioned process in relation to the Wholesale and Retail banking by using specialized statistical software. Gradual implementation of an automatic interface of the credit risk rating systems with the central systems (core banking systems I-flex) for all Group companies abroad.

Reinforcing the completeness and quality control mechanism of crucial fields of Wholesale and Retail Credit for monitoring, measuring and controlling of the credit risk.

Liquidity, interest rate and foreign exchange risk of banking portfolio

2015 was a crucial year for the Greek economy and the Greek banking system. The political uncertainty created by the announcement of the national elections, the fear of non-compliance with the debt repayment program and non-agreement with their partners for the expansion, as well as the prolonged period of negotiations led to the imposition of the capital controls in banking system. This had as an effect the reduction of the capital sources from the banking system. In the first half of 2015, due to the uncertainty the deposits dropped significantly both at a Bank and Group level. Thus, on 30.06.2015 the deposits of the Bank decreased by 29% compared to 31.12.2014 and the deposits of the Group's subsidiaries decreased 9.4%, respectively. The result from these developments was that on 30.06.2015 Bank's financing from the Eurosystem raised to €27.8 billion, from which €23 billion came from the emergency funding mechanism of Bank of Greece (ELA).

In the second half of 2015, after the announcement of the the stress tests results, the Bank successfully completed on 25.11.2015 the share capital increase of € 2.563 billion.

More specifically, the share capital increase was a result of both the deposit in cash of €1.552 billion via private investors and the capitalization of the financial receivables amounting to €1.011 billion through voluntary exchange of existing securities from holders who participated in the Liability Management Exercise. The successful capital increase in conjunction with the restriction of uncertainty and the reinstatement of confidence with the new loan agreement with the partners and stabilization of the political climate after the elections of September, led to a slight increase in deposits during the last quarter of 2015 and also to the conduction of repo transactions with third parties. At the end of 2015, our lending by the Eurosystem amounted to EUR 24.4 billion, from which €19.6 billion came from the ELA.

Under the new requirements of the Regulatory Environment (Basel III) for liquidity, the stability, cost and the diversification of liquidity sources are systematically monitored. During 2015, the new Liquidity Coverage Ratio has been submitted on a monthly basis with a limit of 60%,along with the submission of the Net Stable Funding Ratio on a monthly basis as well. The detailed conditions for both the liquidity and the analysis of financing sources and the effects of regulatory interest rate crisis scenarios on Group's profitability are given on a quarterly basis in the Single Supervisory Mechanism (SSM).

During 2015, Bank has renewed and updated the policies and procedures of the Recovery Plan. Given the compromised situation of the Greek economy, the Bank's subsidiaries have been asked by their local supervisors, to renew and update, apart from the Contingency Funding Plans, the Recovery Plans as well.

The continuous update of the ALM system, in which all Bank's reports are based, is essential for the evolution and the development of the product mix of the Bank, by taking into account the current structure of competition and the economic conditions. In particular, the audit and the finalization of the conventions of repricing and of movement of non-maturing assets-liabilities are parts of the efficient and the effective management of asset liability risk. It has to be noted that at the end of 2015, in accordance with the new directions of the European Banking Authority, a review of all applicable assumptions has been completed as a part of the annual update of the applied assumptions.

The interbank financing (short, medium to long-term) and the Early Warning Indicators of the Bank and of Group's subsidiaries and foreign branches are monitored on a daily basis with reports and checks in order to capture daily variations.

In a monthly basis, stress tests are incurred for liquidity purposes in order to assess potential outflows (contractual or contingent). The purpose of this process is to determine the level of the immediate liquidity which is available in order to cover the Bank's needs. These exercises are carried out in accordance with the approved, in 2015, Liquidity Buffer and Liquidity Stress Scenario of Group's policy.

Moreover, the stress tests are implemented for interest rate risk purposes of the Banking Portfolio in order to estimate the volatility of the net interest income of the banking portfolio and the value of the customer loans and deposits.

Market and Counterparty Risk

The Group has developed a strong environmental control policies and procedures in accordance with the regulatory framework and the international best practices. This policies and procedures meet the business needs, which involve market risk and counterparty limiting adverse impact on results and equity. The framework of methodologies and systems for the effective management of those risks is evolving on a continuous basis in accordance with the changing circumstances in the markets and in order to meet customer requirements.

The valuation of bonds and derivative positions are monitored on an ongoing basis. Each new position is examined for its characteristics and an appropriate valuation methodology is developed, in case it is required. On a regular basis stress tests are conducted in order to assess the impact on the results and the equity, in the markets where the Group operates.

A detailed structure for transaction limits, counterparty investment positions and country limits have been adopted and implemented. This structure involves regular monitoring of trigger events in order to perform extra revisions. The control limits are monitored on an ongoing basis and any violations are reported officially.

For the mitigation of the market risk of the banking portfolio, hedging relationships are applied to the derivatives and hedge effectiveness is tested on a regular basis.

In 2015, there were problems in conducting operations in foreign currency financing due to the restrictions on capital movements and the reduction or withdrawal of interbank credit lines. This had as a result the increase in the open currency position of the Group. As market conditions are improved, the Group gradually reduces these positions. Furthermore, on a continuous basis the valuation parameters for Greek market bonds and derivatives were monitored. The purpose of this exercise is their update in the event of illiquidity for valuation purposes and risk monitoring. New negotiation and investment limits, counterparties and countries for various Group companies have been reviewed and implemented according to the ordinary and extraordinary revisions. Moreover, the monitoring of the report of the Group's exposure in market and counterparty risks has been enriched.

Additionally, the model to calculate Credit Valuation Adjustment was evaluated under Greek Comprehensive Assessment and it was carried out by the European Central Bank resulting in a minimal impact on equity. The Bank participated in the exercise in order to assess the impacts (QIS) of exempted positions from the calculation of own funds requirements for counterparty risk in credit valuation adjustment (CVA), which were organized by the European Banking Authority in cooperation with the National Supervisory Authorities and the European Central Bank (ECB).

Operational Risk

In the context of the continuous improvement in the implementation of the operational risk management framework, the Bank proceeded intensively to the expansion of preventive measures in order to identify and evaluate risk as well as, to the enhancement of the process of collecting and analyzing operational risk events.

More specifically, the RCSA method of operational risk self-assessment has been implemented during the year in accordance to the general plan for selected divisions as well as, for domestic and foreign Bank subsidiaries. It is noted that this method provides the recognition and assessment of potential operational risks through the implementation of audits (residual risks). Further to the above, the respective divisions proceed with the appropriate actions in order to hedge against negative results.

An Advance Measurement Approach for the Bank has been prepared in order to be implemented.

The events of operational risk, the self-assessment results as well as, other current issues of operational risk are systematically monitored both in Bank and Group level by the competent Operational Risk Management Committees with increased responsibilities which are related to the review of relevant information as well as to the adoption of Operational Risk mitigation measures.

Management Non Performing Loans (NPLs)

The quality of the Bank's loan portfolio deteriorated in the fourth quarter of 2008 till the fourth quarter of 2014 as a result of the prolonged recession of the Greek economy where GDP fell by 24.3%[2]. This had as a consequence an increase of the non-performing loans (NPL) in all individual portfolios. In response to these challenges, the Bank focused on three key prevention and strategies of NPLs:

- Focus on recovery requirements attempts, particularly in relation to the borrowers in early delays
- Improvement of collaterals through extra underwritings
- Offer forbearance products to borrowers in an effort to alleviate short-term financial difficulties. This ensures that the Bank could complete these products, if necessary, since a more stable macroeconomic environment will allow a better assessment of the financial capacity for the borrowers.

However, in a very challenging economic environment, the Bank constantly reviews and adjusts its strategy for the management of NPLs. During 2014 and 2015, the Bank has implemented a major change in the infrastructure management and NPLs strategy, using Bank of Greece recommendations of for non-performing loans (Troubled Asset Review) and the Act 47 of the Executive Committee.

The development and launch of targeted long-term arrangements represents a significant shift from the past, where the focus was short-term arrangements. In addition, efforts for the increased collectability and collateral improved levels remain a key aspect of the Bank's strategy.

At the same time key operating indicators were adapted and updated accordingly:

- Organizational restructuring: Major redesign while creating and developing appropriate and independent management structures. The latest ones, in addition to the improvements in the overall governance structure, provide increased control over governance as well as the implementation of evidence-based practices and policies regarding the management of past due portfolio.
- Segmentation and Portfolio Analysis: clearly defined and detailed strategies are in progress, including a strict frame of segmentation.
- Flexible and upgraded forborne products as well as definitive settlement process (for example court settlements).
- Human resources management with specific groups and targeted training.

[2] *ELSTAT http://www.statistics.gr/portal/page/portal/ESYE/PAGE-themes?p_param=A0704&r_param=SEL84&y_param=TS&mytabs=0, table 13*

- Significant investment in technological equipment and automated decision-making tools (for example NPV calculators)

These functional changes are related to major strategic movements, and more specifically:

- Joint Venture with Aktua (which is a specialized provider of loan services, group member of Centerbridge). This joint venture, which is based on the current negotiations, is expected to start its operations in the first quarter of 2016. This action will allow the Bank to manage more effectively the portfolio of the non-performing loans as well as the real estate which is under its ownership (REO).
- Budget and losses allocation framework: the Bank elaborates with an international consultant in order to facilitate the implementation of its strategy for the restructuring of the portfolio of non-performing loans. This framework provides:
  i. Loss distribution into sub-portfolios in order to achieve better non-performing loans management objectives.
  ii. Key performance indicators control of the Bank's NPLs management strategy
  iii. Find proper strategies per groups / classes
- Repossession Property Strategy (REO): Evaluation of the existing Repossession Property strategy in order to determine the best way and maximize at the same time their value for the Bank in the current economic environment.

Some of the above initiatives are already in place (e.g, organization, systems), while others have been already developed and implemented over the past months.

In addition, it is expected that the above initiatives will be benefited from the changes in the Greek legislative framework and the improvement in the economic climate.

More specifically:

- Structural Reforms: The implementation of the planned structural reforms, as they are stated in the third loan agreement, is expected to create the necessary conditions for the banks in order to implement the best possible way for their strategy. Particularly, the expanded reform of Justice, the new civil procedure code, the changes regarding the residential property either the auction suspension removal of the principal residence or the private creditors alleviation are some of them.
- Improved macroeconomic environment forecast: The estimated improvement of the Greek economy, in accordance with the increase of capital controls (capital controls), is expected to improve the ability of borrowers who have made debt restructuring in order to follow repayment schedules. It is also expected that they will enhance the reliability of the planned business projects, by enhancing the value of the existing collaterals.

Administrative Structure Division - Arrears Management:

The Bank realised the need to invest in the NPLs management and made an effort to streamline the monitoring functions and past due exposure management. Specialized teams have been established within the Bank in order to monitor the evolution of those apertures, achieving at the same time targeted settings which are in line with Bank's strategy.

Organizational Structure and Corporate Governance

Since 2009 discrete units for Retail and Wholesale past due loans monitoring have been established and they are the key pillars of the Bank. These independent Units report directly to the Bank CEO through the Directors of each division. Moreover, they are responsible for all the areas which are related to the loan management – such as monitoring the portfolio and the first line services. Through those Units, the Bank has achieved the distinction of arrears management, from the Relationship Management and the Approval Authorities, by combining automated and massive procedures for portfolio's low-risk segments of and case by case management of portfolio's complex or high-risk segments.

Furthermore, the Exposure in arrears Monitoring Committee contributed to the strategic alignment of the Retail & Wholesale strategy.

Exposure management of arrears strategy

Investing in the organizational structure of arrears units,the Bank has developed a strategic framework for the troubled assets in line with the Act 47 / 02.09.2015 of the Executive Committee of the Bank of Greece and the banks' Code of Conduct.

The procedures are defined based on the delinquency bucket and / or whether the borrower is viable or not (Going Concern vs. Gone Concern) status. In this way, the fragmentation of the non-performing portfolio by using financial indicators and techniques analyzes have been achieved. The policies and procedures of sophisticated control mechanisms on the front line processes, such as daily monitoring of tax collection companies and by strengthening the control mechanisms for collection agencies and law firms (including the frequent on-site visits) are key pillars of the management of the non-performing loans for the Bank's management.

The Exposure in arrears Monitoring Committee has an important role in the overall exposures in arrears management.

Prospects for the future

With the exception of USA where the contractionary monetary policy is expected to be maintained in 2016, the central banks of other developed economies follow a relaxed monetary policy. In January 2016, the Bank of Japan followed the example of the central banks in Sweden, Denmark, Switzerland and the European Central Bank and completed the quantitative easing measures by imposing a -0.1% negative interest rate on deposits of financial institutions held in the BoJ.

In Europe, the negative deposit facility rate is the benchmark for the money and loan markets. Thus, yields of the German government bonds have been negative for the shorter maturities (16 February 2016). Negative interest rates are about to squeeze the European banks' profitability as deposit rates are expected to exhibit a higher degree of rigidity, compared to the lending rates, given that depositors could switch to cash.

Concerns about global economy weakening due to sluggish demand from China and the risks for further deceleration of growth rates, affected negatively the international capital markets in 2016. At the same time there are concerns, about the low commodity prices reflected in share prices and corporate bonds in both the US and European markets, that increased even further in January and February 2016 due to new turmoil that hit emerging markets.

These developments, as expected, affected significantly stock prices in the Athens Stock Exchange after the recapitalization of Greek banks and deteriorated the investment climate in our country, in a period where the first review of the new program is expected to be completed. Thus, since the beginning of 2016 the stock prices at the Athens Stock Exchange declined significantly (until 26.02.2016, Athex Composite Index: -19.68%, Banks Index: -47.40%).

At the beginning of 2016, the Greek economy is in a critical situation. The course of the economic activity in 2016 is related to the successful completion of the first evaluation of the program and the implementation of the reformulations. The completion of the first evaluation is crucial since it will impact positively the confidence and it will create discussions with partners in order to take actions (such as the debt relief) with a favorable effect on the financing as well as in the development of the Greek economy.

The growth rate of the real GDP is expected to remain negative in 2016, at least in the first half of the year, due to the negative carry-over effect of 2015 and the impact of the increased tax burden on households' disposable income. The confidence needs to be restored and the liquidity in the banking system needs to be strengthened in order to achieve a gradually recovery of the economy, in the second half of 2016.

Related parties

According to the corresponding regulatory framework, this report must include the main transactions with related parties. All the transactions between related parties, the Bank and the Group companies, are performed in the ordinary course of business, conducted according to market conditions and are authorized by corresponding management personnel. There are no other material transactions between related parties beyond those described in the following paragraph.

a. The outstanding balances of the Group transactions with key management personnel which is composed by members of the Board of Directors and the Executive Committee of the Bank, as well as their close family members and the companies relating to them, as well as the corresponding results from those transactions are as follows:

Amounts in thousand of Euro

Loans and advances to customers	11,460
Due to customers	26,200
Employee defined benefit obligations	453
Letters of guarantee and approved limits	11,689
Interest and similar income	242
Fee and commission income	147
Interest expense and similar charges	166
Fees paid to key management and close family members	3,469

b. The outstanding balances and the corresponding results of the most significant transactions of the Bank with Group companies are as follows:

A. SUBSIDIARIES

In thousand of EUro

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Banks					
1. Alpha Bank London Ltd	16,713	3,418	360	7	1,690
2. Alpha Bank Cyprus Ltd	176,909	12,684	1,923	275	49,913
3. Emporiki Bank Cyprus Ltd			181	69	
4. Alpha Bank Romania S.A.	1,592,864	55,530	18,447	1,118	332,806
5. Alpha Bank AD Skopje	5,684	289	579	2	
6. Alpha Bank Srbija A.D.	166,630	348	2,813	111	2,731
7. Alpha Bank Albania SH.A.	16,117	1,430	1,022	59	2
Leasing					
1. Alpha Leasing A.E.	195,173	329	6,104	237	
2. ABC Factors A.E.	446,606	424	23,521	6	42,000
3. Diners Club Greece A.E.P.P.			79		
Investment Banking					
1. Alpha Finance A.E.P.E.Y.	5,711	7,362	1,611	952	56
2. SSIF Alpha Finance Romania S.A.		8			
3. Alpha A.E. Investment Holdings		36,109	6	470	
4. Alpha A.E. Ventures Capital Management - AKES	11	1,875	26	24	
5. Emporiki Ventures Capital Developed Markets Ltd		125			
6. Emporiki Ventures Capital Emerging Markets Ltd		154			
Asset Management					
1. Alpha Asset Management A.E.D.A.K.	2,378	39,656	10,375	557	
Insurance					
1. Alpha Insurance Agents A.E.		6,547		82	
2. Alphalife A.A.E.Z.	182	490	5,103	1,585	
Real estate and hotel					
1. Alpha Astika Akinita A.E.	362	55,614	1,090	5,615	
2. Ionian Hotel Enterprises A.E.	67,360	4,324	1,849	203	
3. Oceanos A.T.O.E.E.		2,316		30	
4. Emporiki Development and Real Estate A.E.		55,861		487	
5. Alpha Real Estate Bulgaria E.O.O.D.		362		2	
6. Chardash Trading E.O.O.D.		4,505		1,988	
7. Alpha Investment Property Chalandriou A.E.	19,177	221	347	1	
8. Alpha Investment Property Attikis A.E.	6,276	13	170		
9. Alpha Investment Property Attikis II A.E.	10	2,431	23	1	
10. Alpha Investment Property Amaroussion I A.E.	1,330	9	14	1	
11. Alpha Investment Property Amaroussion II A.E.	478	310	4	1	
12. Stockfort Ltd	23,187	581	530		
13. AGI-RRE Zeus S.R.L.	31,321		584		
14. AGI-RRE Poseidon S.R.L.	12,774		244		
15. AGI-BRE Participations 1 E.O.O.D.	4,532	7	100		
16. AGI-BRE Participations 2 E.O.O.D.	8,720	2	198		
17. AGI-BRE Participations 2BG E.O.O.D.	5,985	1	136		
18. AGI-BRE Participations 3 E.O.O.D.	19,719	132	374		
19. AGI-BRE Participations 4 E.O.O.D.		4			
20. APE Fixed Assets A.E.		46		1	
21. HT-1 E.O.O.D.	307		10		
22. SC Carmel Residential SRL	7,379		12		
23. AGI – RRE Hera S.R.L.	12,141		270		
24. Alpha Investment Property Neas Kifisias A.E.	3,361	384	52		

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
25. Alpha Investment Property Kallirois A.E.	588	205	9		
26. Alpha Investment Property Livadias A.E.	4,473	28	136		
27. Asmita Gardens S.R.L.					
28. Alpha Investment Property Kefalariou A.E.		22			
29. Ashtrom Residents S.R.L.	9,576				
30. AGI-BRE Participations 5 E.O.O.D.					
31. Cubic Center Development S.A.	27,275				
32. Alpha Investment Property Neas Erythreas A.E.					
33. Anaplasis Plagias A.E.	14,365		361		
Special purpose and holding entities					
1. Alpha Credit Group Plc		9,501	15,381	45,124	
2. Alpha Group Jersey Ltd		15,239			15,842
3. Alpha Group Investments Ltd		13,037		7	
4. Ionian Holding A.E.		331,217	1	4,896	
5. Ionian Equity Participations Ltd	775	424			
6. Emporiki Group Finance Plc		1,408	4,235	13,036	
7. AGI – RRE Participations 1 Ltd		1,157			
8. Alpha Group Ltd		352,278			
9. Katanalotika Plc	1,196				
10. Epihiro Plc		1,256			
11. Irida Plc	307,812	47,393	1,009		
12. Pisti 2010-1 Plc		142			
13. Alpha Shipping Finance Ltd	6	312,800	3,871	13,844	
14. Umera Ltd	418,777	23,026	1,604	65	838
15. AGI-RRE Poseidon Ltd	38,791		740		
16. AGI-BRE Participations 4 Ltd	3,284		165		
17. AGI-RRE Artemis Ltd	1,714		30		
18. Zerelda Ltd		1			
19. AGI-Cypre Ermis Ltd	1,771,667	52,616	24,276	181	327,751
Other					
1. Kafe Alpha A.E.		168	18	207	
2. Alpha Supporting Services A.E.	185	29,592	557	7,663	
3. Real Car Rental A.E.		17			
4. Evisak A.E.		688	1	13	
5. Emporiki Management A.E.	15	1,076	50	15	
6. Alpha Bank Notification Services A.E.	1	331	1		
B. JOINT VENTURES					
1. APE Commercial Property A.E.		13,619	1	198	
2. APE Investment Property A.E.	146,827	6,912	4,958	65	
3. Alpha TANEO A.K.E.S.		725			
4. Rosequeens Properties SRL	11,838		787		
C. ASSOCIATES					
1. AEDEP Thessalias and Stereas Ellados		127			
2. Banking Information Systems A.E.		75			
3. Olganos A.E.	3,044		9		
Total	**5,611,606**	**1,508,981**	**136,357**	**99,198**	**773,629**

c. Other related party transactions

The outstanding balances and the corresponding results are analyzed as follows:

(In thousands of Euro)

	Assets	Liabilities	Income	Expenses
Employees Supplementary Funds - TAP		4,590		713
Hellenic Financial Stability Fund - HFSF			49	

Athens, 3 March 2016

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

VASILEIOS T. RAPANOS
ID. No AI 666242

Explanatory Report of the Board of Directors of Alpha Bank for the year 2015

The present Explanatory Report of the Board of Directors of Alpha Bank (hereinafter the "Bank") to the Ordinary General Meeting of Shareholders of the Bank for the year 2015 contains detailed information, pursuant to the provision of article 4 par. 7 of Law 3556/2007, the reference date being 31.12.2015, in accordance with the order in which they are written in the provision in question.

In particular:

a. 1. On 1.1.2015 the share capital of the Bank stood at the total amount of Euro 3,830,717,957.40 divided into 12,769,059,858 common, nominal, paperless shares with voting rights, of a nominal value of Euro 0.30 each. Out of the said common, nominal, paperless shares with voting rights, 4,310,200,279 were owned by Private Investors and 8,458,859,579 had been issued by the Bank and subscribed by the Hellenic Financial Stability Fund, pursuant to Law 3864/2010, governed by virtue of the terms thereof.

2. Following the settlement of the Titles Representing Share Ownership Rights (hereinafter the "Warrants") exercise orders, including the fractional shares, on 10.6.2015 the allocation of the above-mentioned (1) sub total of 12,769,059,858 common, nominal, paperless shares with voting rights was as follows:

(i) 4,310,302,518 common, nominal, paperless shares with voting rights, with a nominal value of Euro 0.30 each.

(ii) 8,458,757,340 common, nominal, paperless shares with voting rights, in accordance with the restrictions foreseen in the provision of article 7a of Law 3864/2010, owned by the Hellenic Financial Stability Fund, with a nominal value of Euro 0.30 each.

3. The Extraordinary General Meeting of 14.11.2015 approved in parallel and jointly:

(I) (i) Nominal value increase of each common, nominal, paperless share, with voting rights, issued by the Bank, from Euro 0.30 to Euro 15.00, through a respective decrease in the number of the common, nominal, paperless shares, with voting rights, issued by the Bank, from 12,769,059,858 to 255,381,197.16 due to reverse split,

(ii) Bank's share capital increase by Euro 42.60 through capitalisation of the same amount of part of the special reserve of the Bank under article 4 par. 4a of Codified Law 2190/1920, and

(iii) Bank's share capital decrease by Euro 3,754,103,640.00, through nominal value decrease of each common, nominal, paperless share, with voting rights, issued by the Bank, from Euro 15.00 to Euro 0.30, and a credit of the same amount, pursuant to article 4 par. 4a of Codified Law 2190/1920, to the special reserve of the Bank, namely by an amount of Euro 3,754,103,640.00.

(II) Following part (I), a share capital increase of Euro 384,450,000.00 which has taken place, or, more particularly, in cash by an amount of Euro 232,825,375.80 and through capitalisation of money claims by an amount of Euro 151,624,624 by the issuance and distribution of a total of 1,281,500,000 new, common, nominal, paperless shares, with voting rights, of a nominal value and at an offer price of each equal to Euro 0.30 and Euro 2.00, respectively, with the difference between the issue price and the offer price of the new shares, of a total amount of Euro 2,178,550,000.00, being credited to the special "above par" account;

4. In the fifth exercise process of the Warrants on 10.12.2015, no Warrants were exercised.

Following the above-mentioned under 1,2,3 and 4, the share capital of the Bank is currently equal to the total amount of Euro 461,064,360.00, divided into 1,536,881,200 common, nominal, paperless shares, with voting rights, each of a nominal value of Euro 0.30. Of the said common, nominal, paperless shares, with voting rights, 1,367,706,054 have been subscribed by Private Investors and 169,175,146 have been issued by the Bank and subscribed by the Hellenic Financial Stability Fund, by virtue of Law 3864/2010, by the terms of which they are governed.

All shares are listed for trading on the Securities Market of the Athens Stock Exchange.

The 1,367,706,054 shares that have been subscribed by Private Investors represent 89% of the total paid-in share capital of the Bank and embody all the rights and obligations provided by law and the Bank's Articles of Incorporation.

The 169,175,146 shares that have been subscribed by the Hellenic Financial Stability Fund represent 11% of the total paid-in share capital of the Bank, they have the rights stipulated by law and are subject to the restrictions of the law. With regard to these shares, it is noted that the Hellenic Financial Stability Fund :

- became a shareholder of the Bank, within 2013, in the context of the Recapitalisation of the Greek Credit Institutions, on the basis of Law 3864/2010, having, however, restricted voting rights at the General Meeting.
- has issued, in accordance with Law 3864/2010 and Cabinet Act 38/2012, Warrants in order to offer the shares of the Bank it undertook to private investors. These Warrants may be exercised within the time periods referred to in the relevant legislation.
- may vote at the General Meeting only on resolutions pertaining to the amendment of the Articles of Incorporation, including the increase or reduction of the share capital or the grant of a relevant authorisation to the Board of Directors, merge, split-up, conversion, revival, extension of the term of operation or winding-down of the Bank, the transfer of assets, including the sale of Group Companies or on any other item for which an enhanced majority is required in accordance with the stipulations of Codified Law 2190/1920.
- also possesses all the other rights stipulated by Law 3864/2010, as it is each time in force.

b. The Articles of Incorporation contain no restrictions on the transfer of Bank shares, save as otherwise provided for in the law.

c. From the Bank's records, on 31.12.2015 there are no qualified, direct or indirect, holdings within the meaning of Law 3556/2007, in its share capital.

d. There are no shares issued by the Bank possessing special rights of control, with the exception of the common shares held by the Hellenic Financial Stability Fund in reference to the rights that the Hellenic Financial Stability Fund enjoys by virtue of Law 3864/2010.

e. The Articles of Incorporation contain no restrictions on voting rights and on the deadlines for exercising the voting rights on shares issued by the Bank, excluding the restrictions foreseen in Law 3864/2010 with regard to the shares owned by the Hellenic Financial Stability Fund.

f. To the knowledge of the Bank, there are no shareholder agreements providing restrictions on share transfers or restrictions on the exercise of voting rights on shares issued by the Bank excluding where law provisions stipulating the rights of the Hellenic Financial Stability Fund.

g. There are no rules in the Articles of Incorporation for the appointment and replacement of Members of the Board of Directors, as well as for the amendment of the Articles of Incorporation of the Bank, which are at variance with the stipulations of the law in force.

h. The Bank may increase its share capital by virtue of a resolution of the General Meeting of Shareholders or the Board of Directors, according to the law and the Articles of Incorporation.

The General Meeting of Shareholders as of 27.6.2014 renewed the validity of the authority (articles 13 par. 1 case (b) and 3a par. 3 item first of Codified Law 2190/1920) granted by the General Meeting to the Bank's Board of Directors: (i) to increase the share capital of the Bank, through the issuance and distribution of new shares, the amount whereof shall be paid in cash and/or by contribution in kind, and (ii) to issue a bond loan convertible into shares issued by the Bank.

For as long as the Bank participates in the programmes for the enhancement of the economy's liquidity as per Law 3723/2008, the Bank may not purchase its own shares (article 28 par. 2 of Law 3756/2009).

Additionally, for as long as the Hellenic Financial Stability Fund participates in the share capital of the Bank, the latter may not purchase its own shares without the former's approval.

The Bank does not hold any of its own shares.

i. The Bank has entered into no major agreement, which comes into effect, is amended or expires upon a change of control of the Bank following a public tender offer.

j. The Bank has entered into no agreement with Members of the Board of Directors or employees, providing for compensation upon their resignation or dismissal without just cause, or upon termination of tenure/employment, owing to a public tender offer, except in accordance with the provisions of the law.

Corporate Governance Report for the year 2015

According to the provision of article 2 par. 2 of Law 3873/2010, the Annual Management Report of the Board of Directors of Alpha Bank (hereinafter the "Bank") includes the Corporate Governance Report. For the year 2015, the reference date of the Corporate Governance Report is 31.12.2015.

Specifically and in accordance with the numbering in the provision in question, the required information is listed below:

a. The Bank operates within the framework of the Alpha Bank Corporate Governance Code, which is posted on the Bank's website (http://www.alpha.gr/page/default.asp?id=120&la=2).

b. Effective Corporate Governance is not determined by a fixed programme, but rather by a continuous effort to integrate parameters proposed each time, in conjunction with continuous increasing requirements of the institutional framework and expectations of society. The proper corporate structure, the appropriate institutional framework and its implementation are prerequisites for successful Corporate Governance, which promotes the recognition and reputation of the company.

The Corporate Governance practices, which are implemented by the Bank, are in accordance with the requirements of the relevant legal, supervisory and regulatory frameworks as well as with the international best practices in Corporate Governance and aim at the increase of the long-term value of the Bank, taking into consideration the interests of the Shareholders, those transacting with the Bank, Employees and other Stakeholders.

The said practices are quoted in the Alpha Bank Corporate Governance Code, which sets the framework and guidelines for the governance of the Bank. Responisble for the review is the Board of Directors.

The Corporate Governance Code of Alpha Bank defines the duties and allocates responsibilities among the Board of Directors, its Committees, the Executive Committee and the other Committees of the Bank.

Alpha Bank implemented, as early as 1994, the principles of Corporate Governance, enhancing transparency in communication with the Bank's Shareholders and keeping investors promptly and continuously informed. In this context, the Bank has adapted the following modifications, before their establishment as regulatory and legal requirements: separation of the Chairman's duties from those of the Managing Director, a number of Independent Members of the Board of Directors exceeding the minimum stipulated by law, establishment of the Audit Committee of the Board of Directors, monthly convocation of the Risk Management Committee of the Board of Directors, provision of comprehensive and detailed introductory informational programs for the new Members of the Board of Directors and of information seminars in the context of constant training, when deemed necessary.

Additionally, since 2006 the Vice Chairman of the Board of Directors is a Non-Executive Independent Member, even today when the Chairman of the Board of Directors is Non-Executive.

The Corporate Governance Code stipulates expressly the distinguished responsibilities of the Chairman of the Board of Directors, the Vice Chairman and the Managing Director.

The Board of Directors convenes every month or more often if necessary. The Articles of Incorporation of the Bank provide the Board of Directors with the option to meet by teleconference. The annual program for the Meetings of the Board of Directors and its Committees is set and notified at the end of the previous year. The Minutes of the Meetings of the Board of Directors and its Committees are ratified in the next regular Meeting of the Board of Directors or of the relevant Committee. The tenure of the Members of the Board of Directors is four years while Codified Law 2190/1920 stipulates up to six years.

Article 3 of Law 3016/2002 stipulates, inter alia, that the number of Non-Executive Members of the Board of Directors cannot be less that 1/3 of the total number of Members. Out of a total of fifteen (15) Members of the Board of Directors of the Bank, the number of Non-Executive Members amounts to eleven (11), i.e. 73.3% of the total, thus exceeding by far the minimum number for such Members set by Law 3016/2002.

In accordance with the above-mentioned article of Law 3016/2002, at least two (2) Non-Executive Members should also be Independent. In the Board of Directors of the Bank, the respective number exceeds, as in the case mentioned above, the minimum requirement set by law and amounts to six (6), i.e. 40% of the total.

Additionally, the Bank has adopted a Code of Ethics for the performance of duties with the purpose to implement the standards required by modern corporate governance and effective Internal Audit. The Code of Ethics is posted on the Bank's website(http://www.alpha.gr/page/default.asp?la=2&id=5393).

In March 2015, following the proposal of the Corporate Governance and Nominations Committee, the Board of Directors approved the Evaluation Procedure for the Members of the Board of Directors and the annual evaluation of the Members of the Board of Directors and its Committees was performed on the basis of the criteria enumerated therein.

The Corporate Governance and Nominations Committee ascertained that the current composition of all the Committees of the Board of Directors, namely the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Corporate Governance and Nominations Committee, meets the requirements of the compliance framework, is consistent with the principles of Corporate Governance of the Bank and contributes to the effective and smooth operation of the Committees.

It also ascertained that the Members of the Board of Directors represent different business sectors and geographical areas and are acknowledged for their character, integrity, ability of leadership, management, thought and constructive collective operation in a team environment as well as for their financial knowledge and other professional and business experience. The level of experience, knowledge and work of all the Members of the Board of Directors and its Committees was evaluated as very high.

Lastly, it was ascertained that the Members comply with the stipulations of article 83 of Law 4261/2014 on the combination of directorships that Board Members may hold at the same time, that they do not have any personal or private interests, as defined in article 2 of Law 3016/2002 and that the Non-Executive Independent Members of the Board of Directors fulfill all the criteria for being Independent, in accordance with Law 3016/2002 and the Corporate Governance Code of the Bank.

Additionally, at the annual Meeting of the Non-Executive Members of the Board of Directors, the Non-Executive Members recognised that the Board operations are conducted in an effective manner and that the Members of the Board of Directors contribute to the very effective and productive execution of Board meetings. During the meetings, the Members deliberate openly in an environment of trust and they feel free to express their views and the relevant arguments. The Meeting evaluated the performance of the Executive Members and highlighted the contribution of each and every Member to the accomplishment of absolutely satisfactory results during these highly volatile economic circumstances which the country is experiencing as well as the excellent cooperation with the Non-Executive Members of the Board.

The Corporate Governance and Nominations Committee reviewed the attendance of Members at Board Meetings and deemed that there are no Member absences without a valid reason. The Members of the Board of Directors who were absent had timely informed the Bank with relevant reasons and authorised in writing another Member of the Board of Directors to represent them at the Meeting where they were not present due to impediment.

In March 2015, as per a Minister of Finance Decision, Ms Marica Ioannou – Frangakis was appointed representative of the Greek State at the Board of Directors of the Bank in replacement of Mr. Sarantis-Evangelos G. Lolos, in accordance with Law 3723/2008.

Ms Ioannou – Frangakis was provided by the Bank with a comprehensive and detailed introductory informational programme on Corporate Governance, Risk Management, Internal Control, Compliance, Capital Adequacy, Financial Services and Human Resources.

In order to enhance the active participation of the Shareholders in the General Meetings and the genuine interest in issues relating to its operation, the Bank develops procedures of active communication with the Shareholders and establishes the appropriate conditions so that the policies and strategies adopted are based on the constructive exchange of views with the Shareholders.

In order to ensure the reliable, secure and broad dissemination of institutional information to Shareholders, the Bank declares the "Officially Appointed Mechanism for the Central Storage of Regulated Information" of the Hellenic Exchanges S.A. (HELEX), which is currently managed by the Athens Exchange and operates through the "HERMES" communication system, in accordance with the Athens Exchange Rulebook (www.helex.gr), as the means of disclosure of regulated information and information provided by law to its Shareholders before the General Meeting. Through this disclosure, the prompt and non-discriminatory access to the relevant information is made available to the general public and particularly to the Shareholders, given that the above System, as recognised by law, is considered reasonably reliable for the effective dissemination of information to the investing public and meets the national and European range requirements of the law.

c. Internal Control System

The Internal Control System, on which the Bank places great emphasis, comprises auditing mechanisms and procedures, relating to all the activities of the Bank, aiming at its effective and secure operation.

The Internal Control System ensures:

- the consistent implementation of the business strategy with an effective utilisation of the available resources,
- the identification and management of all risks undertaken,
- the completeness and the credibility of the data and information required for the accurate and timely

determination of the financial situation of the Bank and the generation of reliable financial statements,

- the compliance with the current regulatory framework, the internal regulations, the rules of ethics,
- the prevention and avoidance of erroneous actions that could jeopardise the reputation and interests of the Bank, the Shareholders and those transacting with it,
- the effective operation of the IT systems in order to support the business strategy and the secure circulation, processing and storage of critical business information.

The evaluation of the adequacy and effectiveness of the Internal Control System of the Bank is conducted:

a) On a continuous basis through audits effected by the Internal Audit Division of the Bank, as well as by the Compliance Division with respect to the observance of the regulatory framework.

The audit plan of the Internal Audit Division is based on the prioritisation of the audited areas by identifying and assessing the risks and the special factors associated with them. In addition, any instructions or decisions of the Management of the Bank, along with regulatory framework requirements and extraordinary developments in the overall economic environment are taken into account.

The Audit Committee of the Board of Directors approves the audit plan and is updated every quarter on its implementation, the main conclusions of the audits and the implementation of the audit recommendations, as well as on the compliance with the regulatory framework.

b) On an annual basis by the Audit Committee of the Board of Directors, on the basis of the relevant data and information from the Internal Audit Division, the findings and observations from the External Auditors as well as from the Regulating Authorities.

In 2015, the Audit Committee evaluated the Internal Control System of the Bank for 2014.

c) Every three years by External Auditors, other than the regular ones.

These are highly experienced individuals in the field of internal audit (external auditors or special advisors), who are independent of the Group and for whom there is no question of a conflict of interests.

The Audit Committee determines the criteria and the selection procedures for external auditors and approves the scope and the content of audit operations.

The Bank has in place adequately documented Policies and Procedures for the recognition of financial events and the preparation of the financial statements.

Transactions are carried out through specialised computerised applications, per business activity of the Bank and the Group, which support Officer authorisation limits and procedures for double-checking transactions.

The accounting system of the Bank and the Group is supported by specialised IT systems which have been adapted to the business requirements of the Bank.

Audit and accounting reconciliation procedures have been established in order to ensure the correctness and the legitimacy of the entries in the accounting books as well as the completeness and validity of the financial statements.

Furthermore, in order to ensure the independence of the regular audit of the financial statements of the Group, the Board of Directors applies specific policies and procedures in order to formulate a recommendation for the General Meeting with regard to the election of a regular auditor.

The Audit Committee of the Board of Directors supervises and assesses the drafting procedures, in accordance with the current audit standards, for the interim and annual financial statements of the Bank and studies the reports of the External Auditors as regards deviations from the current accounting practices.

Risk Management

The Bank places great emphasis on the identification, measurement and management of the risks undertaken and, to this end, has assigned these tasks to the Risk Management Business Unit. The Risk Management Business Unit reports to the General Manager and Chief Risk Officer of the Group, to the Risk Management Committee and (through the latter) to the Board of Directors of the Bank.

The effective management of all types of risk focuses on accurate and efficient measurement using specialised methods and calculation models, and on the adoption of policies and limits through which the Bank’s exposure to various risks is monitored.

The Operational Risk Committee convenes regularly or whenever deemed necessary by the circumstances and ensures that the appropriate processes, methodologies and infrastructure to manage the operational risk of the Group exist and approves recommendations to limit operational risk.

The Credit Risk Committee convenes regularly and assesses the adequacy and the efficiency of the credit risk management policy and procedures of the Bank and the Group and resolves on the planning of the required corrective actions.

The Assets-Liabilities Management Committee (ALCo) convenes regularly every quarter, examines and resolves on issues related to Treasury and Balance Sheet Management and the overall financial volumes of the Bank and the Group approving the respective actions and policies.

The Bank has fully complied with the provisions of the institutional framework with respect to its troubled assets.

d. The items c), d), f), h), i) of article 10 of Directive 2004/25/EC of the European Parliament and of the Council, as they are incorporated in the items c), d), e), g), h) of article 4 par. 7 of Law 3556/2007, are analysed in the Explanatory Report of the Board of Directors already submitted to the General Meeting of Shareholders.

e. <u>General Meeting</u>

The General Meeting of Shareholders is the supreme governing body of the Bank and resolves on all corporate matters, apart from those that fall within the exclusive jurisdiction of the Board of Directors, unless the latter resolves, on a particular item of its agenda, to relegate it to the General Meeting. Its resolutions shall be binding upon all the Shareholders including those absent or dissenting.

The General Meeting, unless otherwise foreseen by law and the Articles of Incorporation, is vested with exclusive authority to resolve on the following matters:

(a) Amend the Articles of Incorporation, including the resolutions to increase or to reduce the share capital;

(b) elect Members to the Board of Directors and award the status of Independent Member of the Board of Directors;

(c) appoint regular auditors and determine their remuneration;

(d) approve and reform the Annual Financial Statements and determine the distribution of the annual profits of the Bank;

(e) issue bond loans pursuant to articles 8 (without prejudice to article 3a par. 1 section b of Codified Law 2190/1920) and 9 of Law 3156/2003;

(f) merge, split-up, convert, revive, extend the term of operation or wind-down the Bank;

(g) change the nationality of the Bank;

(h) appoint liquidators; and

(i) resolve on any other issues stipulated by law.

The Shareholders have the following rights in relation to General Meetings:

(a) Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank are entitled to ask for an Extraordinary General Meeting of the Shareholders to be convened, setting a date for the Meeting, which shall not be more than forty five (45) days from the date of service of the application to the Chairman of the Board of Directors. The application shall include the items of the Agenda. If the General Meeting is not convened by the Board of Directors within twenty (20) days from the service of the relevant application, it shall be convened by the applicant Shareholders at the company's expense, in accordance with the provisions of the law.

(b) Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank are entitled to ask for the addition of items to the Agenda of the General Meeting, provided that an application to that effect is received by the Board of Directors of the Bank at least fifteen (15) days prior to the General Meeting, to which a reasoning or a draft resolution for approval by the General Meeting is attached.

The Board of Directors is required to include the additional items on the Agenda and publish the same at least thirteen (13) days prior to the General Meeting.

(c) Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank are entitled to ask, by means of an application to be delivered to the Board of Directors of the Bank at least seven (7) days prior to the General Meeting, for the posting on the Bank's website (www.alpha.gr), at least six (6) days prior to the General Meeting, of draft resolutions on items included in the initial or the revised Agenda.

(d) The Board of Directors is not obliged to include items on the Agenda nor to publish or disclose them, along with a justification or draft resolutions made as above, by Shareholders, if their content is clearly contrary to the law and to the moral customs.

(e) At the request of Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank, the Chairman of the Meeting is obliged to adjourn for one time only the resolution by the General Meeting, ordinary or extraordinary, on all or certain items, determining as the day for the resumption of the meeting, the one specified in the application of the Shareholders, and which may not be more than thirty (30) days from the date of the adjournment.

(f) At the request of Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank, the resolution on an item of the Agenda of a General Meeting is conducted by roll-call.

(g) A Shareholder may apply to the Board of Directors at least five (5) days prior to the General Meeting, for information to be provided to the General Meeting on Bank matters, if deemed useful for the effective assessment of the Agenda items.

(h) At the request of Shareholders representing one twentieth (1/20) of the paid-in share capital of the Bank, the Board of Directors must notify the General Meeting, in the case it is an ordinary one, of the amounts which were paid in the last two years to each Member of the Board of Directors or Manager of the Bank, as well as of any benefit awarded to these persons for any reason whatsoever or as a result of a contract the Bank has concluded with them. In all of the above cases, the Board of Directors may refuse to provide the information, having sufficient material reason as per the specific provisions of the law, which is stated in the minutes.

(i) Shareholders representing at least one fifth (1/5) of the paid-in share capital of the Bank are entitled to apply to the Board of Directors of the Bank at least five (5) days prior to the General Meeting, for the Board of Directors to apprise the General Meeting about the state of corporate affairs and assets of the Bank.

f. Board of Directors

The Board of Directors is responsible for the general administration and management of corporate affairs, as well as for the representation of the Bank in all its relations and resolves on all issues concerning the Bank. It performs any action for which the relevant authority is bestowed upon it, apart from those actions for which the General Meeting of Shareholders is the sole competent authority.

The primary concern of the Board of Directors, while exercising its powers, is to meet the interests of the Bank, the Shareholders, and of its Employees and of other interested parties (as the case may be). The Board of Directors monitors the compliance and adherence to the provisions of the law, within the framework of the corporate interest, as well as the compliance to procedures of reliable and timely information and communication.

Pursuant to the Presubscription Agreement of 28 May 2012, the Hellenic Financial Stability Fund is represented in the Board of Directors of the Bank. The representative of the Hellenic Financial Stability Fund is also a Member of the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Corporate Governance and Nominations Committee of the Board of Directors.

As long as the Bank is subject to the provisions of article 2 of Law 3723/2008, the participation of the representative of the Greek State in the Board of Directors of the Bank, pursuant to article 1 par. 3 of Law 3723/2008 will be maintained and, in fact, produce the same lawful effects, until the expiration of the guarantee granted.

The Audit Committee of the Board of Directors, having as a whole specialised knowledge in finance and audit, under the chairmanship of Mr. E.J. Kaloussis, assists the Board of Directors in the adaptation and implementation of an adequate and effective Internal Control System for the Bank and the Group, which it evaluates on an annual basis, it supervises and evaluates the procedures followed in drawing-up the published annual and interim Financial Statements of the Bank and of the Group, it approves the Financial Statements of the Bank and of the Group before they are submitted to the Board of Directors and ensures the independent and unprejudiced conducting of internal and external audits in the Bank. The Committee convenes at least once every quarter.

The specific duties and responsibilities of the Audit Committee are determined in its Charter, which is posted on the Bank's website (http://www.alpha.gr/page/default.asp?id=3295&la=2).

The Risk Management Committee of the Board of Directors, having as a whole specialised knowledge in risk management, under the chairmanship of Mr. M.G. Tanes, recommends to the Board of Directors the risk undertaking and capital management strategy, checks its implementation, evaluates its effectiveness and defines the principles governing risk management with regard to identifying, forecasting, measuring, monitoring, controlling and handling it in line with the adequacy of the available resources, as well as the limits of the Risk Appetite of the Bank and of the Group. The Committee convenes at least every month.

The specific duties and responsibilities of the Risk Management Committee are determined in its Charter, which is posted on the Bank's website (http://www.alpha.gr/page/default.asp?id=3295&la=2).

The Remuneration Committee of the Board of Directors proposes the policy for remuneration, of the Bank and Group Personnel as well as of the Members of the Board of Directors and submits recommendations accordingly to the Board of Directors. The Committee convenes at least twice a year.

The specific duties and responsibilities of the Remuneration Committee are determined in its Charter, which is posted on the Bank's website (http://www.alpha.gr/page/default.asp?id=3295&la=2).

The Corporate Governance and Nominations Committee of the Board of Directors attends to the implementation of the legal, regulatory and supervisory frameworks with regards to the composition, structure and operation of the Board of Directors, and of international corporate governance best practices. Additionally, it formulates the nomination policy regarding candidate Members of the Board of Directors. The Committee convenes at least once each semester.

In particular, as far as the nomination policy regarding candidate Members is concerned, the Committee evaluates the qualifications with regards to the different business sectors and the interaction of the candidate with the geographical areas served by the Bank and the Group. It takes into consideration their professional and management experience, their skills, integrity of character, and their ability to fulfil the independence criteria. During the selection procedure it assesses the balance of knowledge, qualifications, experience, skills, views, as well as gender within the Board of Directors, so as to rule with perspicuity on the role and skills that the candidate Members must have.

The specific duties and responsibilities of the Corporate Governance and Nominations Committee are determined in its Charter, which is posted on the Bank's website (http://www.alpha.gr/page/default.asp?id=3295&la=2).

Remuneration Policy

The Remuneration Policy is consistent with the values, business strategy, objectives and, in general, the long-term interests of the Bank and the Group Companies and complies, inter alia, with the dictates of Law 3728/2008, Law 4261/2014 and the Bank of Greece Governor's Act 2650/2012.

In particular, in the context of effective risk management, it discourages excessive risk undertaking and prevents or minimises the emergence of conflicts of interest which are to the detriment of the proper, wise and moral management of risks. It also correlates the remuneration received by the Human Resources of the Bank and Group Companies with the risks they undertake and manage.

For the determination of the fixed remuneration, further to the provisions of the labour legislation and the collective labour agreements, the market practices and the significance of each position are also taken into account.

In order to establish an objective and fair Remuneration Policy, the assessment of job positions is required.

Furthermore, the performance management system motivates the achievement of outstanding long-term results without encouraging excessive risk undertaking. More specifically, the evaluation of the performance of an Executive takes into account the achievement of his/her predefined goals, which include, operational results, adherence to internal procedures, client relations and subordinates management, but also includes qualitative criteria relating to his/her personality demonstrated in the performance of his/her duties. The proper and selective implementation of the variable remuneration policy is considered a necessary tool of Human Resources Management and is required for attracting and/or keeping Executives at Bank and Group level, thus contributing significantly to the achievement of the long-term business objectives of the Bank and the Group Companies.

Composition of the Board of Directors and the Board of Directors' Committees for the year 2015

Board of Directors	**Audit Committee**	**Risk Management Committee**	**Remuneration Committee**	**Corporate Governance and Nominations Committee**
Chairman (Non-Executive Member) Vasileios T. Rapanos Professor Emeritus, University of Athens				
Vice Chairman (Non-Executive Independent Member)				
Minas G. Tanes	○	●		●
Chairman, FOOD PLUS S.A.				
EXECUTIVE MEMBERS				
Managing Director - CEO				
Demetrios P. Mantzounis				
Executive Directors and General Managers				
Spyros N. Filaretos				
Artemios Ch. Theodoridis				
George C. Aronis				
NON-EXECUTIVE MEMBERS				
Ioanna E. Papadopoulou				○
President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY				
Efthimios O. Vidalis Executive Member of the Board of Directors, TITAN S.A.				
NON-EXECUTIVE INDEPENDENT MEMBERS				
Pavlos A. Apostolides			●	○
Honorary Ambassador				
Evangelos J. Kaloussis	●	○		
Chairman, FEDERATION OF HELLENIC FOOD INDUSTRIES (SEVT)				
Ioannis K. Lyras	○		○	
President, PARALOS MARITIME CORPORATION S.A.				
Ibrahim S. Dabdoub Vice Chairman, INTERNATIONAL BANK OF QATAR			○	
Shahzad A. Shahbaz Investment Advisor		○		
NON-EXECUTIVE MEMBER in accordance with Law 3723/2008				
THE GREEK STATE, via its appointed representative: -Mr. Sarantis-Evangelos G. Lolos, Professor of Economics, Panteion University (until 17.3.2015)				
Ms Marica S. Ioannou – Frangakis, Economist (as of 17.3.2015)				
NON-EXECUTIVE MEMBER in accordance with Law 3864/2010				
Panagiota S. Iplixian	○	○	○	○
As representative, and upon instruction of the Hellenic Financial Stability Fund.				

● Committee Chairman ○ Committee Member

CVs of the Members of the Board of Directors

CHAIRMAN (Non-Executive Member)

Vasileios T. Rapanos

He was born in Kos in 1947. He is Professor Emeritus at the Faculty of Economics of the University of Athens. He studied Business Administration at the Athens School of Economics and Business (1975) and holds a Master's in Economics from Lakehead University, Canada (1977) and a PhD from Queen's University, Canada. He was Deputy Governor and Governor of the Mortgage Bank (1995-1998), Chairman of the Board of Directors of the Hellenic Telecommunications Organization (1998-2000), Chairman of the Council of Economic Advisors at the Ministry of Economy and Finance (2000-2004), and Chairman of the Board of Directors of the National Bank of Greece and the Hellenic Bank Association (2009-2012). He has been the Chairman of the Board of Directors of the Bank since May 2014.

VICE CHAIRMAN (Non-Executive Independent Member)

Minas G. Tanes

He was born in 1940 and is the Chairman of FOOD PLUS S.A. He was at the helm of Athenian Brewery S.A. from 1976 to 2008 and has been a member of the Board of Directors of the Bank since 2003.

EXECUTIVE MEMBERS

MANAGING DIRECTOR - CEO

Demetrios P. Mantzounis

He was born in Athens in 1947. He studied Political Sciences at the University of Aix-Marseille. He joined the Bank in 1973 and he has been a member of the Board of Directors of the Bank since 1995. In 2002 he was appointed General Manager and he has been the Managing Director since 2005.

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos

He was born in Athens in 1958. He studied Economics at the University of Manchester and at the University of Sussex. He joined the Bank in 1985. He was appointed Executive General Manager in 1997. He has been a member of the Board of Directors of the Bank and a General Manager since 2005. In October 2009 he was appointed Chief Operating Officer (COO).

Artemios Ch. Theodoridis

He was born in Athens in 1959. He studied Economics and holds an MBA from the University of Chicago. He joined the Bank as Executive General Manager in 2002. He has been a member of the Board of Directors of the Bank and a General Manager since 2005.

George C. Aronis

He was born in Athens in 1957. He studied Economics and holds an MBA, major in Finance, from the Athens Laboratory of Business Administration (ALBA). He has worked for multinational banks for 15 years, mostly at ABN AMRO BANK in Greece and abroad. He joined Alpha Bank in 2004 as Retail Banking Manager. In 2006 he was appointed Executive General Manager and in 2008 General Manager. He joined the Board of Directors of the Bank in 2011.

NON-EXECUTIVE MEMBERS

Ioanna E. Papadopoulou

She was born in 1952 and is the President and Managing Director of the E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY. She has been a member of the Board of Directors of the Bank since 2008.

Efthimios O. Vidalis

He was born in 1954. He holds a BA in Government from Harvard University and an MBA from the Harvard Graduate School of Business Administration. He worked at Owens Corning (1981-1998), where he served as President of the Global Composites and Insulation Business Units. Furthermore, he was Chief Operating Officer (1998-2001) and Chief Executive Officer (2001-2011) of the S&B Industrial Minerals Group. He is Secretary General of the Hellenic Federation of Enterprises (SEV) and Chairman of the SEV Business Council for Sustainable Development. He is an executive member of the Board of Directors of the TITAN Group. He has been a member of the Board of Directors of the Bank since May 2014.

NON-EXECUTIVE INDEPENDENT MEMBERS

Pavlos A. Apostolides

He was born in 1942 and graduated from the Law School of Athens. He has been a member of the Bank's Board of Directors since 2004. He joined the Diplomatic Service in 1965 and has been, among others, Ambassador of Greece to Cyprus and Permanent Representative of Greece to the European Union in Brussels. In 1998 he became General Secretary of the Ministry of Foreign Affairs and in 1999 he was appointed Director of the

National Intelligence Agency. He retired in November 2004.

Evangelos J. Kaloussis

He was born in 1943 and is the Chairman of the Federation of Hellenic Food Industries (SEVT) as of 2006, whereas he has been a member of the Federation's Board of Directors since 2002. He was Chairman of NESTLE HELLAS S.A. from 2001 until 2015. He has been a member of the Board of Directors of the Bank since 2007.

Ioannis K. Lyras

He was born in 1951 and is the President of PARALOS MARITIME CORPORATION S.A. He has been a member of the Board of Directors of the Bank since 2005. He was Chairman of the Union of Greek Shipowners from 1997 to 2003. He represents the Union of Greek Shipowners to the Board of Directors of the European Community Shipowners' Associations.

Ibrahim S. Dabdoub

He was born in 1939. He studied at the Collège des Frères in Bethlehem, at the Middle East Technical University in Ankara, Turkey and at Stanford University, California, U.S.A. He was the Group Chief Executive Officer of the National Bank of Kuwait from 1983 until March 2014. He is Vice Chairman of the International Bank of Qatar (IBQ), Doha and a member of the Board of Directors of the International Institute of Finance (IIF) as well as Co-Chair of the Emerging Markets Advisory Council (EMAC), Washington D.C. He is also a member of the Bretton Woods Committee, Washington D.C. and of the International Monetary Conference (IMC). Furthermore, he is a member of the Board of Directors of the Central Bank of Jordan, Amman, of the Board of Directors of the Consolidated Contractors Company, Athens, and of the Board of Advisors of Perella Weinberg, New York. In 1995, he was awarded the title of "Banker of the Year" by the Arab Bankers Association of North America (ABANA) and in 1997 the Union of Arab Banks named him "Arab Banker of the Year". In 2008 and 2010 he was given a "Lifetime Achievement Award" by "The Banker" and "MEED" respectively. He has been a member of the Board of Directors of the Bank since May 2014.

Shahzad A. Shahbaz

He was born in 1960. He holds a BA in Economics from Oberlin College, Ohio, U.S.A. He has worked at various banks and investments firms, since 1981, including the Bank of America (1981-2006), from which he left as Regional Head (Corporate and Investment Banking, Continental Europe, Emerging Europe, Middle East and Africa). He served as Chief Executive Officer (CEO) of NDB Investment Bank/Emirates NBD Investment Bank (2006-2008) and of QInvest (2008-2012). He is currently the Investment Advisor at Al Mirqab Holding Co. He has been a member of the Board of Directors of the Bank since May 2014.

NON-EXECUTIVE MEMBER

(pursuant to the provisions of Law 3723/2008)

THE GREEK STATE, via its appointed representative:

Sarantis-Evangelos G. Lolos, until 17.3.2015

He was born in Athens in 1951. He is Professor of Economics in the Department of Economic and Regional Development at Panteion University of Social and Political Sciences. He studied at Warwick University in the U.K. and received a BSc degree in Engineering and a BA degree in Economics. In 1981 he obtained a PhD in Economics from the Council for National Academic Awards (CNAA) in collaboration with Imperial College, London. He was an Executive of the Economic Research Department of the Bank of Greece (1985-1997), while he collaborated as an expert and researcher with an advisory role in economic Ministries. His research and published work focuses mainly on issues of economic growth, macroeconomic and structural policies and financial economics. Following a decision by the Minister of Finance, he has been appointed as a member of the Board of Directors of the Bank representing the Greek State since 2010.

Marica S. Ioannou – Frangakis, as of 17.3.2015

She was born in Asyut, Egypt in 1950. She holds a BSc in Economics from the London School of Economics (LSE), University of London, U.K. and an MA in Development Economics from the University of Sussex, U.K. From 1978 to 1993 she worked at the Agricultural Bank of Greece, initially as Head of the Economic Forecasting Department (1978-1990) and then at the Privatisations Unit of the Governor's Office (1990-1993). From 1993 to 2010 she served as Head of the Liquidations Department of Ethniki Kefaleou S.A., a company of the National Bank of Greece group. She is currently an independent researcher focusing on Macroeconomics and Finance. She is a member of the Board of Directors of the Nicos Poulantzas Institute as well as of the Steering Committee of the EuroMemo Group. Following a decision by the Minister of Finance, she has been a member of the Board of Directors of the Bank as a representative of the Greek State since March 2015.

NON-EXECUTIVE MEMBER

(pursuant to the provisions of Law 3864/2010)

Panagiota S. Iplixian

She was born in 1949. She holds a BA in Business Administration and a Postgraduate Diploma in Management Studies from the University of Northumbria, Newcastle upon Tyne, England, and specialised in "Organisation and Methods" at the British Institute of Administrative Management. From 1972 to 1987, she worked for consulting firms. From 1987 until 2000 she worked for commercial banks in the United States and from 2000 until 2009 for EFG Eurobank Ergasias. From 2010 until 2012 she was a Non-Executive Independent Member of the Board of Directors of the Hellenic Financial Stability Fund. From October 2011 until December 2013 she was Non-Executive Vice President of the Board of Directors of New Proton Bank, representing the Hellenic Financial Stability Fund. She has been a member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, since January 2014.

Management Committees

The Committees composed by Members of the Management of the Bank are the Executive Committee, the Operations Committee, the Assets – Liabilities Management Committee (ALCo), the Treasury and Balance Sheet Management Committee, the Operational Risk Committee and the Credit Risk Committee.

The Executive Committee is the senior executive body of the Bank. It convenes at least once a week under the chairmanship of the Managing Director and with the participation of the General Managers and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the proceedings. The Executive Committee carries out a review of the domestic and international economy and market developments, and examines issues of business planning and policy. Furthermore, the Committee deliberates on issues relating to the development of the Group and submits recommendations on the Rules and Regulations of the Bank, as well as on the budget of each Business Unit. Finally, it submits recommendations on the Human Resources policy and the participation of the Bank or the Group Companies in other companies.

The Operations Committee convenes at least once a week under the chairmanship of the Managing Director and with the participation of the General Managers, the Executive General Managers, and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the proceedings. The Operations Committee undertakes a review of the market and the sectors of the economy, examines the course of business and new products. It resolves on the policy on Network and Group development and determines the credit policy. Finally, it decides on treasury management, the level of interest rates and the Terms and Conditions for deposits, loans and transactions of the Bank.

The Assets – Liabilities Management Committee (ALCo) convenes regularly every quarter under the chairmanship of the Managing Director. The General Managers, the Executive General Managers and the Managers of the ALM Planning Division, the Market and Operational Risk Division, the Analysis and Performance Management Division, the Asset Gathering Management Division, the Accounting and Tax Division, the Economic Research Division, the Wholesale Banking Credit Risk Division, the Retail Banking Credit Risk Division, the Trading Division, the Capital Management and Banking Supervision Division and the Financial Markets Division participate as Members. The Committee examines and decides on issues related to Treasury and Balance Sheet Management and monitors the course of the results, the budget, the funding plan, the capital adequacy and the overall financial volumes of the Bank and the Group approving the respective actions and policies. In addition, the Committee approves the interest rate policy, the structure of the investment portfolios and the total market, interest rate and liquidity risk limits.

The Treasury and Balance Sheet Management Committee convenes regularly every month under the chairmanship of the Wholesale Banking and International Network General Manager. The Retail Banking General Manager, the Chief Risk Officer, the Chief Financial Officer and the Managers of Asset Liability Management Division, Market and Operational Risk Division and Financial Markets Division participate as Members. The Committee examines and submits recommendations to ALCo or to the Executive Committee of the Bank on issues generally related to the Treasury and Balance Sheet Management, such as capital structure, interest rate policy, total market, interest rate and liquidity risk limits, the funding policy of the Bank and the Group, liquidity management, stress test assumptions, hedging strategies, funds transfer pricing, the structure of the investment portfolios and capital and liquidity allocation to the business units.

The Operational Risk Committee convenes regularly every quarter under the chairmanship of the Managing Director and with the participation of the General Managers, the Information Technology and Operations Executive General Manager and the Manager of the Market and Operational Risk Division. The Operational Risk Committee ensures that the appropriate organisational structure, processes, methodologies and infrastructure to manage operational risk are in place. In addition, it is regularly updated on the operational risk profile of the Group and the results of the operational risk assessment process; reviews recommendations for minimising operational risk; assesses forecasts regarding Third Party Lawsuits against the Bank; approves the authorisation limits of the Committees responsible for the management of operational risk events of the Bank and the Group Companies and reviews the operational risk events whose financial impact exceeds the limits of the other Committees. The Credit Risk Committee convenes regularly every quarter under the chairmanship of the Managing Director and with the participation of the General Managers and the Managers of the Wholesale Banking Credit Risk Division, the Retail Banking Credit Risk Division and the Capital Management and Banking Supervision Division. The Credit Risk Committee assesses the adequacy and the efficiency of the credit risk management policy and procedures of the Bank and the Group with regard to the undertaking, monitoring and management of credit risk per Business Unit (Wholesale Banking, Retail Banking, Wealth Management/Private Banking), geographical area, product, activity, industry et al. and resolves on the planning of the required corrective actions.

Finally, the Bank states that it complies immediately with any additional disclosure requirements which are set by the institutional framework for Credit Institutions.

Athens, 3 March 2016

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

VASILEIOS T. RAPANOS
ID. No AI 666242

Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Audit Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALPHA BANK A.E. (the "Bank") which comprise the consolidated balance sheet as of 31 December 2015 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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 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 from 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 the 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 ALPHA BANK A.E. as of 31 December 2015 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.31.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could affect the going concern assumption.

Report on Other Legal and Regulatory Requirements

(a) The Board of Directors' Report includes a corporate governance statement, which provides the information set by paragraph 3d of article 43a of C.L. 2190/1920.

(b) We verified that the contents of the Board of Directors' Report are consistent and correspond with the accompanying stand-alone and consolidated financial statements within the scope set by articles 43a (par 3a) , 108 and 37 of C.L. 2190/1920.

Athens, 4 March 2016

KPMG Certified Auditors A.E.
AM SOEL 114

Nikolaos Vouniseas Certified Auditor Accountant AM SOEL 18701	Ioannis Achilas Certified Auditor Accountant AM SOEL 12831

Group Financial Statements as at 31.12.2015

Consolidated Income Statement

(Amounts in thousands of Euro)

		From 1 January to	
	Note	**31.12.2015**	**31.12.2014***
Interest and similar income	2	3,014,436	3,247,017
Interest expense and similar charges	2	(1,082,721)	(1,327,591)
Net interest income	2	1,931,715	1,919,426
Fee and commission income		383,410	391,322
Commission expense		(68,684)	(57,108)
Net fee and commission income	3	314,726	334,214
Dividend income	4	3,308	1,552
Gains less losses on financial transactions	5	(45,047)	40,361
Other income	6	63,202	64,442
		21,463	106,355
Total income		**2,267,904**	**2,359,995**
Staff costs	7	(533,114)	(649,621)
Cost/Provision for voluntary separation scheme cost	7	(64,300)	(200,800)
General administrative expenses	8	(560,219)	(540,029)
Depreciation and amortization	20, 21, 22	(105,001)	(94,341)
Other expenses	9	(42,069)	(69,055)
Total expenses		**(1,304,703)**	**(1,553,846)**
Impairment losses and provisions to cover credit risk	10	(3,019,806)	(1,847,037)
Negative goodwill from acquisitions	46		40,287
Share of profit/(loss) of associates and joint ventures	19	(9,821)	(10,759)
Profit/(loss) before income tax		**(2,066,426)**	**(1,011,360)**
Income tax	11	806,758	696,439
Profit/(loss) after income tax, from continuing operations		**(1,259,668)**	**(314,921)**
Profit /(loss) after income tax, from discontinued operations	48	(111,786)	(14,787)
Profit/(loss) after income tax		**(1,371,454)**	**(329,708)**
Profit/(loss) attributable to:			
Equity owners of the Bank			
- from continuing operations		(1,259,928)	(315,022)
- from discontinued operations		(111,786)	(14,787)
		(1,371,714)	**(329,809)**
Non-controlling interests			
- from continuing operations		260	101
Earnings/(losses) per share:			
Basic and diluted (€ per share)	12	(3.56)	(1.34)
Basic and diluted from continuing operations (€ per share)	12	(3.27)	(1.28)
Basic and diluted from discontinued operations (€ per share)	12	(0.29)	(0.060)

* *The figures for the comparative year for the Consolidated Income Statement have been restated due to modification of the presentation of legal expenses and the presentation of the Bank's Branch in Bulgaria and Alpha Bank Skopje as discontinued operations (note 50).*

The attached notes (pages 43-185) form an integral part of these consolidated financial statements

Consolidated Balance Sheet

(Amounts in thousands of Euro)

	Note	31.12.2015	31.12.2014
ASSETS			
Cash and cash balances with central banks	13	1,730,327	2,019,017
Due from banks	14	1,976,273	2,771,739
Trading securities	15	2,779	4,189
Derivative financial assets	16	793,015	1,148,476
Loans and advances to customers	17	46,186,116	49,556,985
Investment securities			
- Available for sale	18a	5,794,484	5,688,286
- Held to maturity	18b	79,709	310,818
- Loans and receivables	18c	4,289,482	4,299,101
Investments in associates and joint ventures	19	45,771	46,383
Investment property	20	623,662	567,212
Property, plant and equipment	21	860,901	1,083,348
Goodwill and other intangible assets	22	342,251	331,424
Deferred tax assets	23	4,398,176	3,689,446
Other assets	24	1,510,225	1,365,066
		68,633,171	72,881,490
Assets held for sale	48	663,063	53,971
Total Assets		**69,296,234**	**72,935,461**
LIABILITIES			
Due to banks	25	25,115,363	17,300,114
Derivative financial liabilities	16	1,550,529	1,948,541
Due to customers (including debt securities in issue)	26	31,434,266	42,900,633
Debt securities in issue held by institutional investors and other borrowed funds	27	400,729	1,523,521
Liabilities for current income tax and other taxes	28	38,192	61,794
Deferred tax liabilities	23	20,852	25,502
Employee defined benefit obligations	29	108,550	105,353
Other liabilities	30	910,622	1,091,747
Provisions	31	296,014	212,712
		59,875,117	65,169,917
Liabilities related to assets held for sale	48	366,781	58,994
Total Liabilities		**60,241,898**	**65,228,911**
EQUITY			
Equity attributable to equity owners of the Bank			
Share capital	32	461,064	3,830,718
Share premium	33	10,790,870	4,858,216
Reserves	34	301,223	105,712
Amounts recognized directly in equity for held for sale items	34, 48	8,834	(25)
Retained earnings	35	(2,546,885)	(1,142,801)
		9,015,106	**7,651,820**
Non-controlling interests		**23,998**	**23,266**
Hybrid securities	36	**15,232**	**31,464**
Total equity		**9,054,336**	**7,706,550**
Total liabilities and equity		**69,296,234**	**72,935,461**

The attached notes (pages pages 43-185) form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

(Amounts in thousands of Euro)

		From 1 January to	
	Note	**31.12.2015**	**31.12.2014***
Profit/(loss), after income tax, recognized in the Income Statement		**(1,371,454)**	**(329,708)**
Other comprehensive income recognized directly in equity:	11		
Amounts that may be reclassified in the Income Statement			
Net change in available for sale securities reserve		217,034	(481,006)
Net change in cash flow hedge reserve		52,313	(224,342)
Exchange differences on translating and hedging the net investment in foreign operations		1,072	(2,875)
Net change in the share of other comprehensive income of associates and joint ventures		(547)	(1,318)
Income tax		(68,051)	182,822
Total amounts that may be reclassified in the income statement after income tax from continuing operations		**201,821**	**(526,719)**
Amounts that may be reclassified in the income statement from discontinued operations	48	47	(34)
		201,868	**(526,753)**
Amounts that will not be reclassified in the Income Statement from continuing operations			
Net change in actuarial gains/(losses) of defined benefit obligations		941	(38,364)
Income tax		2,101	9,930
		3,042	**(28,434)**
Total of other comprehensive income recognized directly in equity, after income tax	11	**204,910**	**(555,187)**
Total comprehensive income for the period, after income tax		**(1,166,544)**	**(884,895)**
Total comprehensive income for the period attributable to:			
Equity owners of the Bank			
- from continuing operations		(1,055,033)	(870,141)
- from discontinued operations		(111,786)	(14,787)
		(1,116,819)	**(884,928)**
Non controlling interests			
- from continuing operations		275	33

* *The figures for the comparative year for the Consolidated Comprehensive Income have been restated due to the presentation of the Bank's Branch in Bulgaria and Alpha Bank Skopje as discontinued operations (note 50).*

The attached notes (pages 43-185) form an integral part of these consolidated financial statements

Consolidated Statements of Changes in Equity

(Amounts in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2014		**4,216,872**	**4,212,062**	**631,033**	**(747,572)**	**8,312,395**	**23,640**	**31,700**	**8,367,735**
Changes for the period 1.1 - 31.12.2014									
Profit for the period, after income tax					(329,809)	(329,809)	101		(329,708)
Other comprehensive income recognized directly in equity, after income tax				(526,692)	(28,427)	(555,119)	(68)		(555,187)
Total comprehensive income for the period, after income tax		**-**	**-**	**(526,692)**	**(358,236)**	**(884,928)**	**33**	**-**	**(884,895)**
Share capital increase	32	553,846	646,154			1,200,000			1,200,000
Repayment of preference shares	32	(940,000)				(940,000)			(940,000)
Share capital increase expenses, after income tax					(35,764)	(35,764)			(35,764)
Purchases/sales and change of ownership interests in subsidiaries					74	74	(407)		(333)
(Purchases), (redemptions)/sales of hybrid securities, after income tax								(236)	(236)
Appropriation of reserves				1,346	(1,346)				-
Other					43	43			43
Balance 31.12.2014		**3,830,718**	**4,858,216**	**105,687**	**(1,142,801)**	**7,651,820**	**23,266**	**31,464**	**7,706,550**

(Amounts in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2015		**3,830,718**	**4,858,216**	**105,687**	**(1,142,801)**	**7,651,820**	**23,266**	**31,464**	**7,706,550**
Changes for the period 1.1 - 31.12.2015									
Profit for the period, after income tax					(1,371,714)	(1,371,714)	260		(1,371,454)
Other comprehensive income recognized directly in equity, after income tax				201,850	3,045	204,895	15		204,910
Total comprehensive income for the period, after income tax				**201,850**	**(1,368,669)**	**(1,166,819)**	**275**	**-**	**(1,166,544)**
Decrease of common share nominal value	32,33	(3,754,104)	3,754,104						
Share capital increase paid in cash	32,33	232,825	1,319,344			1,552,169			1,552,169
Share capital increase through capitalization of monetary claims	32,33	151,625	859,206			1,010,831			1,010,831
Share capital increase expenses, after income tax	35				(43,506)	(43,506)			(43,506)
Effect due to change to the income tax rate for the share capital increase expenses					6,261	6,261			6,261
Purchases/sales and change of ownership interests in subsidiaries					(457)	(457)	457		
(Purchases), (redemptions)/sales of hybrid securities, after income tax					4,807	4,807		(16,232)	(11,425)
Appropriation of reserves				2,520	(2,520)				
Balance 31.12.2015		**461,064**	**10,790,870**	**310,057**	**(2,548,885)**	**9,015,106**	**23,998**	**15,232**	**9,054,336**

The attached notes (pages 43-185) form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

(Amounts in thousands of Euro)

		From 1 January to	
	Note	31.12.2015	31.12.2014*
Cash flows from continuing operating activities			
Profit / (loss) before income tax		(2,066,426)	(1,011,360)
Adjustments for gain/(losses) before income tax for:			-
Depreciation and impairment of fixed assets	20, 21, 24	95,430	113,195
Amortization and impairment of intangible assets	22	45,935	34,406
Impairment losses from loans, provisions and staff leaving indemnity		3,149,215	1,910,227
(Gains)/losses from investing activities		75,511	(154,054)
(Gains)/losses from financing activities		31,714	149,770
Share of (profit)/loss of associates and joint ventures	19	9,821	10,759
Negative goodwill from acquisitions	46	-	(40,287)
Other adjustments		9,529	8,250
		1,350,729	**1,020,906**
Net (increase)/decrease in assets relating to continuing operating activities:			-
Due from banks		1,054,744	(313,460)
Trading securities and derivative financial assets		356,870	(342,683)
Loans and advances to customers		(185,928)	579,827
Other assets		(54,997)	95,540
Net increase /(decrease) in liabilities relating to continuing operating activities:			-
Due to banks		7,818,259	(1,894,982)
Derivative financial liabilities		(345,700)	350,729
Due to customers		(11,043,856)	(760,544)
Other liabilities		(229,971)	(38,008)
Net cash flows from continuing operating activities before taxes		**(1,279,850)**	**(1,302,675)**
Income taxes and other taxes paid		(40,794)	(15,121)
Net cash flows from continuing operating activities		**(1,320,644)**	**(1,317,796)**
Net cash flows from discontinued operating activities		**13,365**	**(4,052)**
Cash flows from continuing investing activities			-
Investments in subsidiaries and associates		(12,310)	148
Acquisitions during the period		9,151	645,396
Amounts received from disposal of subsidiary		15,392	60
Dividends received	4	3,308	1,573
Acquisitions of fixed and intangible assets		(107,691)	(79,557)
Disposals of fixed and intangible assets		15,915	1,973
Net (increase)/decrease in investement securities		31,265	(53,574)
Net cash flows from continuing investing activities		**(44,970)**	**516,019**
Net cash flows from discontinued investing activities		**9,949**	**(125)**
Cash flows from continuing financing activities			
Dividends paid			(604)
Receipts of debt securities in issue and other borrowed funds			926,265
Repayments of debt securities in issue and other borrowed funds		(9,640)	(115,146)
(Purchases)/sales of hybrid securities		(1,730)	(236)
Share capital increase	32	1,552,169	1,200,000
Repayment of preference shares	32		(940,000)
Share capital increase expenses		(61,276)	(48,329)
Net cash flows from continuing financing activities		**1,479,523**	**1,021,950**
Effect of exchange rate differences on cash and cash equivalents		(3,334)	5,081
Net increase/(decrease) in cash flows from continuing activities		**110,575**	**225,254**
Net increase/(decrease) in cash flows from discontinued activities		**23,314**	**(4,177)**
Cash and cash equivalents at the beginning of the year	13	**1,194,244**	**973,167**
Cash and cash equivalents at the end of the year	13	**1,328,133**	**1,194,244**

* *The figures for the comparative year for the Consolidated Statement of Cash Flows have been restated due to the presentation of the Bank's Branch in Bulgaria and Alpha Bank Skopje as discontinued operations (note 50)*

The attached notes (pages 43-185) form an integral part of these consolidated financial statements

Notes to the Financial Statements

GENERAL INFORMATION

The Alpha Bank Group, which includes companies in Greece and abroad, offers the following services: corporate and retail banking, financial services, investment banking and brokerage services, insurance services, real estate management, hotel services.

The parent company of the Group is Alpha Bank A.E. which operates under the brand name of Alpha Bank A.E. The Bank's resistered office is 40 Stadiou Street, Athens and is listed in the General Commercial Register with registration number 22370100 (ex. societe anonyme registration number 6066/06/B/86/05). The Bank's duration is until 2100 but may be extended by the General Meeting of Shareholders.

In accordance with article 4 of the Articles of Incorporation, the Bank's objective is to engage, on its own account or on behalf of third parties, in Greece and abroad, independently or collectively, including joint ventures with third parties, in any and all (main and secondary) operations, activities, transactions and services allowed to credit institutions, in conformity with whatever rules and regulations (domestic, community, foreign) may be in force each time. In order to serve this objective, the Bank may perform any kind of action, operation or transaction which, directly or indirectly, is pertinent, complementary or auxiliary to the purposes mentioned above.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders on 27.6.2014 expires in 2018.

The Board of Directors as at 31 December 2015, consists of:

CHAIRMAN (Non Executive Member)

Vasileios Th. Rapanos

VICE CHAIRMAN (Non Executive Independent Member)

Minas G. Tanes */***/****

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos (COO)
Artemis Ch. Theodoridis
George K. Aronis

NON-EXECUTIVE MEMBERS

Efthymios O. Vidalis
Ioanna E. Papadopoulou ****

NON-EXECUTIVE INDEPENDENT MEMBERS

Paul A. Apostolidis **/****
Evangelos J. Kaloussis */***
Ioannis K. Lyras */**
Ibrahim S.Dabdoub **
Shahzad A.Shahbaz ***

* *Member of the Audit Committee*
** *Member of the Remuneration Committee*
*** Member of the Risk Management Committee
**** Member of Corporate Governance and Nominations Committee

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3723/2008)

Marica S. Ioannou Fragkakis (on 17.3.2015 replaced Mr Sarantis Evangelos G. Lolos)

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3864/2010)

Panagiota S. Iplixian */**/***/****

SECRETARY

Georgios P. Triantafyllidis

The Ordinary General Meeting of Shareholders of 26.6.2015 has appointed as auditors for the interim and annual financial statements for 2015 the following:

a. Principal Auditors:	Nikolaos E. Vouniseas
	John A. Achilas
b. Substitute Auditors:	Michael A. Kokkinos
	Anastasios E. Panayides

of KPMG Certified Auditors A.E.

The Bank's shares are listed in the Athens Stock Exchange since 1925 and are constantly included among the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as MSCI Emerging Markets Index, the FTSE All World, the Stoxx Europe 600 and FTSE Med 100.

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

As a result of the Bank's share capital increase by abolition of the preemption rights of the existing shareholders which took place in November 2015, the total of ordinary shares amounted to 1,536,881,200.

1,367,706,054 ordinary shares of the Bank are traded in the Athens Stock Exchange while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 169,175,146 ordinary, registered, voting, paperless shares or percentage equal to 11.01% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

In addition, on the Athens Stock Exchange there are 1,141,734,167 warrants that are traded each one incorporating the right of the holder to purchase 0.148173663047785 new shares owned by the HFSF.

During the year 2015, the average daily volume per session for shares was €14,400,270 and for warrants €682,022.

The credit rating of the Bank performed by three international credit rating agencies is as follows:

- Moody's: Caa3
- Fitch Ratings: RD
- Standard & Poor's: SD

The financial statements have been approved by the Board of Directors on 3 March 2016.

* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** Member of the Risk Management Committee

**** Member of Corporate Governance and Nominations Committee

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These consolidated financial statements relate to the fiscal year 1.1 – 31.12.2015 and they have been prepared:

a) 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 and

b) on the historical cost basis. As an exception, some assets and liabilities are measured at fair value. Those assets are mainly the following:

- Trading securities
- Derivative financial instruments
- Available-for-sale securities
- The convertible bond issued by the Bank which is included in "Debt securities in issue held by institutional investors and other borrowed funds".

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Group to the years 2014 and 2015, after taking into account the following amendments to standards which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2015:

- **Amendment to International Accounting Standard 19** "Employee Benefits": Defined benefit Plans: Employee Contributions (Regulation 2015/29/17.12.2014)

On 21.11.2013 the International Accounting Standards Board amended the requirements of IAS 19 for the accounting of employee contributions that are linked to service but are independent of the number of years of service. Examples of contributions that are independent of the number of years of service include those that are a fixed percentage of the employee's salary, a fixed amount throughout the service period or dependent on the employee's age. In accordance with this amendment, the entity is permitted to recognise such contributions either as a reduction of service cost in the period in which the related service is rendered (as if a short term employee benefit is recognised) or to continue to attribute them to periods of service.

The adoption of the above amendment had no impact on the financial statements of the Group.

- **Improvements to International Accounting Standards:**
  - **cycle 2010-2012** (Regulation 2015/28/17.12.2014)
  - **cycle 2011-2013** (Regulation 1361/18.12.2014)

As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2013, non- urgent but necessary amendments to various standards.

The adoption of the above amendments had no impact on the financial statements of the Group.

Except for the standards mentioned above, the European Union has adopted the following amendments to standards which are effective for annual periods beginning after 1.1.2015 and have not been early adopted by the Group.

- **Amendment to International Financial Reporting Standard 11** "Joint Arrangements": Accounting for acquisition of interests in joint operations (Regulation 2015/2173/24.11.2015)

Effective for annual periods beginning on or after 1.1.2016

On 6.5.2014 the International Accounting Standards Board issued an amendment to IFRS 11 with which it is clarified that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business (as defined in IFRS 3), it shall apply all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in IFRS 11. In addition, it shall disclose the information required by IFRS 3 and other related standards. This applies both when acquiring the initial interest in the joint operation that constitutes a business and when acquiring an additional interest.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 1** "Presentation of Financial Statements": Disclosure Initiative (Regulation 2015/2406/18.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 18.12.2014 the International Accounting Standards Board issued an amendment to IAS 1 in the context of the project it has undertaken to analyze the possibilities for improving the disclosures in IFRS financial reporting. The main amendments are summarized below:

- the restriction to disclose only a summary of significant accounting policies is removed;
- it is clarified that even when other standards require specific disclosures as minimum requirements, an entity may not provide them if this is considered immaterial. In addition, in case the disclosures required by the IFRS are insufficient to enable users to understand the impact of particular transactions, the entity shall consider whether to provide additional disclosures;
- it is clarified that the line items that IFRS require to be presented in the balance sheet and the statements of profit or loss and other comprehensive income are not

restrictive and that the entity may present additional line items, headings and subtotals;

- it is clarified that in the Statement of Comprehensive Income the share of other comprehensive income of associates and joint ventures accounted for using the equity method shall be separated into:
  - amounts that will not be reclassified subsequently to profit or loss and
  - amounts that will be reclassified subsequently to profit or loss;
- it is clarified that the standard does not specify the presentation order of the notes and that each entity shall determine a systematic manner of presentation taking into account the understandability and comparability of its financial statements.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 38** "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortization (Regulation 2015/2231/2.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 12.5.2014 the International Accounting Standards Board issued an amendment to IAS 16 and IAS 38 with which it expressly prohibits the use of revenue as a basis for the depreciation and amortization method of property, plant and equipment and intangible assets respectively. An exception is provided only for intangible assets and only when the following conditions are met:

- when the intangible asset is expressed as a measure of revenue, i.e. when the right over the use of the intangible asset is expressed as a function of revenue to be generated in such a way that the generation of a specific amount of revenue determines the end of the right of use, or
- when it can be demonstrated that the revenue and the consumption of the economic benefits are highly correlated.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 41** "Agriculture": Bearer Plants (Regulation 2015/2113/23.11.2015)

Effective for annual periods beginning on or after 1.1.2016

On 30.6.2014 the International Accounting Standards Board issued an amendment to IAS 16 and IAS 41 with which it clarified that bearer plants, which are living plants that:

a) are used in the production or supply of agricultural produce;

b) are expected to bear produce for more than one period; and

c) have remote likelihood of being sold as agricultural produce, except for incidental scrap sales,

shall be accounted for based on IAS 16 instead of IAS 41.

The above amendment does not apply to the activities of the Group.

- **Amendment to International Accounting Standard 27** "Separate Financial Statements": Equity Method in Separate Financial Statements (Regulation 2015/2441/18.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 12.8.2014 the International Accounting Standards Board issued an amendment to IAS 27 with which it provides the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. In addition, with the above amendment it is clarified that the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures, which under IAS 28 are accounted for with the equity method, do not constitute separate financial statements.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **Improvements to International Accounting Standards – cycle 2012-2014** (Regulation 2015/2343/15.12.2015)

Effective for annual periods beginning on or after 1.1.2016

As part of the annual improvements project, the International Accounting Standards Board issued, on 25.9.2014, non- urgent but necessary amendments to various standards.

The Group is evaluating the impact from the adoption of the above amendments on its financial statements.

In addition, the International Accounting Standards Board has issued the following standards and amendments to standards which have not yet been adopted by the European Union and they have not been early applied by the Group.

- **International Financial Reporting Standard 9** "Financial Instruments"

Effective for annual periods beginning on or after 1.1.2018

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9: Financial Instruments, which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, at initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets and

ii. The contractual cash flow characteristics of the financial assets.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to the existing IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, 12-month expected credit losses shall be recognized.

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The Group, in order to ensure proper application of IFRS 9 from 1.1.2018, has undertaken a relative project. Through this project it aims to determine the classification of its financial instruments based on the new criteria, to develop methodologies for the calculation of expected impairment losses, to define the criteria for the classification of the instruments that are in the scope of the new impairment requirements into the three stages provided by the standard and to examine the possibilities of identifying new hedging relationships using the new rules that are more aligned with risk management. As part of this project, the impact from the adoption of IFRS 9 on the Group's financial statements is expected to be determined.

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements", **to International Financial Reporting Standard 12** "Disclosure of Interests in Other Entities" and **to International Accounting Standard 28** "Investments in Associates and Joint Ventures": Investment Entities: Applying the Consolidation Exception

Effective for annual periods beginning on or after 1.1.2016

On 18.12.2014, the International Accounting Standards Board issued an amendment to the above standards with which it clarified that the exception provided in IFRS 10 and IAS 28, for the preparation of consolidated financial statements and the application of the equity method respectively, applies also to a parent entity that it is a subsidiary of an investment entity which measures all of its subsidiaries at fair value according to IFRS 10. In addition, with the aforementioned amendment it was clarified that the disclosure requirements of IFRS 12 apply to the investment entities which measure all of their subsidiaries at fair value through profit or loss.

The adoption of the above amendment by the Group is not expected to have any impact on its financial statements.

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements" and **to International Accounting Standard 28** "Investments in Associates and Joint Ventures": Sale or contribution of assets between an investor and its associate or joint venture

Effective date: To be determined

On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognise to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognises the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognised.

On 17.12.2015, the International Accounting Standards Board deferred the effective date for the application of the amendment that had been initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **International Financial Reporting Standard 14** "Regulatory deferral accounts"

Effective for annual periods beginning on or after 1.1.2016

On 30.1.2014 the International Accounting Standards Board issued IFRS 14. The new standard addresses the accounting treatment and the disclosures required for regulatory deferral accounts that are maintained in accordance with local legislation when an entity provides rate-regulated goods or services. The scope of this standard is limited to first-time adopters that recognized regulatory deferral accounts in their financial statements in accordance with their previous GAAP. IFRS 14 permits these entities to capitalize expenditure that non-rate-regulated entities would recognize as expense.

The above standard does not apply to the financial statements of the Group.

- **International Financial Reporting Standard 15** "Revenue from Contracts with Customers"

Effective for annual periods beginning on or after 1.1.2018

IFRS 15 "Revenue from Contracts with Customers" was issued on 28.5.2014 by the International Accounting Standards Board. The new standard is the outcome of a joint project by the IASB and the Financial Accounting Standards Board (FASB) to develop common requirements as far as the revenue recognition principles are concerned.

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced, by applying the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

(a) IAS 11 "Construction Contracts";

(b) IAS 18 "Revenue";

(c) IFRIC 13 "Customer Loyalty Programmes";

(d) IFRIC 15 "Agreements for the Construction of Real Estate";

(e) IFRIC 18 "Transfers of Assets from Customers";and

(f) SIC-31 "Revenue—Barter Transactions Involving Advertising Services".

The Group is examining the impact from the adoption of IFRS 15 on its financial statements.

- **International Financial Reporting Standard 16** "Leases"

Effective for annual periods beginning on or after 1.1.2019

On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

- IAS 17 " Leases"
- IFRIC 4 "Determining whether an arrangement contains a lease"
- SIC 15 "Operating Leases – Incentives" and
- SIC 27 "Evaluating the substance of transactions involving the legal form of a lease".

The new standard significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the right-of-use asset as well as the corresponding obligation to pay the lease payments. The above treatment is not required when the asset is of low value.

The Group is examining the impact from the adoption of IFRS 16 on its financial statements.

- **Amendment to International Accounting Standard 7** "Statement of Cash Flows": Disclosure Initiative

Effective for annual periods beginning on or after 1.1.2017

On 29.1.2016 the International Accounting Standards Board issued an amendment to IAS 7 according to which an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities for which cash flows are classified in the statement of cash flows as cash flows from financing activities. The changes that shall be disclosed, which may arise both from cash flows and non-cash changes, include:

- changes from financing cash flows,
- changes arising from obtaining or losing control of subsidiaries or other businesses,
- the effect of changes in foreign exchange rates,
- changes in fair values and
- other changes.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 12** "Income Taxes": Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1.1.2017

On 19.1.2016 the International Accounting Standards Board issued an amendment to IAS 12 with which the following were clarified:

- Unrealised losses on debt instruments measured at fair value for accounting purposes and at cost for tax purposes may give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the asset by sale or by use.
- The recoverability of a deferred tax asset is assessed in combination with other deferred tax assets. However, if tax law offsets specific types of losses only against a particular type of income, the relative deferred tax asset shall be assessed in combination with other deferred tax assets of the same type.
- During the deferred tax asset recoverability assessment, an entity compares the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences.
- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

1.2 Basis of consolidation

The consolidated financial statements include the parent company Alpha Bank, its subsidiaries, associates and joint ventures. The financial statements used to prepare the consolidated financial statements have been prepared as at 31.12.2015 and the accounting policies applied in their preparation, when necessary, were adjusted to ensure consistency with the Group accounting policies.

a. Subsidiaries

Subsidiaries are entities controlled by the Group.

The Group takes into account the following factors, in assessing control:

- power over the investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor's return.

Power arises from currently exercisable rights that provide the Group with the current ability to direct the relevant activities of the investee. In a straightforward case, rights that provide power are derived from voting rights granted by equity instruments such as shares. In other cases, power results from contractual arrangements.

The Group's returns are considered variable, when these returns have the potential to vary as a result of the investee's performance. Variability of returns is judged based on the substance of the arrangement, regardless of their legal form.

The Group, in order to evaluate the link between power and returns, assesses whether it exercises its power for its own benefit or on behalf of other parties, thus acting as either a principal or an agent, respectively. If the Group determines that it acts as a principal, then it controls the investee and consolidation is required. Otherwise, control does not exist and there is no requirement to consolidate.

In cases where the power over an investee arises from voting rights, the Group primarily assesses whether it controls the investee through holding more than 50% of the voting rights. However, the Group can have power even if it holds less than 50% of the voting rights of the investee, through:

– a contractual arrangement between the investors and other vote holders,
– rights arising from other contractual arrangements,
– the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
– potential voting rights.

In cases of structured entities where the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements (i.e. securitization vehicles or mutual funds), the Group assesses the existence of control based on the following:

- the purpose of the entity and the contractual rights of the parties involved,
- the risks to which the investee was designed to be exposed, the risks it was designed to pass on to the parties involved with the investee and the degree of exposure of the Group to those risks,
- indications of a special relationship with the entity, which suggests that the Group has more than a passive interest in the investee.

Furthermore, regarding the structured entities that are managed by the Group, the Group assesses if it acts as principal or an agent based on the extent of its decision – making authority over the entity's activities, the rights of third parties and the degree of its exposure to variability of returns due to its involvement with the entity.

The Group, based on the above criteria, controls structured entities established for the securitization of loan portfolios.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The financial statements of subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

The acquisition method is applied when the Group obtains control of other companies or units that meet the definition of a business. Application of the acquisition method requires identifying the acquirer, determining the acquisition date and measuring the consideration transferred, the identifiable assets acquired, the liabilities assumed and any non controlling interest in the acquiree, in order to determine the amount of goodwill or gain arising from the business combination.

The consideration transferred is measured at fair value on acquisition date. Consideration includes also the fair value of any contingent consideration. The obligation to pay contingent consideration is recognized as a liability or as an equity component, in accordance with IAS 32 or other applicable IFRSs. The right to the return of a previously transferred consideration is classified as an asset, if specified conditions are met. Subsequently, and to the extent that changes in the value of the contingent consideration do not constitute measurement period adjustments, contingent consideration is measured as follows:

- In case it has been classified in equity, it is not re-measured.
- In all other cases it is measured at fair value through profit or loss.

The identifiable assets acquired and liabilities assumed are initially recognised on acquisition date at their fair value, except from specific assets or liabilities for which a different measurement basis is required. Any non controlling interests are recognised at either fair value or at their proportionate share in the acquiree's identifiable net assets, as long as they are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Otherwise, they are measured at their acquisition date fair values.

Any difference between:

a. the sum of the consideration transferred, the fair value of any previously held equity interest of the Group in the acquiree and the amount of any non – controlling interests, and
b. the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed,

is recognised as goodwill if the above difference is positive or as a gain in profit or loss if the difference is negative.

During the measurement period, the provisional amounts recognized at the acquisition date are adjusted in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. These adjustments affect accordingly the amount of goodwill. The measurement period ends as soon as the information about facts and circumstances existed as of the acquisition date has been obtained. However, the measurement period shall not exceed one year from the acquisition date.

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 in retained earnings.

Sales of ownership interests in subsidiaries that do not result in a loss of control for the Group are accounted for as equity transactions and the gain or loss arising from the sale is recognized directly in retained earnings.

Intercompany transactions are eliminated, unless the transaction provides evidence of impairment of the asset transferred, in which case, it is recognized in the consolidated balance sheet.

b. Associates

Associates are entities over which the Group has significant influence but not control. Significant influence is generally presumed to exist when the Group holds, directly or indirectly, more than 20% of the share capital of the company concerned without having control or joint control, unless the ownership of more than 20% does not ensure significant influence, e.g. due to lack of representation of the Group in the company's Board of Directors or due to the Group's non-participation in the policy making process.

Investments in associates are accounted for using the equity method of accounting. The investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. In case the losses according to the equity method exceed the investment in ordinary shares, they are recognized as a reduction of other elements that are essentially an extension of the investment in the associate.

The Group's share of the associate's profit or loss and other comprehensive income is separately recognized in the income statement and in the statement of comprehensive income, accordingly.

c. Joint ventures

The Group applies IFRS 11 which deals with the accounting treatment of interests in joint arrangements. All joint arrangements in which the Group participates and has joint control are joint ventures, which are accounted for by using the equity method.

A detailed list of all Group subsidiaries, associates and joint ventures, as well as the Group's ownership interest in them, is provided in note 38.

1.3 Operating Segments

Operating segments are determined and measured based on the information provided to the Executive Committee of the Bank, which is the body responsible for the allocation of resourses between the Group's operating segments and the assessment of their performance.

Based on the above, as well as the Group's administrative structure and activities, the following operating segments have been determined:

- Retail Banking
- Corporate Banking
- Asset Management and Insurance
- Investment Banking and Treasury
- South Eastern Europe
- Other

Since the Group operates in various geographical areas, apart from the operating segments identified above, the financial statements contain information based on the below distinction:

- Greece
- Other Countries

It is noted that the methods used to measure operating segments for the purpose of reporting to the Executive Committee are not different from those required by the International Financial Reporting Standards.

Detailed information relating to operating segments is provided in note 40.

1.4 Transactions in foreign currency and translation of foreign operations

a. Transactions in foreign currency

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 in the functional currency of each subsidiary which is the currency of the company's country of incorporation or the currency used in the majority of the transactions held.

Transactions in foreign currencies are translated into 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 into 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 non-monetary items denominated in foreign currencies that are measured 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 financial statements of all group entities that have a functional currency that is different from the presentation currency of the Group financial statements are translated as follows:

i. Assets and liabilities 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 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 entity is sold, the exchange differences are reclassified to 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 and

c. Short-term balances due from banks and Reverse Repo agreements

Short-term balances due from banks are amounts that mature within three months of the balance sheet date.

1.6 Classification and measurement of financial instruments

Initial recognition

The Group recognises financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Upon initial recognition the Group measures financial assets and liabilities at fair values. Financial instruments not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs and minus income or fees that are directly attributable to the acquisition or issue of the financial instrument.

Subsequent measurement of financial assets

The Group classifies its financial assets as:

- 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 categories the following apply:

a) Loans and receivables

Non derivative financial assets, with fixed or determinable payments, that are not quoted in an active market and for which the Group does not expect not to recover substantially its investment other than because of credit deterioration of the issuer, can be classified as loans and receivables. The Group has classified the following as loans and receivables:

i. loans to customers,

ii. amounts paid to acquire a portion or the total of series of bonds that are not quoted in an active market,

iii. all receivables from customers, banks etc.,

iv. bonds with fixed or determinable payments that are not quoted in an active market.

This category is measured at amortized cost using the effective interest rate method and is periodically tested for impairment based on the procedures described in note 1.14.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or expense during the relative period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the contractual life of a financial instrument or the next repricing date.

b) Held-to-maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold until maturity can be classified as Held-to-maturity investments.

The Group has classified bonds, treasury bills and other debt securities in this category.

Held-to-maturity investments are measured at amortized cost using the effective interest rate method and are tested for impairment at each reporting date. In cases when objective evidence exists that an impairment loss has occurred, the carrying amount of the financial asset is reduced to the recoverable amount, and the difference is recognised in profit or loss.

c) Financial assets at fair value through profit or loss

Financial assets included in this category are:

i. Financial assets which are acquired principally for the purpose of selling in the near term to obtain short term profit (held for trading).

The Group has included in this category bonds, treasury bills and a limited number of shares.

ii. Financial assets the Group designated, at initial recognition, as at fair value through profit or loss.

This classification is used in the following circumstances:

- When management monitors and manages the financial instruments on a fair value basis in accordance with a documented risk management or investment strategy.

- When the designation eliminates an accounting mismatch which 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 profit or loss).
- When a financial instrument contains an embedded derivative that significantly modifies the cash flows, or the separation of these derivatives from the main financial instruments is not prohibited.

As at the reporting date, the Group had not designated, at initial recognition, any financial assets as at fair value through profit or loss.

d) Available-for-sale

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

The Group has included in this category bonds, treasury bills, debt securities, shares and mutual fund units.

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is sold, where upon, the cumulative gains and losses previously recognized in equity are recognized in 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. For investments in shares, in particular, a significant or prolonged decline in their fair value below their acquisition cost is considered as an objective evidence of impairment. The Group considers as “significant” a decrease of over 20% compared to the cost of the investment. Respectively, “prolonged” is a decrease in the fair value below amortised cost for a continuous period exceeding one year. The above criteria are assessed in conjunction with the general market conditions.

In case of impairment, the cumulative loss already recognised in equity is reclassified in profit or loss. When a subsequent event causes the amount of impairment loss recognised on an available-for-sale bond or debt security to decrease, the impairment loss is reversed through profit or loss, if it can objectively be related to an event occurring after the impairment loss was recognized. However, impairment losses recognised for investments in shares and mutual funds are not reversed through profit or loss.

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 apply.

Reclassification of financial assets

Reclassification of non-derivative financial assets is permitted as follows:

i. Reclassification out of the “held-for-trading” category to the “loans and receivables” category, “investments held-to-maturity” category or “available-for-sale” category is permitted only when there are rare circumstances and the financial assets are no longer held for sale in the foreseeable future.

ii. Reclassification out of the “held-for-trading” category to either “loans and receivables” or “available-for-sale” is permitted, even when there are no rare circumstances, only if the financial assets meet the definition of loans and receivables and there is the intention to hold them for the foreseeable future or until maturity.

iii. Reclassification out of the “available-for-sale” category to the “loans and receivables” category is permitted for financial assets that would have met the definition of loans and receivables and the entity has the intent to hold the financial asset for the foreseeable future or until maturity.

iv. Reclassification out of the “available-for-sale” category to the “held-to-maturity” category is permitted for financial assets that meet the relevant characteristics and the entity has the intent and ability to hold them until maturity.

v. Reclassification out of the “held-to-maturity” category to the “available-for-sale” category occurs when the entity has no longer the intention or the ability to hold these instruments until maturity.

It is noted that in case of sale or reclassification of a significant amount of held-to-maturity investments, the remaining investments in this category are mandatorily transferred to the available-for-sale category. This would prohibit the classification of any securities as held for maturity for the current and the following two financial years. Exceptions apply in cases of sales and reclassifications of investments that:

– are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;
– occur after the Group has collected substantially all of the financial asset’s original principal through scheduled payments or prepayments; or
– are attributable to an isolated, nonrecurring event that is beyond the Group’s control.

Derecognition of financial assets

The Group derecognizes financial assets when:

- the cash flows from the financial assets expire,

- the contractual right to receive the cash flows of the financial assets is transferred and at the same time both risks and rewards of ownership are transferred,
- loans or investments in securities are no longer recoverable and consequently are written off.

In the case of transactions where despite the transfer of the contractual right to recover the cash flows from financial assets both the risk and rewards remain with the Group, no derecognition of these financial assets occurs. The amount received by the transfer is recognized as a financial liability. The accounting practices followed by the Group in such transactions are discussed further in notes 1.21 and 1.22

In the case of transactions, whereby the Group neither retains nor transfers risks and rewards of the financial assets, but retains control over them, the financial assets are recognized to the extent of the Group's continuing involvement. If the Group does not retain control of the assets then they are derecognised, and in their position the Group recognizes, distinctively, the assets and liabilities which are created or retained during the transfer. No such transactions occurred upon balance sheet date.

Subsequent measurement of financial liabilities

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

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

i. This category includes financial liabilities held for trading, that is:
   - financial liabilities acquired or incurred principally with the intention of selling or repurchasing in the near term for short term profit, or
   - derivatives not used for hedging purposes. Liabilities arising from either derivatives held for trading or derivatives used for hedging purposes are presented as "derivative financial liabilities" and are measured according to the principles set out in note 1.7.

ii. this category also includes financial liabilities which are designated by the Group as at fair value through profit or loss upon initial recognition, according to the principles set out above for financial assets (point cii).

In the context of the acquisition of Emporiki Bank, the Group issued a bond which was classified in the above mentioned category.

b) Financial liabilities carried at amortized cost

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

Liabilities to credit institutions and customers, debt securities issued by the Group and other loan liabilities are classified in this category.

In cases when financial liabilities included in this category are designated as the hedged item in a hedge relationship, the accounting principles applied are those set out in note 1.7.

c) Liabilities arising from financial guarantees and commitments to provide loans at a below market interest rate

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment.

The financial guarantee contracts and the commitments to provide loans at a below market interest rate are initially recognized at fair value, and measured subsequently at the higher of:

- the amount of the provision (determined in accordance with IAS 37) when an outflow of resources is considered probable and a reliable estimate of this outflow is possible,
- the amount initially recognised less cumulative amortization.

Derecognition of financial liabilities

The Group derecognizes a financial liability (or part thereof) when its contractual obligations are discharged or cancelled or expire.

In cases that a financial liability is exchanged with another one with substantially different terms, the exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new one. The same applies in cases of a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor). The terms are considered substantially different if the discounted present value of the cash flows under the new terms (including any fees paid net of any fees received), discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability.

In cases of derecognition, the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the balance sheet, only in cases when the Group has both the legal right and the intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

1.7 Derivative financial instruments and hedge accounting

Derivative financial instruments

Derivatives are financial instruments that upon inception have a minimal or zero value that subsequently changes 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 when derivatives are embedded in other financial instruments, such as bonds, loans, deposits, borrowed funds etc and the host contract is not itself carried at fair value through profit or loss, then they are accounted for as separate derivatives when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. These embedded derivatives are measured at fair value and are recognized as derivative assets or liabilities.

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

The Group uses 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 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 or other currency with a simultaneous forward purchase of the related currency to cover the foreign exchange exposure.

The result arising from the forward transaction is recognized as interest expense, which is included in deposits' 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 and foreign exchange differences, in order to match with the interest element and foreign exchange differences resulting from the deposits and loans, and as other gains less losses on financial transactions.

Hedge accounting

Hedge accounting establishes the valuation rules to offset the gain or loss of 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 hedging relationship upon inception and of the effectiveness of the hedge on an 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 is repeated at each reporting date.

a. Fair value hedges

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 hedging relationship no longer exists, the hedged items continue to be measured based on the classification and valuation principles set out in note 1.6. Specifically any adjustment, due to the fair value change of a hedged item for which the effective interest method is used, up to the point that the hedging relationship ceases to be effective, is amortized to interest income or expense based on a recalculated effective interest rate, over its remaining life.

The Group uses interest rate swaps (IRS's, caps) to hedge risks relating to borrowings, bonds, and loans.

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.

When the hedging relationship is discontinued, the amount recognized in equity remains there separately until the cash flows or the future transaction occur. When the cash flows or the future transaction occur the following apply:

- If the result is the recognition of a financial asset or a financial liability, the amount is reclassified to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss.
- If the result is the recognition of a non-financial asset or a non-financial liability or a firm commitment for which fair value hedge accounting is applied, the amount recognized in equity either is reclassified to profit or loss in the same periods during which the asset or the liability affect profit or loss or adjusts the carrying amount of the asset or the liability.

If the expected cash flows or the transaction are no longer expected to occur, the amount is reclassified to profit or loss.

The Group applies cash flow hedge accounting for specific groups of term deposits as well as for the currency risk of specific assets. The amount that has been recognized in equity, as a result of revoked cash flow hedging relationships for term deposits, is linearly amortized in the periods during which the hedged cash flows from the aforementioned term deposits affect profit or loss.

c. Hedges of net investment in a foreign operation

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

Hedge accounting of net investment in a foreign operation is similar to cash flow hedge accounting. The cumulative gain or loss recognized in equity is reversed and recognized in profit or loss, at the time that the disposal of the foreign operation takes place.

1.8 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures the fair value of assets and liabilities traded in active markets based on available quoted market prices. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. Especially, for the measurement of securities, the Group uses a particular range of prices, within the bid-ask spread, in order to characterize the prices as prices of an active market.

The fair value of financial instruments that are not traded in an active market is determined by the use of valuation techniques, appropriate in the circumstances, and for which sufficient data to measure fair value are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If observable inputs are not available, other model inputs are used which are based on estimations and assumptions such as the determination of expected future cashflows, discount rates, probability of counterparty default and prepayments. In all cases, the Group uses the assumptions that ‘market participants’ would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Assets and liabilities which are measured at fair value or for which fair value is disclosed are categorized according to the inputs used to measure their fair value as follows:

- Level 1 inputs: quoted market prices (unadjusted) in active markets
- Level 2 inputs: directly or indirectly observable inputs
- Level 3 inputs: unobservable inputs used by the Group, to the extent that relevant observable inputs are not available

In particular, the Group applies the following:

Financial instruments

For financial instruments the best evidence of fair value at initial recognition is the transaction price, unless the fair value can be derived by other observable market transactions relating to the same instrument, or by a valuation technique using only observable inputs. In these cases, if the fair value differs from the transaction price, the difference is recognized in the statement of comprehensive income. In all other cases, fair value is adjusted to defer the difference with the transaction price. After initial recognition, the deferred difference is recognized as a gain or loss only to the extent that it arises from a change in a factor that market participants would take into account when pricing the instrument.

When measuring fair value, the Group takes into consideration the effect of credit risk. Specifically, for derivative contracts, the Group estimates the credit risk of both counterparties (bilateral credit valuation adjustments).

The Group measures fair value for all assets and liabilities separately. Regarding derivative exposures, however, that the Group manages as a group on a counterparty basis and for which it provides information to the key management personnel, the fair value measurement for credit risk is performed based on the net risk exposure per counterparty. Credit valuation adjustments arising from the aforementioned process are allocated to either assets or liabilities, depending on whether the net exposure to the counterparty is long or short respectively.

Furthermore, the fair value of deposit accounts with a demand feature (such as saving deposits) is no less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The principal inputs to the valuation techniques used by the Group are:

- Bond prices - quoted prices available for government bonds and certain corporate securities.
- Credit spreads - these are derived from active market prices, prices of credit default swaps or other credit based instruments, such as debt. Values between and beyond available data points are obtained by interpolation and extrapolation.
- Interest rates - these are principally benchmark interest rates such as the LIBOR, OIS and other quoted interest rates in the swap, bond and futures markets. Values between and beyond available data points are obtained by interpolation and extrapolation.
- Foreign currency exchange rates - observable markets both for spot and forward contracts and futures.
- Equity and equity index prices - quoted prices are generally readily available for equity shares listed on stock exchanges and for major indices on such shares.
- Price volatilities and correlations - Volatility and correlation values are obtained from pricing services or derived from option prices.
- Unlisted equities - financial information specific to the company or industry sector comparables.
- Mutual Funds- for open-ended investments funds listed on a stock exchange the published daily quotations of their net asset values (NAVs).

Non financial assets and liabilities

The most important category of non financial assets for which fair value is estimated is real estate property.

The process, mainly, followed for the determination of the fair value is summarized below:

- Assignment to the engineer - valuer
- Case study- Setting of additional data
- Autopsy - Inspection
- Data processing - Calculations
- Preparation of the valuation report

To derive the fair value of the real estate property, the valuer chooses among the three following valuation techniques:

- Market approach (or sales comparison approach), which measures the fair value by comparing the property to other identical ones for which information on transactions is available.
- Income approach, which capitalizes future cash flows arising from the property using an appropriate discount rate.
- Cost approach, which reflects the amount that would be required currently to replace the asset with another asset with similar specifications, after taking into account the required adjustment for impairment.

Examples of inputs used to determine the fair value of properties and which are analysed to the individual valuations, are the following:

- Commercial property: price per square meter, rent growth per annum, long-term vacancy rate, discount rate, expense rate of return, lease term, rate of non leased properties/units for rent.
- Residential property: Net return, reversionary yield, net rental per square meter, rate of continually non leased properties/units, expected rent value per square meter, discount rate, expense rate of return, lease term etc.
- General assumptions such as the age of the building, residual useful life, square meter per building etc are also included in the analysis of the individual valuation assessments.

It is noted that the fair value measurement of a property takes into account a market's participant ability to generate economic benefits by using the asset in it's highest and best use or by selling it to another market participant that would use the asset in it's highest and best use.

1.9 Property, Plant and Equipment

This caption includes: land, buildings used by branches or for administrative purposes, additions and improvements of leased property and equipment.

Property, plant and equipment are initially recognised at cost which includes any expenditure directly attributable to the acquisition of the asset.

Subsequently, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized on the 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 and it is calculated on the asset's cost minus residual value.

The estimated useful lives are as follows:

- Buildings: up to 50 years.

- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 1 to 50 years.

Land is not depreciated but it tested for impairment.

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.

1.10 Investment property

The Group includes in this category buildings or portions of buildings together with their respective portion of land that are held to earn rental income.

Investment property is initially recognised at cost which includes any expenditure directly attributable to the acquisition of the asset.

Subsequently investment property is measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized on the carrying amount of the item when it increases future economic benefit. 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.

In case of a change in the Group's intention regarding the use of property, reclassifications to or from the "Investment Property" category occur. In particular, property is reclassified to "Property, plant and equipment" if the Group's intention is to use the asset in its own business operations, whereas in case the Group decides to sell the property, it is reclassified to the "Assets held-for-sale" category, provided that all conditions mentioned in paragraph 1.17 are met. Conversely, property not classified as "Investment Property" is transferred to this category in case a decision for its lease is made.

1.11 Goodwill and other intangible assets

Goodwill

Goodwill represents the difference between the cost of an acquisition as well as the value of non-controlling interests and the fair value of the assets and liabilities of the entity acquired, as at the acquisition date.

Positive goodwill arising from acquisitions after 1/1/2004 is recorded to "Goodwill and other intangible assets", if it relates to the acquisition of a subsidiary, and it is tested for impairment at each balance sheet date. Goodwill on acquisitions of associates or joint ventures is included in "Investment in associates and joint ventures".

Negative goodwill is recognized in profit or loss.

Other intangible assets

The Group has included in this caption:

a) Intangible assets which are recognized from business combinations in accordance with IFRS 3 or which were individually acquired. The intangible assets are carried at cost less accumulated amortization and impairment losses.

Intangible assets include the value attributed to the acquired customer relationships, deposit bases and mutual funds management rights. Their useful life has been determined from 2 to 9 years.

b) Software, which is measured at cost less accumulated amortization and impairment losses. The cost of separately acquired software comprises of its purchase price and any directly attributable cost of preparing the software for its intended use, including employee benefits or professional fees. The cost of internally generated software comprises of expenditure incurred during the development phase, including employee benefits arising from the generation of the software. Amortization is charged over the estimated useful life of the software which the Group has estimated between 1 to 15 years. Expenditure incurred to maintain software programs is recognized in the income statement as incurred. Software that is considered to be an integral part of hardware (hardware cannot operate without the use of the specific software) is classified in property, plant and equipment.

c) Brand names and other rights are measured at cost less accumulated amortization and impairment losses. The amortization is charged over the estimated useful life which the Group has estimated up to 7 years.

Intangible assets are amortized using the straight line method, excluding those with indefinite useful life, which are not amortized. All intangible assets are tested for impairment.

No residual value is estimated for intangible assets.

1.12 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 receivables are subject to the same impairment testing as applied to customer loans and advances as described in note 1.14.

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, the 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 at 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.

1.13 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

They 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

They 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 the 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. 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 less deferred acquisition costs are adequate 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 against 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.

1.14 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. The criteria of assessment on an individual or collective basis

The Group assesses for impairment on an individual basis the loans that it considers individually significant. Significant are the loans of the wholesale sector as well as specific loans of the retail sector. For the remaining loans impairment test is performed on a collective basis.

The Group has determined the criteria that consist trigger events for the assessment of impairment.

Loans which are individually assessed for impairment and found not impaired are included in groups, based on similar credit risk characteristics, and assessed for impairment collectively.

The Group groups the portfolio into homogenous populations, based on common risk characteristics, and has a strong historical statistical basis, in which it performs an analysis with which it captures and defines impairment testing, by segment population.

In addition, as part of the collective assessment, the Group recognizes impairment for loss events that have been incurred but not reported (IBNR). The calculation of the impairment loss in these cases takes into account the period between the occurance of a specific event and the date it becomes known (Loss Identification Period).

A detailed analysis of the loans that belong to the wholesale and the retail sectors, of the trigger events for impairment as well as of the characteristics used for the determination of the groups for the collective assessment is included in note 41.1.

b. Methodology in determining future cash flows from impaired loans

The Group has accumulated a significant amount of historical data, 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.

Based on the above, the amount of the recoverable amount of each loan is determined after taking into account the time value of money. The cash flows are discounted at the loans' original effective interest rate.

An impairment loss is recognized to the extent that the recoverable amount of the loan is less than its carrying amount.

c. 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.

d. Impairment recognition – Write – offs

Amounts of impaired loans are recognized on allowance accounts until the Group decides to write them down/write them off.

The policy of the Group regarding write downs/write offs is presented in detail in note 41.1.

e. Recoveries

If in a subsequent period, after the recognition of the impairment loss, events occur which require the 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 impairment losses and provisions to cover credit risk.

1.15 Impairment losses on non-financial assets

The Group assess as at each balance sheet date non-financial assets for impairment, particularly property, plant and equipment, investment property, goodwill and other intangible assets as well as its investment in associates and joint ventures.

In assessing whether there is an indication that an asset may be impaired both external and internal sources of information are considered, of which the following are indicatively mentioned:

- The asset's market value has declined significantly, more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect have taken place during the period or will take place in the near future, in the technological, economic or legal environment in which the entity operates or in the market to which the asset is dedicated.
- Significant unfavorable changes in foreign exchange rates.
- Market interest rates or other rates of return of investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use.
- The carrying amount of the net assets of the entity is more that its market capitalization.
- Evidence is available of obsolescence or physical damage of an asset.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is the amount received from the sale of an asset (less the cost of disposal) in an orderly transaction between market participants.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash –generating unit through their use and not from their disposal. For the valuation of property, plant and equipment, value in use incorporates the value of the asset as well as all the improvements which render the asset perfectly suitable for its use by the Group.

1.16 Income tax

Income tax consists of current and deferred tax.

Current tax for a period includes the expected amount of income tax payable in respect of the taxable profit for the current reporting period, based on the tax rates enacted at the balance sheet date.

Deferred tax is the tax that will be paid or for which relief will be obtained in future periods due to the different period that certain items are recognized for financial reporting purposes and for taxation purposes. It is calculated based on the 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 calculated using the tax rates that are expected to apply when the temporary difference reverses, based on the tax rates (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.

Income tax, both current and deferred, is recognized in profit or loss except when it relates to items recognized directly in equity. In such cases, the respective income tax is also recognized in equity.

1.17 Non-current assets held for sale

Non-current assets or disposal groups that are expected to be recovered principally through a sale transaction, along with the related liabilities, are classified as held-for-sale.

The above classification is used if the asset is available for immediate sale in its present condition and its sale is highly probable. The sale is considered highly probable when it has been decided by Management, an active programme to locate a buyer has been initiated, the asset is actively marketed for sale at a price which is reasonable in relation to its current fair value and the sale is expected to be completed within one year. Non-current assets that are acquired exclusively with a view to their subsequent disposal are classified as held for sale at the acquisition date when the one-year requirement is met and it is highly probable that the remaining criteria will be met within a short period following the acquisition (usually within three months).

Non-current assets held for sale mainly consist of assets acquired through the enforcement of security over customer loans and advances. Before their classification as held for sale, the assets are remeasured in accordance with the respective accounting standard.

Assets held for sale are initially recognised and subsequently remeasured at each balance sheet date at the lower of their carrying amount and fair value less cost to sell. Any loss arising from the above measurement is recorded in profit or loss and can be reversed in the future. When the loss relates to a disposal group it is allocated to assets within the disposal group with the exception of specific assets that are not within the scope of IFRS 5. The impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis.

Assets in this category are not depreciated.

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

Non - current assets that are acquired through enforcement procedures but are not available for immediate sale or are not expected to be sold within a year are included in Other Assets and are measured at the lower of cost (or carrying amount) and fair value. Non-current assets held for sale, that the Group subsequently decides either to use or to lease, are reclassified to the categories of property, plant and equipment or investment property respectively. During their reclassification, they are measured at the lower of their recoverable amount and their carrying amount before they were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the assets not been classified as held for sale.

1.18 Employee benefits

The Group has both defined benefit and defined contribution plans.

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 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.

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 entity of the Group.

The defined benefit obligation is calculated, separately for each plan, based on an actuarial valuation performed by independent actuaries using the projected unit credit method.

The net liability recognized in the consolidated financial statements is the present value of the defined benefit obligation (which is the expected future payments required to settle the obligation resulting from employee service in the current and prior periods) less the fair value of plan assets. The amount determined by the above comparison may be negative, an asset. The amount of the asset recognised in the financial statements cannot exceed the total of the present value of any economic benefits available to the Group in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligation is calculated based on the return of high quality corporate bonds with a corresponding maturity to that of the obligation, or based on the return of government bonds in cases when there in no deep market in corporate bonds.

Interest on the net defined benefit liability (asset), which is recognised in profit or loss, is determined by multiplying the net defined benefit liability (asset) by the discount rate used to discount post-employment benefit obligation, as determined at the start of the annual reporting period, taking into account any changes in the net defined benefit liability (asset).

Service cost, which is also recognised in profit or loss, consists of:

- Current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- Past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or withdrawal of, or changes to, a defined benefit plan or a curtailment (a significant reduction by the entity in the number of employees covered by a plan) and
- Any gain or loss on settlement.

Before determining past service cost or a gain or loss on settlement, the Group remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan before that plan amendment, curtailment or settlement.

Past service cost, in particular, is directly recognized to profit or loss at the earliest of the following dates:

- When the plan amendment or curtailment occurs; and
- When the Group recognizes related restructuring costs (according to IAS 37) or termination benefits.

Likewise, the Group recognizes a gain or loss on the settlement when the settlement occurs.

Remeasurements of the net defined benefit liability (asset) which comprise:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- any change in the effect of the limitation in the asset recognition, excluding amounts included in net interest on the net defined benefit liability (asset),

are recognized directly in other comprehensive income and are not reclassified in profit or loss in a subsequent period.

Finally, when the Group decides to terminate the employment before retirement or the employee accepts the Group’s offer of benefits in exchange for termination of employment, the liability and the relative expense for termination benefits are recognized at the earlier of the following dates:

a. when the Group can no longer withdraw the offer of those benefits; and
b. when the Group recognizes restructuring costs which involve the payment of termination benefits.

1.19 Share options granted to employees

The granting of share options to the employees, their exact number, the price and the exercise date are decided by the Board of Directors in accordance with the Shareholders' Meeting approvals and after taking into account the current legal framework.

The fair value calculated at grant date is recognized over the period from the grant date to the 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 on the exercise date increases the share capital of the Group and the reserve in equity from the previously recognized fair value of the exercised options is transferred to share premium.

1.20 Provisions and contingent liabilities

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 that an outflow of economic benefits will be required to settle the obligation.

Provisions are, also, recognized in cases of restructuring plans with which management attempts either to change the subject of a corporate activity or the manner in which it is conducted (e.g. close down business locations). The recognition of provision is accompanied with the relevant, authorized by the Management, program and with the suitable actions of disclosure.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision is equal to the present value of the expenditures expected to settle the obligation.

Amounts paid for the settlement of an obligation are set against the original provisions for these obligations. Provisions are reviewed at the end of each reporting period.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Additionally, 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 amount recognized for the reimbursement does exceed the amount of the provision. The expense recognized in profit or loss relating to the provision is presented net of the amount of the reimbursement.

The Group does not recognize in the statement of financial position contingent liabilities which relate to:

- possible obligations resulting from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- present obligations resulting from past events for which:
  - it is not probable that an outflow of resources will be required, or
  - the amount of liability cannot be measured reliably.

The Group provides disclosures for contingent liabilities taking into consideration their materiality.

1.21 Sale and repurchase agreements and securities lending

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 as investments.

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 the accounting policy of the category that they have been classified in 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 by the Group under securities lending agreements are not recognized in the consolidated balance sheet except when they have been sold to third parties whereby the liability to deliver the security is recognized and measured at fair value.

1.22 Securitization

The Group securitises financial assets by transferring these assets to special purpose entities, which in turn issue bonds.

In each securitization of financial assets the assessment of control of the special purpose entity is considered, based on the circumstances mentioned in note 1.2, so as to examine whether it should be consolidated. In addition, the contractual terms and the economic substance of transactions are considered, in order to decide whether the Group should proceed with the derecognition of the securitised financial assets, as referred in note 1.6.

1.23 Equity

Distinction between debt and equity

Financial instruments issued by Group companies to obtain funding are classified as equity when, based on the substance of the transaction, the Group does not undertake a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under conditions that are potentially unfavorable to the issuer.

In cases when Group companies are required to issue equity instruments in exchange for the funding obtained, the number of equity instruments must be fixed and determined on the initial contract, in order for the obligation to be classified as 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 retained earnings.

Share premium

Share premium includes the difference between the nominal value of the shares and the consideration received in the case of a share capital increase.

It also includes the difference between the nominal value of the shares issued and their market value, in cases of exchanges of shares as consideration for the acquisition of a business by the Group.

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, are recognized directly in retained earnings.

Retained earnings

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

1.24 Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial assets and liabilities.

Interest income and expense is recognised on an accrual basis and measured using the effective interest rate method. Interest on impaired financial assets is determined on their balance after impairment using the effective interest rate.

Borrowing costs that are directly attributable to assets that require a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the asset. Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

1.25 Fee and commission income

Fee and commission income is recognized in the income statement on an accrual basis when the relevant service has been provided.

Transaction revenues relating to the recognition of a financial instrument not measured at fair value through profit or loss are capitalized and amortised in the income statement using the effective interest rate method over the life of the financial instrument.

1.26 Dividend Income

Dividend income from investments in shares is recognised in the income statement when the dividend distribution is approved by the appropriate body of the company that the Group has invested in.

1.27 Gains less losses on financial transactions

Gains less losses on financial transactions include the fair value changes of financial assets and liabilities, gains or losses on their disposal and the exchange differences arising from the translation of financial instruments denominated in foreign currencies. Impairment losses on bonds, shares and other securities of variable return are also included in gains less losses on financial transactions.

Differences that may arise between the carrying amount of financial liabilities settled or transferred and the consideration paid are also recognised in gains less losses on financial transactions.

1.28 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or 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 operations are presented separately from other assets and liabilities in the balance sheet and are not offset.

Any cumulative income or expense recognized directly in equity relating to a discontinued operation is 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.

1.29 Related parties definition

According to IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements. For the Group, in particular, related parties are considered:

a) An entity that constitutes for the Group:

i) a joint venture,

ii) an associate and

iii) a Post-Employment Benefit Plan, in this case the Supplementary Fund of former Alpha Credit Bank's employees,

b) A person or an entity that have control, or joint control, or significant influence over the Group.

This category includes Hellenic Financial Stability Fund and its subsidiaries because, in the context of the L.3864/2010, the HFSF participates in the Board of Directors and in significant committees of the Bank and as a result is considered to have significant influence over the Group.

c) A person and his close family members, if that person is a member of the key management personnel.

The Group considers as key management personnel all the members of the Bank's Board of Directors and of the Bank's Executive Committee while as their close family members it considers their children and spouses or domestic partners and their dependants and the dependants of their spouses or domestic partners.

Moreover, the Group discloses all transactions and outstanding balances with entities which are controlled or jointly controlled by the above mentioned persons. This disclosure concerns participations of the above persons in entities that exceed 20%.

1.30 Comparatives

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

1.31 Estimates, decision making criteria and significant sources of uncertainty

The Group, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Fair value of assets and liabilities

For assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. In all other cases the determination of fair value is based on valuation techniques that use observable market data to the greatest extent possible. In cases where there is no observable market data, the fair value is determined using data that are based on internal estimates and assumptions eg. determination of expected cash flows, discount rates, prepayment probabilities or potential counterparty default.

Impairment losses of financial assets

The Group, when performing impairment tests on loans and advances to customers, makes estimates regarding the amount and timing of future cash flows. Given that these estimates are affected by a number of factors such as the financial position of the borrower, the net realizable value of any collateral or the historical loss ratios per portfolio, actual results may differ from those estimated. Similar estimates are used in the assessment of impairment losses of securities classified as available for sale or held to maturity.

Impairment losses of non – financial assets

The Group, at each year end balance sheet date, assesses for impairment non – financial assets, and in particular property, plant and equipment, investment property, goodwill and other intangible assets, as well as its investments in associates and joint ventures. Internal estimates are used to a significant degree to determine the recoverable amount of the assets, i.e. the higher between the fair value less costs to sell and the value in use.

Income Tax

The Group recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning the amounts expected to be paid to or recovered from tax authorities in the current and future periods. Estimates are affected by factors such as the practical implementation of the relevant legislation, the expectations regarding the existence of future taxable profit and the settlement of disputes that might exist with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised may result in the adjustment of the amount of assets and liabilities for current and deferred tax and in tax payments other than those recognized in the financial statements of the Group. Any adjustments are recognized within the year that they become final.

Employee defined benefit obligations

Defined benefit obligations are estimated based on actuarial valuations that incorporate assumptions regarding discount rates, future changes in salaries and pensions, as well as the return on any plan assets. Any change in these assumptions will affect the amount of obligations recognized.

Provisions and contingent liabilities

The Group recognises provisions when it estimates that it has a present legal or constructive obligation that can be estimated reliably, and it is almost certain that an outflow of economic benefits will be required to settle the obligation. In contrast, when it is probable that an outflow of resources will be required, or when the amount of liability cannot be measured reliably, the Group does not recognise a provision but it provides disclosures for contingent liabilities, taking into consideration their materiality. The estimation for the probability of the outflow as well as for the amount of the liability are affected by factors which are not controlled by the Group, such as court decisions, the practical implementation of the relevant legislation and the probability of default of the counterparty, for those cases which are related to the exposure to off-balance sheet items.

The estimates and judgments applied by the Group in making decisions and in preparing the financial statements are based on historical information and assumptions which at present are considered appropriate. The estimates and judgments are reviewed on an ongoing basis in order to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised.

1.31.1 Going concern principle

The Group applied the going concern principle for the preparation of the financial statements as at 31.12.2015. For the application of this principle, the Group takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that cause uncertainties regarding the application of this principle relate to the adverse economic environment in Greece, and abroad and to the liquidity levels of the Hellenic Republic and the banking system.

Specifically and as a result of the uncertainties in the internal economic environment, mainly regarding the outcome of the negotiations of the Hellenic Republic with the European Commission, the European Central Bank and the International Monetary Fund, there were significant outflows of deposits early in the year. In addition, following the decision of the European Central Bank, on 4.2.2015, to lift the waiver for securities issued or guaranteed by the Hellenic Republic, based on which these instruments were allowed to be used in Eurosystem monetary policy operations despite the fact that they did not fulfill minimum credit rating requirements, the liquidity needs of the credit institutions can be satisfied by the Emergency Liquidity Mechanisms of the Bank of Greece. The maximum funding amount of the credit institutions by the Bank of Greece is short-term and is determined by the European Central Bank by a decision of its Board of Directors that is periodically reviewed. At the end of the first semester, the significant increase in the rate of outflow of deposits, which for the Bank amounted to € 10.3 billion, in conjunction with the decision of the European Central Bank not to proceed with a corresponding increase in the level of funding from the Emergency Liquidity Mechanisms of the Bank of Greece, as a result of the expiry of the extension of the financial support program of Greece, led to the imposition of capital controls and a bank holiday which was announced on 28.6.2015 and lasted until 19.7.2015. Capital controls remain in place until the date of approval of the financial statements, a fact which contributed to the stabilization of the deposit base, while the detailed provisions for their application are amended where appropriate by the adoption of a legislative act.

The prolonged recession of the Greek economy as well as the high degree of uncertainty within the internal economic environment hindered the growth prospects and resulted in significant deterioration of the creditworthiness of corporates and individuals, which led to the recognition by the Group of significant impairment losses during the year.

During the third quarter, the negotiations of the Hellenic Republic for the coverage of the financing needs of the Greek economy were completed on the basis of the announcements at the Euro Summit on 12.7.2015 resulting in an agreement for a new financial support by the European Stability Mechanism. The relative agreement with the European Stability Mechanism, that was signed on 19.8.2015, among others, provides for:

- the coverage of the financing needs of the Hellenic Republic for the medium-term period, provided that the economic reforms that are expected to contribute to the economic stability and the sustainable development of the Greek economy will be implemented,

- an amount of € 10 up to € 25 billion available for the coverage of any recapitalization needs and/ or resolution of credit institutions.

In addition, the aforementioned agreement provided for the assessment of the four Greek systemic credit institutions from the Single Supervisory Mechanism, in order to determine the impact from the deterioration of the Greek economy on their financial position as well as any capital needs. The assessment was performed during the third quarter and included both an Asset Quality Review (AQR) and a stress test. Based on the results of the assessment, which were announced on 31.10.2015, the capital needs for the Group were determined to €262.6 million under the base scenario, taking into consideration the Asset Quality Review, and to €2,743 million under the adverse scenario of the stress test, which were subsequently limited to the amount of € 2,563 million since the pre-provision income for the third quarter was taken into account. These capital needs were covered successfully in the fourth quarter through the completion of the liability management exercise of the Bank and the increase of its share capital in cash via a private placement to qualified and other eligible investors, as further described in note 42.

The Group, taking into account:

- the successful completion of the coverage of its capital needs exclusively from private sources,
- that the medium-term financing of the Hellenic Republic by the European Stability Mechanism (‘ESM’), in the context of the aforementioned program, which will contribute to the improvement of the economic environment within the country, has, under conditions, been ensured,
- the fact that the Bank has access to the liquidity mechanisms of the Eurosystem and the decrease of its dependence at the end of the year,
- the gradual restoration of confidence which was expressed by a limited return of deposits in the Greek banking system since the expiry of the bank holiday,

estimates that the conditions for the application of the going concern principle for the preparation of its financial statements are met, noting, however, the negative impact that would have on the application of the going concern principle any significant deterioration of the economic environment, mainly due to adverse developments in the completion of the first evaluation of the program for the financing of the Hellenic Republic and in the satisfaction of the conditions set for its successful completion.

1.31.2 Estimation of the Group’s exposure to the Hellenic Republic

The Group’s total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 41.1. The main uncertainties regarding the estimations for the recoverability of the Group’s total exposure relate to the debt service capacity of the Hellenic Republic, which, in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the levels of liquidity of the Hellenic Republic.

Following the successful outcome of the negotiations of the Hellenic Republic for the coverage of the financing needs of the Greek economy, which were completed with the signing of a relative agreement with the European Stability Mechanism on 19.8.2015, a three-year funding (which could amount to € 86 billion) was ensured, provided that specific commitments that relate to the achievement of specific financial targets and the implementation of reforms in the Greek economy will be respected. The signing of the agreement preceded the granting of a bridge loan which was used for the repayment of the overdue debt to IMF and of other obligations of the Hellenic Republic. The financing agreement with the European Stability Mechanism is expected to cover the financing needs of the Hellenic Republic and in parallel to contribute to the development of the Greek economy. It is also noted that in the context of the negotiations it was agreed that, after the first positive assessment of the program, measures will be taken for the support of the sustainability of the Greek debt including its restructuring. The conditions, however, under which the aforementioned restructuring will be achieved are not known.

Based on the above, the Group has not recognized impairment losses on the Greek Government securities that held as at 31.12.2015, while, for the loans that relate to the Hellenic Republic, the Group applies the credit risk policy which is presented in detail in note 41.1. The Group assesses the developments relating to the Greek Government debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date.

1.31.3 Recoverability of deferred tax assets

The Group recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, deductible temporary differences and tax losses carried forward can be utilized.

The main categories of deferred tax assets which have been recognized by the Group relate to tax losses carried forward, to losses from the Greek government bonds exchange program (PSI) and the December 2012 Greek government bond buyback program and to deductible temporary differences arising from loans’ impairment.

Deferred tax assets on tax losses carried forward arise, to their greater extent, from the Bank and they relate to the years 2012-2014. Tax losses can be offset against taxable profits within five years from their formation. The Group recognized the aforementioned assets since, according to the estimated future taxable profits of the Bank, for the coming years until the expiry of the right to set-off tax losses, these are recoverable even after the deduction of the temporary differences that are expected to occur within these years. The estimation of future taxable profits was based on forecasts for the development of the accounting results, as these are reflected in the updated business plan of the Bank, which was the basis for the stress test conducted during the third quarter. The existence of significant tax profits in the last decade, with the exception of the years from 2012 to 2014, because of the unexpected major recession of the Greek economy and the loss from the PSI, was also taken into account.

Deferred tax assets associated with tax losses incurred by the PSI and the participation of the Bank in the December 2012 Greek government bond buyback program were recognized as a “debit difference” according to Law 4046/14.2.2012, Law 4110/23.1.2013 and a respective legal opinion. According to Law 4110/23.1.2013 the “debit difference” is deductible for tax purposes, gradually in equal installments, within 30 years, a fact which, according to the Group’s estimation, provides a sufficient time period for its gradual utilization against taxable profits.

Regarding the temporary differences arising from loans’ impairment, there are no time constraints concerning their recovery, as it also applies to the other deferred tax assets categories. The Group assessed their recoverability based on estimates for future taxable profits, as these are estimated to be formed on the basis of the aforementioned business plan, after extending the period of estimation for a limited number of years compared to the business plan.

The Group, based on the above, estimates that the total deferred tax assets it has recognized and that has been derived both from temporary differences and from tax losses carried forward is recoverable.

In addition, and regardless of the assessment of the recoverability of deferred tax assets that it is carried out based on what is mentioned above, Law 4303/2014 provides that in case that the after tax accounting result for the period is a loss, deferred tax assets arising from the PSI debit difference and from the accumulated provisions and other general losses due to credit risk are eligible to be converted into a final and settled claim against the Greek State, as described in detail in note 11.

The main uncertainties concerning the estimations for the recoverability of the deferred tax assets relate to the achievement of the goals set in the Bank’s business plan, which is affected by the general macroeconomic environment in Greece and internationally. At each balance sheet date, the Group reassesses its estimation regarding the recoverability of deferred tax assets in conjunction with the development of the factors that affect it.

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2015	31.12.2014
Interest and similar income		
Due from banks	3,937	15,433
Loans and advances to customers	2,236,937	2,448,496
Securitized loans	302,908	275,372
Trading securities	269	598
Available for sale securities	251,102	219,793
Held to maturity securities	12,791	15,166
Loans and receivables securities	15,964	26,818
Derivative financial instruments	177,574	216,042
Other	12,954	29,299
Total	**3,014,436**	**3,247,017**
Interest expense and similar charges		
Due to banks	(299,921)	(86,943)
Due to customers	(347,771)	(744,238)
Debt securities in issue and other borrowed funds	(172,045)	(170,496)
Derivative financial instruments	(174,591)	(232,777)
Other	(88,393)	(93,137)
Total	**(1,082,721)**	**(1,327,591)**
Net interest income	**1,931,715**	**1,919,426**

During 2015 there was a decrease in interest expenses mainly due to the decrease in customers' deposits interest as a result of the Bank's deposits outflows amounting to €11.4 billion which was partially offset (note 25) by an increase in funding costs by the Eurosystem.

3. Net fee and commission income

	From 1 January to	
	31.12.2015	31.12.2014
Loans	38,450	65,479
Letters of guarantee	72,015	70,174
Imports-exports	11,478	12,822
Credit cards	58,319	49,528
Transfer of funds	47,539	50,799
Mutual funds	37,745	27,605
Advisory fees and securities transaction fees	375	6,476
Brokerage services	6,182	10,312
Issuance of securities of Law 3723/2008	(11,509)	(10,725)
Other	54,132	51,744
Total	**314,726**	**334,214**

The bonds commissions of nominal value €1.6 billion which were issued by the Greek State under the Pillar III of Law. 3723/2008 framework and were canceled in October 2015 are recorded in category "Issuance of securities of Law 3723/2008". Previous year loans commission have been restated due to the modification of the presentation of the legal expenses as mentioned in note 50.

4. Dividend income

	From 1 January to	
	31.12.2015	31.12.2014
Available for sale securities	3,308	1,552
Total	**3,308**	**1,552**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2015	31.12.2014
Foreign exchange differences	(19,151)	8,125
Trading securities		
- Bonds	1,953	1,622
- Shares	(66)	(378)
Investment securities:		
- Bonds	(33,627)	78,460
- Shares	(12,437)	3,775
- Other securities	(3,996)	2,047
From sale of holdings	6,902	(4,183)
Derivative financial instruments	87,720	(34,747)
Other financial instruments	(72,345)	(14,360)
Total	**(45,047)**	**40,361**

During 2015 the sale of the total number of shares of the joint venture Management and Electronic Trading Network Operation “Cardlink” was completed. The Group’s gain from the sale of the joint venture amounted to €6.8 million and it is recognized in item “From sale of holdings”.

6. Other income

	From 1 January to	
	31.12.2015	31.12.2014
Insurance activities	(3,772)	3,655
Hotel activities	29,658	28,670
Operating lease income	14,219	14,072
Sale of fixed assets	1,405	585
Other	21,692	17,460
Total	**63,202**	**64,442**

Income from insurance activities is analyzed as follows:

	From 1 January to	
	31.12.2015	31.12.2014
Non-life Insurance		
Premiums and other related income		17,861
Less:		
- Reinsurance premiums ceded		(4,855)
- Commissions		(479)
- Claims from policyholders		(6,908)
Reinsurers' participation		907
Net income from non-life insurance	-	**6,526**
Life Insurance		
Premiums and other related income	39,721	62,862
Less:		
- Reinsurance premiums ceded	-	(5,278)
- Commissions	(3,476)	(4,273)
- Claims from policyholders	(40,017)	(61,150)
Reinsurers' participation		4,968
Net income from life insurance	**(3,772)**	**(2,871)**
Total	**(3,772)**	**3,655**

There is no income from general insurance activities for 2015, due to the sale of the total number of shares of the subsidiary insurance company in Cyprus, Alpha Insurance Ltd, on 16.1.2015.

7. Staff costs

	From 1 January to	
	31.12.2015	31.12.2014
Wages and salaries	384,012	456,975
Social security contributions	103,632	137,271
Common insurance fund of bank employees	5,195	7,934
Staff leaving indemnity for the Bank in accordance with Law 2112/1920 (note 29)	4,068	4,274
Employee defined benefit obligation of Group (note 29)	5,442	11,524
Other charges	30,765	31,643
Total	**533,114**	**649,621**

Staff costs amounted to €533.1 million for 2015 compared to €649.6 million for 2014, as a result of the completion of the voluntary separation scheme as described in detail below.

The total number of employees in the Group as at 31.12.2015 amounts to 14,779 (31.12.2014: 15,193) out of which 9,678 (31.12.2014: 9,570) are employed in Greece and 5,101 (31.12.2014: 5,623) are employed abroad. On 31.12.2015 the total number of employees of the Group's units that have been characterized as discontinued operations (note 48) was 694 for the Bank's Branch in Bulgaria, 238 for Alpha Bank AD Skopje.

Defined contribution plans

All the employees of the Bank are insured for their main pension plans by the Social Insurance Fund (IKA). In addition for the Bank's employees, the following also apply:

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

b. Employees of the former Ioniki and Popular Bank of Greece and former Emporiki Bank are insured for the lump sum benefit in the "Bank Employee and Companies Common Benefit Plan" (T.A.Y.T.E.K.O.) which is a defined contribution plan with contributions paid only by employees.

c. All employees of the Bank receive medical benefits from the National Organization of Health Care (EOPYY).

d. Employees of former Alpha Credit Bank, which were insured, for supplementary pension in T.A.P. (the Insurance Fund of employees of Alpha Credit Bank), from 1.1.2008 onwards they are insured for supplementary pension in E.T.A.T according to article 10, Law 3620/2007. The Bank pays to E.T.A.T. an annual installment that relates to the total cost of joining E.T.A.T. which amounts to €543 million, this was calculated with the reference date being 31.12.2006, in accordance with a special economic study as stipulated by Law 3371/2005. The outstanding balance including accrued interest amounts to €131.9 million as at 31.12.2015, which equals to the last two interest bearing installments of €67.3 million each.

The implementation of Law 3371/2005 for Emporiki Bank was done in accordance with Law 3455/2006. According to this law, the pensioners and members insured by Emporiki Bank, who were also insured for supplementary pension in T.E.A.P.E.T.E. were absorbed by I.K.A-E.T.E.A.M. and E.T.A.T on 31.12.2004. In accordance with a special economic study as stipulated by Law 3371/2005, Emporiki Bank S.A. paid a total amount of specific contribution of €786.6 million for the pensioners to the insurance funds I.K.A-E.T.E.A.M and E.T.A.T. in ten annual interest bearing installments. The repayment of the total amount was completed with the payment of the last installment on January 2014.

In addition, in accordance with the amendments of Law 3455/2006 for the active insured members, who were hired before 31.12.2004 in Emporiki Bank, there are additional social contributions paid for the supplementary pension compared to the respective contributions which are stipulated by the Law of E.T.E.A.M.

When E.T.A.T. was absorbed by E.T.E.A. (Joint Suplementary Insurance Fund):

a) the members of T.E.A.P.E.T.E. and T.A.P. who were insured until 31.12.1992 receive a pre-pension amount from E.T.A.T. (main and supplementary pension until the date of retirement from the Main Pension Fund and E.T.E.A.) and

b) the members of T.E.A.P.E.T.E. who were insured until 31.12.1992 receive the difference between the amount of pensions which arose from the calculation of supplementary pension in accordance with the provisions of Article of Association of E.T.E.A. (former E.T.E.A.M) and T.E.A.P.E.T.E..

e. The Bank, in cooperation with AXA Insurance, has created a new savings plan for its employees that were hired and insured for the first time on 1.1.1993 and onwards. The plan's effective date is January 1, 2011 and its aim is to provide a lump sum monetary benefit to retiring employees. For employees hired by the Bank and insured after 1.1.2005 this is a defined contribution plan since the employee receives the savings capital accumulated up to their date of departure.

Employee defined benefit obligations

An analysis of liabilities arising from defined benefit plans is set out in note 29.

Voluntary Separation Scheme

The Bank prepared in 2014 a voluntary separation scheme for their employees in Greece, in order to achieve substantial benefits to operating costs, as provided in the Restructuring Plan of the Bank approved by the European Competition Committee.

Upon receiving the relevant approvals from the Financial Stability Fund and its Board of Directors, the Bank had set the date for commencement of the Scheme on 15.9.2014 with acceptance period until 3.10.2014.

A total number of 2,193 employees left in 2014 and during the first half of 2015 about 15 employees also retired. In 2014 income statement an amount of €200.8 million was recognized as the cost for the voluntary separation scheme which included the respective provision of € 1.8 million for the retirement of the 15 employees which occurred in 2015.

Moreover, the Bank committed to further reduce its Greek Personnel (including non-financial subsidiaries) in 2015 , in accordance to the framework for implementation of the updated restructuring plan resulting in 9,504 maximum number of employees until 2017.

The reduction of personnel strength will contribute to the achievement of significant gains in the operational costs, achieving the commitment to reduce the overall cost in Greece in specific level.

Following the above commitments,and relevant decisions for their implementation, on 31.12.2015 the Bank recorded provision amounted to € 64.3 million (Note 31). The exact cost of the program will be finalized in 2016, depending on the employee participation.

8. General administrative expenses

	From 1 January to	
	31.12.2015	31.12.2014
Operating leases for buildings	45,802	43,341
Rent and maintenance of EDP equipment	18,642	20,997
EDP expenses	35,026	37,265
Marketing and advertisement expenses	25,860	25,038
Telecommunications and postage	26,029	24,884
Third party fees	51,162	60,957
Consultants fees	6,815	7,519
Contribution to the Deposit guarantee fund - Investment fund and Solvency Fund	76,015	44,597
Insurance	10,145	12,060
Consumables	7,649	6,961
Electricity	15,464	15,947
Taxes (VAT, real estate etc)	86,590	96,325
Services from collection agencies	18,841	20,429
Building and equipment maintenance	9,790	9,092
Security	13,155	14,023
Cleaning fees	5,912	6,349
Other	107,322	94,245
Total	**560,219**	**540,029**

The above figures include integration expenses of €2.7 million (31.12.2014: €11.3 million) that occured during 2015 from the acquisition of Emporiki Bank and expenses €3.9 million that occured from the acquisition of the Citibank retail banking operations (31.12.2014: €2 million).

With Law 4335/2015, the European Directive 2014/59 was incorporated to establish a framework for the recovery and resolution of credit institutions and investment firms. In particular, the Scheme Resolution of Deposit and Investment Guarantee Fund is defined as Resolution National Fund which should gradually, within ten years (until 31 December 2024), create a guaranteed reserve equal to at least 1% of covered deposits by the HDIGF. For this purpose, financial institutions will make regular contributions, which for 2015 amount to € 24.1 million and are included in "Contribution to the Deposit guarantee fund - Investment fund and Solvency Fund". It is noted that contributions of €24.1 million include contribution that relates to the Bank's proportion in the resolution of a Greek credit institution.

9. Other expenses

	From 1 January to	
	31.12.2015	31.12.2014
Losses from write-off/impairments on fixed assets	39,969	63,981
Other provisions	2,100	5,074
Total	**42,069**	**69,055**

Losses from write – off / impairements on fixed assets as at 31.12.2015 include an amount of €36.4 million (31.12.2014: €59.3 million) which arose from the recognition of an impairment loss on the value of investment property, property, plant and equipment and property obtained through auctions by the Group (notes 20, 21 and 24).

Other provisions include provisions of €1.9 million (31.12.2014: €3.4 million) concerning legal cases against the Group (note 31).

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2015	31.12.2014
Impairment losses on loans and advances to customers (note 17)	3,047,307	1,917,192
Impairment losses with credit institutions (note 14)	2,552	-
Provisions to cover credit risk relating to off balance sheet items (note 32)	(10,708)	(51,430)
Recoveries	(19,345)	(18,725)
Total	**3,019,806**	**1,847,037**

For the preparation of the 2015 annual financial statements, the Group took into consideration the special conditions that existed in the Greek economy, affecting the macroeconomic environment and led to the recognition of significant impairment losses in the current year and especially after the end of the second quarter (note 41.1).

11. Income tax

In accordance with Article 1 par 4 of Law 4334/2015 "Urgent prerequisites for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)" the corporate income tax rate for legal entities increased from 26% to 29%. The increased rate will apply for profits arising in fiscal years commencing on or after 1 January 2015 on the absence of an explicit definition in the law regarding the retrospective application of income tax rate for profits of fiscal year 2014.

For the Bank's subsidiaries and branches operating in other countries, the applicable nominal tax rates for accounting periods 2014 and 2015 are as follows:

Cyprus	12.5	
Bulgaria	10	
Serbia	15	
Romania	16	
FYROM	10[1]	
Albania	15	
Jersey	10	
United Kingdom	20[2]	(from 1.4.2014)

In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to Greek Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the entity being audited within 10 days from the submission of the corporate income tax return, as well as, electronically to the Ministry of Finance, no later than 10 days following the date of the approval of the financial statements from the Ordinary Shareholders General Meeting.

For fiscal years 2011 up to 2014 the Bank and its local subsidiaries have obtained the relevant tax certificate without any qualifications on the tax issues covered, whereas for year 2015 the tax audit is in progress and no material findings are expected.

The income tax in the income statement from continuing operations is analysed in the table below, while the income tax from discontinued operations is analysed in note 23 and 48.

	From 1 January to	
	31.12.2015	31.12.2014
Current	(36,868)	16,615
Deferred	(769,890)	(713,054)
Total	**(806,758)**	**(696,439)**

[1] *From 1.1.2015 the tax rate for legal entities changed. The tax rate of 10% imposed on taxable profits and not on the non deductible expenses or distributable profits. The above also applies to profits of 2014.*

[2] *Until 31.3.2015 the tax rate was 21%.*

Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed in the table below which includes the effects from the tax rate adjustment:

	From 1 January to	
	31.12.2015	**31.12.2014**
Debit difference of Law 4046/2012	(79,891)	39,946
Write-offs and depreciation for fixed assets	22,946	5,803
Valuation/impairment of loans	(697,915)	(625,322)
Valuation of loans due to hedging	(943)	(399)
Defined benefit obligation and insurance funds	8,224	19,747
Valuation of derivatives	26,491	(9)
Effective interest rate	(9,970)	(943)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(3,202)	(6,230)
Valuation/impairment of bonds and other securities	(21,009)	7,148
Tax losses carried forward	(12,020)	(191,853)
Other temporary differences	(2,601)	39,058
Total	**(769,890)**	**(713,054)**

The Group has not recognized deferred tax asset as at 31.12.2015 of €123.9 million (31.12.2014: €142.6 million) derived mainly from transferred tax losses of subsidiaries, which are reassessed every reporting date, in the process of recoverability of deferred tax assets.

Furthermore, during 2014, it has recognized a deferred tax asset of €422,034 arising from impairment/valuation of loans derived from the acquisition of Emporiki Bank that were not recognized on 31.12.2013.

According to Circ No 1102/2015 the goodwill which arises from the liquidation of units of mutual funds as well as the distributable profits from units of mutual funds according to Circ. No. 1042/2015 respectively are exempted from tax. Therefore, the companies of the Group under the reassessment of deferred tax ceased to recognize deferred tax asset over the above securities.

A reconciliation between the effective and nominal tax rate is provided below:

	From 1 January to			
	31.12.2015		31.12.2014	
	%		%	
Profit/(loss) before income tax		**(2,066,426)**		**(1,011,360)**
Income tax (nominal tax rate)	26.29	(543,277)	23.88	(241,495)
Increase/(decrease) due to:				
Additional tax on income from property	(0.02)	370	(0.04)	383
Non taxable income	1.45	(30,050)	1.57	(15,845)
Non deductible expenses	(1.84)	37,921	(3.46)	34,976
Debit reserves of Law 4172/2013			7.48	(75,689)
Negagive goodwill from the acquisition of Diners not subject to tax			(1.04)	10,475
Reserve Credit Balances	(5.16)	106,659		
Other temporary differences	(0.94)	19,327	(1.26)	12,790
Total	**19.80**	**(409,050)**	**27.13**	**(274,405)**
Effect of changes of tax rates used for deferred tax on temporary differences as at 31.12.2014		(397,708)		
Deferred tax asset from impairment/valuation of Emporiki Bank's loans that were not recognized in previous year				(422,034)
Income tax		**(806,758)**		**(696,439)**

According to article 72 of Law 4172/2013 the untaxed reserves, which were recognized according to Law 2238/1944 and have not been distributed or capitalized were taxed during tax year 2014 or mandatory netted against tax losses carrying forward. In addition according to Circular POL 1143/15.5.2014 of Ministry of Finance any debit balance of these reserves reduce the taxable profit for 2014 or in case of losses are added to those. According to the above during 2014, Bank's tax losses carrying forward was increased with this debit reserves resulting to an increase of deferred tax assets by €84 million.

During 2015 as a result of recent decision by the State Council's, the Bank recognized in current tax the recovery of tax that was related to prior year untaxed reserves. These reserves of €367.8 million were netted with tax losses carrying forward according to article 72 par 12 and 13 of Law 4172/2013, resulting to the reduction of the related deferred tax assets by €106.7 million.

According to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue due to early termination of his service" (A 136) and other provisions", deferred tax assets of legal entities supervised by the Bank of Greece, under article 26 paragraphs 5, 6 and 7 of Law 4172/2013 that have been or will be recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to amounts up to 31 December 2014, are considered final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, based on the audited and approved financial statements by the Ordinary Shareholders' General Meeting

The inclusion in the Law is implemented by the General Meeting of Shareholders, related to tax assets from 2016 onwards, whereas it is envisaged the end of inclusion in the Law with the same procedure and after obtaining relevant approval from the regulatory authority.

According to article 4 of Law 4340/01.11.2015 "Recapitalization of financial institutions and other provisions of the Ministry of Finance" the above were amended regarding the time of the application which is postponed for a year. In addition the amount of deferred tax asset for credit risk which is included in the same legislation is limited to the amount related to debit charge of PSI and provisions for credit risk which were accounted until 30 June 2015.

Furthermore, it is clarified that in cases of conversion of deferred tax assets into a final and a settled claim against the Greek State the "resolution process" of financial institutions for the events that covert deferred tax assets into a final and a settled claim against the Greek State.

In 31.12.2015 the amount of deferred tax assets within the scope of the aforementioned Law amounts to €3,417,055 (31.12.2014: €2,713,987).

Income tax of comprehensive income recognized directly in equity

	From 1 January to					
	31.12.2015			31.12.2014		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities' reserve	217,034	(65,037)	**151,997**	(481,006)	123,439	(357,567)
Net change in cash flow hedge reserve	52,313	(15,171)	**37,142**	(224,342)	58,329	(166,013)
Foreign exchange differences on translating and hedging the net investment in foreign operations	1,119	(256)	863	(2,909)	1,054	(1,855)
Net change in the share of other comprehensive income of associates and joint ventures	(547)		(547)	(1,318)		(1,318)
Tax rate adjustment (Law 4334/2015)		12,413	12,413			
Total amounts that may be reclassified in the Income Statement	**269,919**	**(68,051)**	**201,868**	**(709,575)**	**182,822**	**(526,753)**
Amounts that may not be reclassified to the Income Statement						
Net change in actuarial gains/(losses) of defined benefit obligations	941	(74)	867	(38,364)	9,930	(28,434)
Tax rate adjustments (Law 4334/2015)		2,175	2,175			
Amounts that will not be reclassified to the Income Statement	**941**	**2,101**	**3,042**	**(38,364)**	**9,930**	**(28,434)**
Total	**270,860**	**(65,950)**	**204,910**	**(747,939)**	**192,752**	**(555,187)**

During 2015 "Retained earnings" includes deferred tax asset amount of €2,122 which derives from (Purchases)/(Redemptions)/ Sales of hybrid securities.

During 2015 "Retained earnings" includes tax amounting to €17,770 resulting from the share capital increase expenses which were recognized in the same account and regards the share capital increase which took place during 2015 (note 32).

The respective amount for 2014 was €12,565. Furthermore in 2015 "Retained earnings" includes a deferred tax liability of €6,261, referring to the income tax rate adjustment on the share capital increase costs which were recorded in the same account in previous years.

12. Earnings/(losses) per share

a. Basic

Basic earnings/(losses) per share are calculated by dividing the profit/(losses) after income tax attributable to ordinary equity owners of the Bank, by the weighted average number of outstanding ordinary shares, after deducting the weighted average number of treasury shares held by the Bank, during the period.

For the calculation of basic earnings/(losses) per share, profit or loss for the period is adjusted with the deduction of the after-tax amount of dividends of those preference shares that have been classified in equity. The after-tax amount of preference dividends that is deducted is:

i. The after-tax amount of any dividends of preference shares on non-cumulative dividend preference shares declared for distribution during the period.

ii. The after-tax amount of the dividends from preference shres for cumulative dividend preference shares required for the period, whether or not the dividends have been declared.

The Bank had issued non-cumulative dividend preference shares, according to Law 3723/2008 which were repaid on 17.4.2014.

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to the presumed conversion amount of all dilutive potential ordinary shares. The Bank does not have any dilutive potential ordinary shares and in addition, based on the preference shares' terms of issuance up to 17.4.2014 and the convertible bond loan with Credit Agricole S.A., basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31,12,2015	31,12,2014
Profit/(losses) attributable to equity owners of the Bank	**(1,371,714)**	**(329,809)**
Weighted average number of outstanding ordinary shares	385,286,677	246,681,513
Basic and diluted earnings/(losses) per share (in €)	(3.56)	(1.34)

	From 1 January to	
	31.12.2015	31.12.2014
Profit/(losses) from continuing operations attributable to equity owners of the Bank	**(1,259,928)**	**(315,022)**
Weighted average number of outstanding ordinary shares	385,286,677	246,681,513
Basic and diluted earnings/(losses) from continuing operations per share (in €)	(3.27)	(1.28)

	From 1 January to	
	31.12.2015	31.12.2014
Profit/(losses) from discontinued operations attributable to equity owners of the Bank	**(111,786)**	**(14,787)**
Weighted average number of outstanding ordinary shares	385,286,677	246,681,513
Basic and diluted earnings/(losses) from discontinued operations per share (in €)	(0.29)	(0.06)

The weighted average number of shares as at 31.12.2015 is calculated based on the days during which the ordinary shares are in issue compared to the total number of days of the reporting period, taking into account the new total number of common shares resulting from the share capital increase of Bank on 24.11.2015 and after the decrease of the total number of shares due to the reversed split of 50 voting common shares of old nominal value to 1 voting common share of new nominal value with retrospective application from the beginning of the year (note 32).

The weighted average number of the common shares as at 31.12.2014, has been restated and it has been calculated based on the days on which the common shares are outstanding in relation to the total number of the reporting period days, taking into account the new total number of common shares which derived from the Bank's share capital increase on 28.3.2014 and the decrease of the total number of shares due to merge in proportion of 50 voting common shares of old nominal value to 1 voting common share of new nominal value which took place in November 2015 with retrospective application from the beginning of the year.

ASSETS

13. Cash and balances with Central Banks

	31.12.2015	31.12.2014
Cash	402,402	405,010
Cheques receivable	6,801	18,062
Balances with Central Banks	1,321,124	1,595,945
Total	**1,730,327**	**2,019,017**
Less: Deposits pledged to Central Banks	(1,130,662)	(1,274,589)
Balance	**599,665**	**744,428**

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 1% of customer deposits.

These deposits are interest bearing based on the refinancing rate set by the European Central Bank which as at 31.12.2015 was 0.05% (31.12.2014: 0.05%).

The subsidiaries that operate abroad and offer banking services, maintain pledged deposits in accordance with the rules set by the respective Central Banks in their countries.

Cash and cash equivalents (as presented in the Statement of cash flows)

	31.12.2015	31.12.2014
Cash and balances with Central Banks	599,665	744,428
Short-term placements with other banks	682,808	449,816
Cash and cash equivalents from discontinued operations	45,660	
Total	**1,328,133**	**1,194,244**

14. Due from banks

	31.12.2015	31.12.2014
Placements with other banks	912,933	1,269,962
Guarantees for derivative securities coverage (note 37e)	1,067,405	1,497,550
Sale and repurchase agreements (Reverse Repos)		109
Loans to credit institutions	4,900	13,083
Less:		
Allowance for impairment losses	(8,965)	(8,965)
Total	**1,976,273**	**2,771,739**

In 2015, the Group proceeded in the impairment and write off of €2,552 for a loan to a foreign credit institution.

15. Trading securities

	31.12.2015	31.12.2014
Bonds		
Greek Government	1,888	1,729
Shares		
Listed	891	2,380
Other variable yield securities		80
Total	**2,779**	**4,189**

16. Derivative financial instruments (assets and liabilities)

	31.12.2015		
	Contractual nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading purposes			
a. Foreign exchange derivatives			
Foreign exchange forwards	177,192	719	4,162
Foreign exchange swaps	499,899	5,681	2,334
Cross currency swaps	3,723,496	248,200	394,746
Currency options	113,833	1,078	1,174
Currency options embedded in customer products	1,534	4	51
Total non-listed	**4,515,954**	**255,682**	**402,467**
Futures			
Total listed	-	-	-
b. Interest rate derivatives			
Interest rate swaps	7,925,948	451,484	506,190
Interest rate options (caps and floors)	462,883	19,538	4,655
Total non-listed	**8,388,831**	**471,022**	**510,845**
Futures			
Total listed	-	-	-
c. Commodity derivatives			
Commodity swaps	142,415	17,106	16,605
Total non-listed	**142,415**	**17,106**	**16,605**
d. Index derivatives			
OTC options	49,000	176	176
Total non-listed	**49,000**	**176**	**176**
Futures	105	5	22
Total listed	**105**	**5**	**22**
e. Other derivatives			
GDP linked security	1,665,055	6,660	
Total listed	**1,665,055**	**6,660**	
Derivatives for hedging purposes			
a. Foreign exchange derivatives			
Cross currency swaps	357,872		46,052
Total non-listed	**357,872**	**0**	**46,052**
b. Interest rate derivatives			
Interest rate swaps	1,153,639	42,364	574,362
Interest rate options (caps and floors)			
Total non-listed	**1,153,639**	**42,364**	**574,362**
Grand total	**16,272,871**	**793,015**	**1,550,529**

	31.12.2014		
	Contractual nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading purposes			
a. Foreign exchange derivatives			
Foreign exchange forwards	284,031	6,300	11,112
Foreign exchange swaps	1,849,862	35,089	4,145
Cross currency swaps	9,055,915	457,466	525,147
Currency options	182,084	768	1,101
Currency options embedded in customer products	6,664	38	18
Total non-listed	**11,378,556**	**499,661**	**541,523**
Futures	40,806	807	
Total listed	**40,806**	**807**	
b. Interest rate derivatives			
Interest rate swaps	9,016,850	526,199	661,316
Interest rate options (caps and floors)	826,730	24,684	5,271
Total non-listed	**9,843,580**	**550,883**	**666,587**
Futures	1,384,203	263	74
Total listed	**1,384,203**	**263**	**74**
c. Commodity derivatives			
Commodity swaps	205,779	29,746	29,162
Total non-listed	**205,779**	**29,746**	**29,162**
d. Index derivatibes			
OTC options	49,000	325	325
Total non-listed	**49,000**	**325**	**325**
Futures	441	8	12
Total listed	**441**	**8**	**12**
e. Other derivatives			
GDP linked security	1,667,571	11,289	
Total listed	**1,667,571**	**11,289**	
Derivatives for hedging purposes			
a. Foreign exchange derivatives			
Cross currency swaps	1,948,445	87	56,150
Total non-listed	**1,948,445**	**87**	**56,150**
b. Interest rate derivatives			
Interest rate swaps	1,350,511	55,407	654,708
Interest rate options (caps and floors)	1,336		
Total non-listed	**1,351,847**	**55,407**	**654,708**
Grand Total	**27,870,228**	**1,148,476**	**1,948,541**

17. Loans and advances to customers

	31.12.2015	31.12.2014
Individuals		
Mortgages:	20,171,969	20,274,246
Consumer:		
- Non-securitized	4,063,792	3,701,797
- Securitized	1,299,934	1,462,066
Credit cards:		
- Non-securitized	720,016	773,928
- Securitized	565,583	579,353
Other	2,601	4,401
Total	**26,823,895**	**26,795,791**
Companies		
Corporate loans:		
- Non-securitized	27,547,074	27,860,246
- Securitized	2,126,179	2,084,171
Leasing:		
- Non-securitized	245,981	268,880
- Securitized	447,618	459,666
Factoring	599,387	578,763
Total	**30,966,239**	**31,251,726**
Other receivables	417,737	339,745
	58,207,871	**58,387,262**
Less: Allowance for impairment losses [1]	(12,021,755)	(8,830,277)
Total	**46,186,116**	**49,556,985**

The Bank and Alpha Leasing A.E. have proceeded in securitization of consumer, corporate loans, credit cards and leasing through special purpose entities controlled by them.

In addition, in 2014, the Bank proceeded in securitizing shipping loans by transferring them to the special purpose entity, Alpha Shipping Finance Ltd.

Based on the contractual terms and structure of the above transactions (e.g. allowance of guarantees or/and credit enhancement or due to the Bank owing the bonds issued by the special purpose entities) the Bank and Alpha Leasing A.E. retained in all cases the risks and rewards deriving from securitized portfolios.

The Bank has proceeded on 8.7.2015 in the cancellation of amount €3.75 billion of covered that were issued, secured by mortgage loans. As at 31.12.2015, the balance of the covered bonds amounted to €5 million (note 27). The value of mortgage loans provided as coverage for these bonds amounted to €18 million.

[1] *In addition to the allowance of impairment losses regarding loans and advances to customers, a provision of €4,713 (31.12.2014: €15,551) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to €12,026,468 (31.12.2014: €8,845,828).*

Allowance for impairment losses

Balance 1.1.2014	**6,956,134**
Changes for the period 1.1 - 31.12.2014	
Impairment losses for the year from continuing operations (note 10)	1,917,192
Impairment losses for the year from discontinued operations	6,876
Change in present value of the allowance account	513,998
Loans written-off during the year	(565,521)
Reclassification to provisions from contingent liabilities	775
Transfer of accumulated provisions to assets held for sale	(3,223)
Foreign exchange differences	4,046
Balance 31.12.2014	**8,830,277**
Changes for the period 1.1 - 31.12.2015	
Impairment losses for the year from continuing operations (note 10)	3,047,307
Change in present value of the allowance account	547,996
Transfer of accumulated provisions to assets held for sale	(109,943)
Loans written-off during the year	(348,663)
Foreign exchange differences	54,781
Balance 31.12.2015	**12,021,755**

The finance lease receivables by duration are as follows:

	31.12.2015	**31.12.2014**
Up to 1 year	396,490	398,910
From 1 year to 5 years	136,893	186,968
Over 5 years	265,009	280,637
	798,392	**866,515**
Non accrued finance lease income	(104,793)	(137,969)
Total	**693,599**	**728,546**

The net amount of finance lease receivables by duration is analyzed as follows:

	31.12.2015	**31.12.2014**
Up to 1 year	380,421	376,693
From 1 year to 5 years	91,614	116,121
Over 5 years	221,564	235,732
Total	**693,599**	**728,546**

18. Investment securities

a. Available for sale

	31.12.2015	31.12.2014
Greek Government:		
- Bonds	1,787,958	1,550,565
- Treasury bills	2,142,123	2,157,482
Other states:		
- Bonds	319,117	314,789
- Treasury bills	239,621	338,773
Other issuers:		
- Listed	1,074,750	1,204,701
- Non-listed	8,947	4,062
Shares		
- Listed	149,482	20,917
- Non-listed	37,670	53,007
Other variable yield securities	34,816	43,990
Total	**5,794,484**	**5,688,286**

During 2015 the Group has recognized impairment losses amounting to €16,374 which is analyzed to €9,197 that relates to shares, €4,227 that relates to other variable yield securities and an amount of €2,950 which relates to bonds of other issuers.

During 2014 the Group had recognized impairment losses amounting to €4,596 which was analyzed as an amount of €4,285 that relates to shares and an amount of €311 that relates other variable yield securities.

These impairment amounts are included in “Gains less losses on financial transactions”.

b. Held to maturity

	31.12.2015	31.12.2014
Other states:		
- Bonds	18,983	28,111
Other issuers:		
- Listed	60,726	291,107
- Non-listed	-	1,224
	79,709	**320,442**
Less:		
Allowance for impairment losses	-	(9,624)
Total	**79,709**	**310,818**

The variation between the two periods is mainly attributed to the maturity/redemption of bonds with book value amounting to €25.3 million, the sales of bonds under the implementation of the revised restructuring plan of an amount of €88.3 million and participation in the liability management programs of bonds issued by Greek entities with a book value amounting to €79.6 million.

Allowance for impairment losses

Balance 1.1.2014	**156,342**
Change for the period 1.1 - 31.12.2014	
Reversal of impairment of bonds of other issuers	(204)
Amounts written-off during the period	(146,514)
Balance 31.12.2014	**9,624**
Change for the period 1.1 - 31.12.2015	
Reversal of impairment of bonds of other issuers	
Amounts written-off during the period	(9,624)
Balance 31.12.2015	**-**

During 2015 an amount of €9,624 was used for the write off of Aspis Bank subordinated bond. In 2014 an amount of € 146,514 was used for the write off of ATE Bank subordinated bond and the amount of € 204 regards the proceeds from the liquidation of the same bond.

c. Loans and receivables

Loans and receivables include bonds issued by the European Financial Stability Facility (E.F.S.F.) at a nominal value of €3,960,544 received by the Bank as a result of the share capital increase which was completed on 6.6.2013 with a nominal value of €284,628 which were transferred to the Bank from the Hellenic Financial Stability Fund for the undertaking of customer deposits from the former Cooperative Banks of Western Macedonia, Evia and Dodecanese in December 2013. The total carrying amount of these bonds as at 31.12.2015 amounted to €4,289,482 (31.12.2014: €4,299,101).

19. Investments in associates and joint ventures

	31.12.2015	31.12.2014
Opening balance	**46,383**	**50,044**
Debt capitalization and share capital increase	9,756	764
Return of capital	-	(1,524)
Share of profit/(loss) and other comprehensive income	(10,368)	(2,901)
Total	**45,771**	**46,383**

In 2015, the return of capital and the share capital increases concern the joint ventures “Alpha TANEO A.K.E.S.” and “APE Investment Property A.E.”.

On 23.1.2015 the Bank sold the total number of shares in its joint venture Societe Anonyme of Management and Operation of Electronic Transaction Network Cardlink.

The associates and joint ventures of the Group are the following:

		Group’s ownership interest %	
Name	**Country**	**31.12.2015**	**31.12.2014**
a. Associates			
AEDEP Thessalias & Stereas Ellados	Greece	50	50
A.L.C Novelle Investments Ltd	Cyprus	33.33	33.33
Olganos AE	Greece	30.44	30.44
Bank Information Systems SA	Greece	23.77	23.77
Propindex A.E.D.A	Greece	35.58	35.58
b. Joint ventures			
Cardlink A.E.	Greece	-	50
APE Commercial Property A.E	Greece	72.2	72.2
APE Investment Property A.E.	Greece	72.8	72.8
Alpha TANEO A.K.E.S.	Greece	51	51
Rosequeens Properties Ltd	Cyprus	33.33	33.33
Rosequeens Properties SRL	Romania	33.33	33.33

As at 31.12.2015 the Group following the related loans restructuring agreements with the companies, SELONDA A.E.G.E. and NIREUS A.E.G.E., owns 23.01% and 20.72% of their shares, respectively. The Bank intends to transfer these companies in the near future. As a result these companies were classified in assets held for sale at their fair value, which was determined in the amount of €1.

The Group's share in equity and profit/(loss) of each associate and joint venture is set out below:

	Group's share on equity		Share of profit/(loss)		Share of other comprehensive income in equity	
	From 1 January to		From 1 January to		From 1 January to	
Name	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
a. Associates						
AEDEP Thessalias & Stereas Ellados	74	74				
A.L.C Novelle Investments Ltd	1020	980	510	(24)	(470)	(57)
Olganos AE	0	25	(25)	(6)		
Bank Information Systems SA	480	301	179	(447)		
Propindex A.E.D.A	86	86	(2)	(4)		
Total (a)	**1,660**	**1,466**	**662**	**(486)**	**(470)**	**(57)**
b. Joint ventures						
APE Commercial Property A.E.	40,844	41,993	(1,071)	(1,140)	(77)	(33)
Alpha TANEO A.K.E.S.	3,267	2,924	(173)	43		(1,228)
APE Investment Property A.E.	-	-	(9,239)			
Total (b)	**44,111**	**44,917**	**(10,483)**	**(1,097)**	**(77)**	**(1,261)**
Total (a) + (b)	**45,771**	**46,383**	**(9,821)**	**(1,583)**	**(547)**	**(1,318)**
Impairment losses on loans to Cardlink A.E.			-	(382)		
Impairment losses on loans to APE Investment Property A.E.				(8,794)		
Total (c)				**(9,176)**	**-**	**-**
Total (a) + (b) +(c)	**45,771**	**46,383**	**(9,821)**	**(10,759)**	**(547)**	**(1,318)**

Investments in material associates and joint ventures

None of the associates of the Group is considered material for the Group based on its size or its activities which is of strategic importance for the Group.

The Group has no participation in joint operations.

From the joint ventures of the Group, APE Commercial Property A.E., which is a real estate company, is considered material. The country of activitiy is not different from the country of incorporation. The company is not listed and thus, no official market price exists for its fair value. In addition, it is characterized as joint venture due to the fact that according to contractual agreement, the control requires unanimous decision of its shareholders.

			Group's ownership interest %	
Name	**Country**	**Consolidation method**	**31.12.2015**	**31.12.2014**
APE Commercial Property A.E.	Greece	Equity method	72.20	72.20

Condensed financial information for APE Commercial Property A.E. are presented below. All the information below relates to amounts presented in the financial statements which are prepared according to IFRS as adopted by the EU, including any fair value adjustments on acquisition date and adjustments derived from applying different accounting policies between the Group and the joint venture.

Condensed Total Comprehensive Income

	31.12.2015	31.12.2014
Interest and similar income	209	375
Gains less losses on financial transactions	(1,344)	(2,571)
Depreciation and amortization expenses		
Other expenses	(26)	(51)
Profit/(losses) before income tax	**(1,161)**	**(2,247)**
Income tax	(322)	668
Profit/(losses) after income tax	**(1,483)**	**(1,579)**
Other comprehensive income recognized directly in Equity	(107)	(46)
Total comprehensive income for the year, after income tax	**(1,590)**	**(1,625)**
Amount attributed to the participation of the Group to profits/(losses) of the joint venture	(1,071)	(1,140)
Amount attributed to the participation of the Group to other comprehensive income recorded directly in the equity of the joint venture	(77)	(33)

No dividends have been received from the joint venture in 2015 and 2014.

Condensed balance sheet

	31.12.2015	31.12.2014
Cash and cash equivalents	13,667	13,504
Other current assets	224	191
Total current assets	**13,891**	**13,695**
Non current assets	**42,700**	**44,476**
Short-term liabilities	**21**	**9**
Long-term liabilities		**-**
Total Equity	**56,570**	**58,162**
Group participation (%)	72.20%	72.20%
Carrying amount of participation	**40,844**	**41,993**

Other information for associates and joint ventures and significant restrictions

No cases exist where the Group has stopped recognizing its share in the losses of associates and joint ventures because its participation has been fully impaired.

The Group has no contingent liabilities regarding its participation in associates or joint ventures. The Bank has undertaken the obligation to participate in additional investments in the joint venture Alpha TANEO AKES amounting up to €0.4 million. Further to this, there are no other unrecognized commitments of the Group relating with its participation in joint ventures which could result in future cash or other outflows.

No significant restrictions exist (e.g. arising from loan agreements, conventional, regulatory) on associates or joint ventures to transfer capital in the entity either as dividends or to repay loans that have been financed by the Group, apart from the cash withdrawals and free capital flows restrictions imposed by the adoption of Legislative Act within 2015, and any ministerial or other decision issued are applicable to all companies operating in Greece.

20. Investment property

	Land – Buildings
Balance 1.1.2014	
Cost	627,457
Accumulated depreciation and impairment losses	(67,004)
1.1.2014 - 31.12.2014	
Net book value 1.1.2014	560,453
Additions	14,540
Additions from companies consolidated for the first time in 2014	52,735
Disposals/Write-offs	(4,088)
Reclassifications to “Assets held for sale”	109
Reclassifications from “Property, plant and equipment”	4,682
Reclassification from “Other assets”	1,926
Reclassification to “Assets held for sale”	(1,269)
Foreign exchange differences	(328)
Depreciation charge for the year from continuing operations	(11,042)
Depreciation charge for the year from discontinued operations	(37)
Impairments	(50,469)
Net book value 31.12.2014	**567,212**
Balance 31.12.2014	
Cost	693,486
Accumulated depreciation and impairment losses	(126,274)
1.1.2015 - 31.12.2015	
Net book value 1.1.2015	567,212
Additions	21,543
Additions from companies consolidated for the first time in 2015	90,941
Reclassification to “Other assets”	(108)
Reclassifications from “Property, plant and equipment”	4,145
Reclassification to “Assets held for sale”	(939)
Reclassification of discontinued operations assets to “Assets held for sale”	(1,277)
Foreign exchange differences	(771)
Disposals/Write-offs	(13,836)
Depreciation charge for the year from continued operations	(10,964)
Impairments	(32,284)
Net book value 31.12.2015	**623,662**
Balance 31.12.2015	
Cost	800,910
Accumulated depreciation and impairment losses	(177,248)

In 2015, an impairment loss amounting to €32.3 million, in order for the carrying amount of investment property not to exceed their recoverable amount as at 31.12.2015, as estimated by certified appraisers. In 2014, an impairment loss amounted to €50.5 million. The recoverable amount of investment property which was impaired during the current year amounted to €100.1 million (31.12.2014: €153.3 million) and was calculated as the fair value less costs of disposal. The fair value of investment property as at 31.12.2015 amounts to €667 million (31.12.2014: €578.4 million). The fair value of investment property is calculated in accordance with the methods mentioned in note 1.8 and are classified, in terms of fair value hierarchy, in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and encompass a wide range of non-observable market inputs. The capitalization rate used ranges between7.0% and 8.5%.

The additions from companies consolidated for the first time in 2015 and 2014 relate to investment property which were obtained as collateral for loans and acquired by the Group in the context of its credit risk management.

21. Property, plant and equipment

	Land and buildings	Leasehold improvements	Equipment	Total
Balance 1.1.2014				
Cost	1,428,120	4,378	515,075	1,947,573
Accumulated depreciation and impairment losses	(390,427)	(2,660)	(432,016)	(825,103)
1.1.2014 - 31.12.2014				
Net book value 1.1.2014	1,037,693	1,718	83,059	1,122,470
Foreign exchange differences	(1,480)	(2)	(59)	(1,541)
Additions	15,816	14	14,432	30,262
Additions from companies consolidated for the first time in 2014	37		473	510
Disposals/Write-offs	(4,622)		(537)	(5,159)
Reclassification from “Other intangible assets”			145	145
Reclassification to “Investment property”	(4,682)			(4,682)
Reclassification internally	(216)		216	
Reclassification to “Other assets”	(3,572)			(3,572)
Reclassification to “Assets held for sale”	(212)		(241)	(453)
Depreciation charge from continuing operations	(28,468)	(580)	(19,846)	(48,894)
Depreciation charge from discontinued operations	(1,492)		(1,266)	(2,758)
Impairment losses	(3,001)		21	(2,980)
Net book value 31.12.2014	**1,005,801**	**1,150**	**76,397**	**1,083,348**
Balance 31.12.2014				
Cost	1,417,632	4,302	518,133	1,940,067
Accumulated depreciation and impairment losses	(411,831)	(3,152)	(441,736)	(856,719)
1.1.2015 - 31.12.2015				
Net book value 1.1.2015	1,005,801	1,150	76,397	1,083,348
Foreign exchange differences	(19)	(1)	138	118
Additions	7,659	102	17,460	25,221
Additions from companies consolidated for the first time in 2015			949	949
Disposals/Write-offs	(3,711)	(7)	(127)	(3,845)
Reclassification to “Investment property”	(4,145)			(4,145)
Reclassification of discontinued operations assets to “Assets held for sale”	(5,345)		(3,131)	(8,476)
Reclassification to “Assets held for sale”	(164,166)		(3,088)	(167,254)
Reclassification internally from “Equipment” to “Land and buildings”	49	615	(664)	
Reclassification to “Other assets”	(14,102)	(18)	(540)	(14,660)
Depreciation charge from continued operations	(27,465)	(400)	(20,237)	(48,102)
Impairment losses	(1,929)		(324)	(2,253)
Net book value 31.12.2015	**792,627**	**1,441**	**66,833**	**860,901**
Balance 31.12.2015				
Cost	1,169,294	4,090	472,059	1,645,443
Accumulated depreciation and impairment losses	(376,667)	(2,649)	(405,226)	(784,542)

In 2015, an impairment loss of €2.3 million (2014: €3 million) was recognized in “Other Expenses”. The recoverable amount of the owned fixed assets that were impaired during the year amounted to €9,828 (2014: €19,979). During the impairment test of property, plant and equipment, the estimation is based on the value in use incorporating the carrying amount of an asset and all the improvements which render it absolutely suitable for use from the Group.

The carrying amount of owned land and buildings included in the above balances amounts to €718,699 as at 31.12.2015 (31.12.2014: €934,308).

22. Goodwill and other intangible assets

	Software	Other intangible	Total
Balance 1.1.2014			
Cost	418,490	112,361	530,851
Accumulated amortization and impairment loss	(254,865)	(33,072)	(287,937)
1.1.2014 - 31.12.2014			
Net book value 1.1.2014	163,625	79,289	242,914
Additions	39,059	2	39,061
Additions from companies consolidated for the first time in 2014	9	85,164	85,173
Sale of subsidiary	(1)		(1)
Disposals/Write-offs	(220)		(220)
Reclassifications	25,003	(25,148)	(145)
Reclassificantion to assets held for sale	(74)		(74)
Foreign exchange differences	(62)		(62)
Depreciation charge from continuing operations	(16,749)	(17,656)	(34,405)
Depreciation charge from discontinued opearations	(802)	(15)	(817)
Net book value 31.12.2014	**209,788**	**121,636**	**331,424**
Balance 31.12.2014			
Cost	488,347	155,103	643,450
Accumulated amortization and impairment loss	(278,559)	(33,467)	(312,026)
1.1.2015 - 31.12.2015			
Net book value 1.1.2015	209,788	121,636	331,424
Additions	60,855	72	60,927
Reclassification of assets of discontinued operations to “Assets held for sale”	(4,384)	(1)	(4,385)
Reclassification to “Assets held for sale”	22		22
Foreign exchange differences	198		198
Depreciation charge from continuing operations	(23,025)	(22,910)	(45,935)
Net book value 31.12.2015	**243,454**	**98,797**	**342,251**
Balance 31.12.2015			
Cost	544,009	152,363	696,372
Accumulated amortization and impairment loss	(300,555)	(53,566)	(354,121)

“Additions from companies consolidated for the first time in 2014” includes an amount of €25 million regarding the acquired customer relationships from Diners Club and an amount of €60 million regarding the acquired customer relationships and the deposit base from the acquisition of Citibank. The range of the useful life of customer relationships was estimated between 8 and 9 years, whereas the useful life of customer deposit accounts to 7 years.

23. Deferred tax assets and liabilities

	31.12.2015	31.12.2014
Assets	4,398,176	3,689,446
Liabilities	(20,852)	(25,502)
Total	**4,377,324**	**3,663,944**

Deferred tax assets and liabilities are analyzed as follows:

	1.1 - 31.12.2015					
		Recognized in				
	Balance 1.1.2015	Income Statement from continuing operations	Income Statement from discontinued operations	Equity	Transferred to Held for Sale	Balance 31.12.2015
Debit difference of Law 4046/2012	1,078,533	79,891				1,158,424
Write-offs, depreciation, and impairment of fixed assets	60,041	(22,946)		6,261	(10,473)	32,883
Valuation/Impairment of loans	1,636,632	697,915				2,334,547
Valuation of loans due to hedging	(2,097)	943				(1,154)
Employee defined benefit and insurance funds	76,352	(8,224)		2,101	(649)	69,580
Valuation of derivatives	184,269	(26,491)		(7,595)		150,183
Effective interest rate	1,939	9,970				11,909
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(53,693)	3,202				(50,491)
Valuation/impairment of bonds and other securities	119,498	21,009		(62,322)		78,185
Tax losses carried forward	461,046	12,020		17,770	(2,334)	488,502
Other temporary differences	97,810	2,601	533		454	101,398
Exchange differences from translation of foreign operations	3,614			(256)		3,358
Total	**3,663,944**	**769,890**	**533**	**(44,041)**	**(13,002)**	**4,377,324**

The amount of €17,770 which is recognized in Equity in the category “Tax losses carried forward” relates to Bank’s share capital increase expenses which according to Law 4308/14 (Greek Accounting Standards) are recognized in the tax results of the year.

	1.1 - 31.12.2014					
		Recognized in				
	Balance 1.1.2014	Income Statement from continuing operations	Income Statement from discontinued operations	Equity	Acquisition of Diners/Citi	Balance 31.12.2014
Debit difference of Law 4046/2012	1,118,479	(39,946)				1,078,533
Write-offs, depreciation, and impairment of fixed assets	63,389	(5,803)		12,565	(10,110)	60,041
Valuation/impairment of loans	1,009,279	625,322			2,031	1,636,632
Valuation of loans due to hedging	(2,496)	399				(2,097)
Employee defined benefit and insurance obligations	85,406	(19,747)		9,930	763	76,352
Valuation of derivatives	125,931	9		58,329		184,269
Effective interest rate	996	943				1,939
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(59,923)	6,230				(53,693)
Valuation/impairment of bonds and other securities	3,207	(7,148)		123,439		119,498
Tax losses carried forward	269,193	191,853				461,046
Other temporary differences	136,960	(39,058)	(886)		794	97,810
Exchange differences from translation of foreign operations	3,107			507		3,614
Total	**2,753,528**	**713,054**	**(886)**	**204,770**	**(6,522)**	**3,663,944**

24. Other assets

	31.12.2015	31.12.2014
Tax advances and withholding taxes	468,016	375,967
Deposit and Investment Guarantee Fund	613,377	603,396
Assets obtained from auctions	197,904	186,029
Prepaid expenses	42,693	39,978
Accrued income	4,129	9,683
Other	184,106	150,013
Total	**1,510,225**	**1,365,066**

In accordance with article 9 of Law 3746/16.02.2009 concerning the “Hellenic Deposit and Investment Guarantee Fund (HDIGF)” deposits guaranteed by the deposit guarantee scheeme increased from €20 to €100 per customer. The percentages used for calculating the contribution paid by banks to the Deposit Guarantee Fund also increased respectively.

Law 3746/16.2.2009 provides that the amount contributed relating to investment coverage and the difference between the regular annual contribution of credit institutions resulting from the application of article 6 of Law 3714/2008, will be included in a special group of assets, along with the proportion of each participant in the credit institutions.

On 31.12.2015 the Group measured its fixed assets classified in other assets at the lowest value between the carrying amount and its fair value. In cases where the fair value was less than the carrying amount, an impairment loss was recognized which amounted to €1.8 million in total and is included in “Other expenses” of the Income Statement (note 9). On 31.12.2014, the relevant impairment loss amounted to €5.9 million. The fair value of fixed assets are calculated in accordance with the methods mentioned in note 1.8 and are classified in terms of fair value hierarchy in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market inputs. The capitalization rate used was between 7% and 8.5%.

LIABILITIES

25. Due to banks

	31.12.2015	31.12.2014
Deposits:		
- Current accounts	112,482	104,066
- Term deposits		
Central Banks	24,404,828	14,819,325
Other credit institutions	17,408	318,128
Cash collateral for derivative margin account	56,960	193,064
Sale and repurchase agreements (Repos)	269,292	1,606,716
Borrowing funds	252,123	255,019
Deposits on demand:		
- Other credit institutions	2,270	3,796
Total	**25,115,363**	**17,300,114**

Group's deposits from the Eurosystem increased by €9.6 billion during 2015 due to the increase of the borrowings from the European System of Central Banks mainly as a result of the deposits' outflow amounting to €9.6 billion due to the adverse economic environment in Greece.

26. Due to customers (including debt securities in issue)

	31.12.2015	31.12.2014
Deposits:		
- Current accounts	8,336,028	7,807,296
- Saving accounts	9,911,144	8,909,311
- Term deposits	12,952,678	25,770,803
Debt securities in issue	94,155	248,525
Sale and repurchase agreements (Repos)	46,140	46,000
Deposits on demand	28,773	
	31,368,918	**42,781,935**
Cheques payable	65,348	118,698
Total	**31,434,266**	**42,900,633**

27. Debt securities in issue and other borrowed funds

In the fourth quarter of 2015 the Bank proceeded to an exchange of senior, subordinated and hybrid securities issued by Alpha Credit Group Plc, Emporiki Group Finance and Alpha Group Jersey Ltd, with non-transferable receipts issued by the Bank in the context of the Tender Offer of 28.10.2015 as amended on 6.11.2015. The exchange offer aimed to cover the capital needs which arise from the comprehensive assessment conducted by the Single Supervisory Mechanism (SSM). The non-transferable receipts represent the holders' rights to receive the exchange of their securities in shares or the amount of the resale of the shares in cash in case that the holders cannot receive shares (non eligible shareholders).

Senior securities with a nominal value of € 984.9 million as well as subordinated securities and hybrid securities with a total nominal value of € 100.9 million were included in the exchange offer.

Under the terms of the offer the securities are exchanged for shares of a value equal to 100% of nominal amount for senior, 85% of nominal amount for subordinated and 50% of nominal amount for hybrid securities, including the accrued interest for each security and excluding the non-innovative hybrid title.

Before the completion of the exchange on 11.11.2015, the Bank substituted the initial issuer for each security which was included in the exchange offer excluding the non-innovative hybrid title (CMS Linked) which had been issued by Alpha Group Jersey.

The final result of the exchange was the increase of the Banks's capital base by €1,011 million.

i. Issues guaranteed by the Greek State (Law 3723/2008)

Under the programme for the enhancement of the Greek's economy's liquidity, according to Law 3723/2008, during 2015, the Bank proceeded to the issuance of senior debt securities of a nominal value of €15.282 billion with a floating interest rate of six month Euribor plus a spread of 6% (31.12.2014: 12%), while the maturities for the same period amounted to €15.886 billion.

The total balance of senior debt securities guaranteed by the Greek State as at 31.12.2015 amounts to €9.22 billion (31.12.2014: €9.83 billion).

These securities are not included in the "Debt securities in issue and other borrowed funds", as they are held by the Group.

The current balance of the Bank's issued bonds guaranteed by the Greek government (Pillar II Law 3723/2008) amounts to € 6,5 billion. This amount is a result of the early termination of the issue with nominal value of €0.9 billion on 25.01.2016 and the early partial termination of €1.8 billion of an issue with a nominal value of €3.6 billion on 23.02.2016.

ii. Covered bonds [1]

Covered bonds are not included in caption "Debt securities in issue and other borrowed funds" as the corresponding securities are held by the Bank.

The Bank proceeded on 8.7.2015 to the cancellation of an amount of €3.745 billion of covered bonds.

After the above cancellations the total outstanding amount of covered bonds amounts to €5 million at 31.12.2015.

iii. Short term securities

Balance 1.1.2015	**26,339**
Changes for the period 1.1 – 31.12.2015	
Maturities/Repayments	(29,894)
Accrued interest	109
Foreign exchange differences	3,446
Balance 31.12.2015	**-**

iv. Senior debt securities

Balance 1.1.2015	**1,112,619**
Changes for the period 1.1 - 31.12.2015	
(Repurchases)/sales	(25,464)
Maturities/repayments	(1,065,797)
Fair value changes	931
Accrued interest	7,172
Foreign exchange differences	281
Balance 31.12.2015	**29,742**

From the total amount of maturities, an amount of €951.9 million concerns the participation in the exchange offer.

v. Securitization liabilities of shipping loans

Balance 1.1.2015	**414,446**
Changes for the period 1.1 - 31.12.2015	
Maturities/repayments	(130,626)
Accrued interest	10,242
Foreign exchange differences	46,210
Balance 31.12.2015	**340,272**

The Bank proceeded in a shipping loan securitization transaction, transferring them to the fully consolidated special purpose entity, Alpha Shipping Finance Ltd. which in term raised funding from third parties. The liability of the Group to third parties as at 31.12.2015, amounts to €340.3 million.

[1] *Financial disclosures regarding covered bonds issues, as determined by the 2620/28.8.2009 directive of Bank of Greece are published at the Bank's website.*

vi. Liabilities from the securitization of other loans

Additional liabilities arising from the securitisation of consumer loans, corporate loans, credit cards and leasing are not included in "Debt securities in issue and other borrowed funds" since these securities of nominal value €4.2 billion have been issued by special purpose entities and are held by the Group.

vii. Subordinated debt

1. Subordinated loans (Lower Tier II, Upper Tier II)

Balance 1.1.2015	**154,042**
Changes for the period 1.1 - 31.12.2015	
(Repurchases)/sales	(1,342)
Maturities/repayments	(52,695)
Accrued interest	265
Balance 31.12.2015	**100,270**

From the total amount of maturities, an amount of €44.1 concerns the participation in the exchange offer.

2. Convertible bond loan

Balance 1.1.2015	**64,600**
Changes for the period 1.1 – 31.12.2015	
Fair value change	(40,000)
Balance 31.12.2015	**24,600**

The convertible bond concerns bond issue with nominal value €150 million issued by the Bank on 1.2.2013 under an agreement with Credit Agricole SA for the acquisition of former Emporiki Bank. The decrease in the liability from the convertible bond in the amount of €40 million was recognized in Gain less losses on financial transaction.

Total of debt securities in issue and other borrowed funds	**494,884**

Of the above debt securities in issue amounting to €494,884 an amount of €94,155 (31.12.2014: €248,525) held by Group customers has been reclassified to "Due to customer". Therefore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 31.12.2015, amounts to €400,729 (31.12.2014: €1,523,521).

28. Liabilities for current income tax and other taxes

	31.12.2015	31.12.2014
Current income tax	10,492	7,233
Other taxes	27,700	54,561
Total	**38,192**	**61,794**

29. Employee defined benefit obligations

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

	Balance Sheet - Liabilities	
	31.12.2015	**31.12.2014**
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	70,643	65,023
TAP – Lump sum benefit	27,445	29,230
Savings program guarantee	2,556	547
Plans for Diners (pension and health care)	5,172	5,667
Group employees in Greece indemnity provision due to retirement in accordance with Law 2112/1920	2,519	4,629
Alpha Bank Srbija employee's indemnity provision due to retirement	215	257
Total Liabiliteis	**108,550**	**105,353**

	Income statement Expenses/(Income)	
	From 1 January to	
	31.12.2015	**31.12.2014**
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920 (note 7)	4,068	4,274
TAP – Lump sum benefit	3,987	10,379
Savings program guarantee	41	8
Plans for Diners (pension and health care)	118	53
Group employees in Greece indemnity provision due to retirement in accordance with Law 2112/1920	669	632
Alpha Bank Srbija employee's indemnity provision due to retirement	627	452
Total	**9,510**	**15,798**

Balance Sheet item and Income Statement amounts are analyzed per fund and type of benefit as follows:

i. Bank

a. Employee indemnity due to retirement in accordance with Law 2112/1920

The employment contracts of the employees that mature at the age limit or when the retirement conditions have been met are considered open term employee contracts and when cancelled, the provisions of Law 2112/1920 and Law 3198/1955 apply, as amended by Law 4093/2012, which provide a lump sum benefit payment.

The amounts recognized in the balance sheet are as follows:

	31.12.2015	**31.12.2014**
Present value of defined obligations	70,643	65,023
Liability/(Asset)	**70,643**	**65,023**

The amounts included in the income statement are as follows:

	From 1 January to	
	31.12.2015	**31.12.2014**
Current service cost	1,965	860
Net interest cost resulted from net asset/liability	1,295	2,692
(Settlement/Curtailment/Termination (gain)/loss	808	722
Total (included in staff costs)	**4,068**	**4,274**

The movement in the present value of the defined benefit obligation is as follows:

	2015	2014
Opening balance	**65,023**	**70,029**
Liability from the acquisition of the Retail Banking operations of Citibank	-	2,936
Liability from the acquisition of Diners	-	117
Current service cost	1,965	860
Interest cost	1,295	2,692
Benefits paid	(1,600)	(1,833)
(Settlement/Curtailment/Termination (gain)/loss	808	722
Actuarial (gain)/loss – financial assumptions	3,576	17,410
Actuarial (gain)/loss – experience assumptions	(424)	(1,358)
Amounts paid to employees left in the context of voluntary separation scheme		(26,552)
Closing balance	**70,643**	**65,023**

The amounts recognized directly in equity during the year are analyzed as follows:

	31.12.2015	31.12.2014
Change in liability gain/(loss) due to changes in financial and demographic assumptions	(3,576)	(17,410)
Change in liability gain/(loss) due to experience adjustments	424	1,358
Total actuarial gain/(loss) recognized in Equity	**(3,152)**	**(16,052)**

The movement in the obligation in the balance sheet is as follows:

	2015	2014
Opening balance	**65,023**	**70,029**
Liability from the acquisition of Diners	-	117
Liability from the acquisition of the Retail Banking operations of Citibank	-	2,936
Benefits paid	(1,600)	(1,833)
Loss /(Gain) recognized in Income Statement	4,068	4,274
Loss/(Gain) recognized in equity	3,152	16,052
Amounts paid to employees left in the context of Voluntary Separation Scheme	-	(26,552)
Closing balance	**70,643**	**65,023**

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

The obligation to the Supplementary Pension Fund (TAP) of former Alpha Credit Bank employees, after it was absorbed by the Common Insurance Fund of Bank Employees for the supplementary pension (Article 10, Law 3620/2007) is restricted to paying a lump sum benefit to retiring employees, which is guaranteed by the Bank. On 18.11.2013 the Bank signed a new operational agreement with the Association of Personnel, whereby the amount paid by the Supplementary Pension Fund, will not exceed the difference between the amount corresponding to the overall lump sum provision, according to the statute of the Supplementary Pension Fund (TAP), and the amount of compensation that the Bank must pay, according to the current labor legislation, on the termination of employment contracts. This adjustment is not affected by a potential reduction of the compensation amount in the future.

The amounts included in the balance sheet are as follows:

	31.12.2015	31.12.2014
Present value of defined obligation	62,947	82,475
Fair value of plan assets	(35,502)	(53,245)
Liability/(asset)	**27,445**	**29,230**

The amounts included in the income statement are as follows:

	From 1 January to	
	31.12.2015	**31.12.2014**
Current service cost	2,651	2,819
Net interest cost resulted from net asset/liability	354	165
General expenses	5	13
Total of current service cost	**3,010**	**2,997**
Past service cost		(117)
Settlement/Curtailment/Termination (gain)/loss	977	7,499
Total (incuded in staff costs)	**3,987**	**10,379**

The movement in the present value of the defined benefit obligation is as follows:

	2015	**2014**
Opening balance	**82,475**	**78,835**
Current service cost	2,651	2,819
Interest cost	1,179	2,879
Employee contributions	366	338
Benefits paid	(26,357)	(18,566)
Contributions paid directly by the Fund	(230)	(3,219)
Settlement/curtailment/termination loss/(gain)	977	7,499
Past service cost	-	(117)
Actuarial (gain)/loss - financial assumptions	1,983	12,429
Actuarial (gain)/loss - demographic assumptions		(3,336)
Actuarial (gain)/loss – experience adjustments	(97)	2,914
Closing balance	**62,947**	**82,475**

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

	2015	**2014**
Opening balance	**53,245**	**74,383**
Expected return	825	2,714
Employee contributions	366	338
Bank's contributions	-	3,222
Benefits paid	(26,357)	(18,566)
Expenses	(5)	(13)
Actuarial (losses) / gains	7,428	(8,833)
Closing balance	**35,502**	**53,245**

The plan assets include bonds issued by Greek Public of €29.6 million, deposits with Alpha Bank of €4.6 million, Alpha Bank's shares and warrants of €0.1 million, and other receivables of €1.2 million.

The amounts recognized directly in equity during the year are analyzed as follows:

	2015	**2014**
Change in liability gain/(loss) due to changes in financial and demographic assumptions	(1,983)	(9,093)
Change in liability gain/(loss) due to experience adjustments	97	(2,914)
Return on plan assets excluding amounts included in income statement	7,428	(8,833)
Total actuarial gain/(loss) recognized in equity	**5,542**	**(20,840)**

The movement of the liability/(asset) in the balance sheet is as follows:

	2015	2014
Opening balance	**29,230**	**4,452**
Benefits paid directly by the Bank	(230)	(3,219)
Bank's contributions		(3,222)
Loss/(Gain) recognized in Income Statement	3,987	10,379
Loss/(Gain) recognized in Equity	(5,542)	20,840
Closing balance	**27,445**	**29,230**

c. Guarantee of the minimum benefit for newly insured employees (after 1993) that were hired up to 31.12.2004 and joined the new Bank's savings plan

For employees hired by the Bank and insured from 1.1.1993 until 31.12.2004 the final amount to be received upon retirement has, according to the provisions of the insurance plan, as minimum limit the benefit as defined in Law 2084/1992 and the Cabinet Act 2/39350/0022/2.3.99.

The amounts included in the balance sheet are analyzed as follows:

	31.12.2015	31.12.2014
Present value of defined obligation	2,556	547
Liability/(asset)	**2,556**	**547**

The amounts included in the income statement are analyzed as follows:

	From 1 January to	
	31.12.2015	31.12.2014
Current service cost	30	5
Net interest cost resulted from the net asset/liability	11	3
Total (included in staff costs)	**41**	**8**

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

	2015	2014
Opening balance	**547**	**93**
Current service cost	30	5
Interest cost	11	3
Actuarial (gain)/loss - financial assumptions	1,947	401
Actuarial (gain)/loss – experience adjustments	21	45
Closing balance	**2,556**	**547**

The amounts recognized directly in equity during the year are analyzed as follows:

	2015	2014
Change in liability gain/(loss) due to changes in assumptions	(1,947)	(401)
Change in liability gain/(loss) due to experience adjustments	(21)	(45)
Total actuarial gain/(loss) recognized in Equity	**(1,968)**	**(446)**

The movement in the obligation is as follows:

	2015	2014
Opening balance	**547**	**93**
Loss/(Gain) recognized in income statement	41	8
Loss/(Gain) recognized in equity	1,968	446
Closing balance	**2,556**	**547**

d. Supplementary Pension Fund and Health Care of Diners

The Bank guarantees from 30 September 2014, date that Diners Club Hellas S.A. was redeemed, the supplementary pension provision and medical care programs of Diners that are handled by an independent insurance company. The merger by absorption of the company was completed on 2 June 2015. These programs cover the retired personnel that has founded the right for supplementary pension in the future.

The amounts included in the balance sheet are analyzed as follows:

	31.12.2015	31.12.2014
Present value of defined obligation	8,941	9,766
Fair value of plan assets	(3,769)	(4,099)
Liability/(asset)	**5,172**	**5,667**

The amounts included in the income statement are analyzed as follows:

	From 1 January to	
	31.12.2015	**31.12.2014**
Net interest cost resulted from the net asset/liability	113	49
General expenses	5	4
Total (included in staff costs)	**118**	**53**

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

	2015	2014
Opening balance	**9,766**	
Acquisition of Diners		9,479
Interest cost	192	70
Benefits paid directly by the Bank	(11)	(4)
Benefits paid	(329)	(95)
Actuarial (gain)/loss - financial assumptions	(825)	1,434
Actuarial (gain)/loss - demographic assumptions		(1,234)
Actuarial (gain)/loss – experience adjustments	148	116
Closing balance	**8,941**	**9,766**

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

	2015	2014
Opening balance	**4,099**	
Acqusition of Diners	-	4,198
Expected return	79	20
Benefits paid	(329)	(95)
Expenses	(5)	(4)
Actuarial losses	(75)	(20)
Closing balance	**3,769**	**4,099**

The amounts recognized directly in equity during the year are analyzed as follows:

	2015	2014
Change in liability gain/(loss) due to financial and demographic assumptions	825	(200)
Change in liability gain/(loss) due to experience adjustments	(148)	(116)
Return on plan assets excluding amounts included in income statement – gain / (loss)	(75)	(20)
Closing balance	**602**	**(336)**

The movement of the liability/(asset) in the balance sheet is as follows:

	2015	2014
Opening balance	**5,667**	**-**
Acqusition of Diners		5,281
Benefits paid directly by the Bank	(11)	(4)
(Gain)/loss recognized in Income Statement	118	53
(Gain)/loss recognized in Equity	(602)	337
Closing balance	**5,172**	**5,667**

The results of the abovementioned valuations are based on the assumptions of the actuarial studies.

The principal actuarial assumptions used for the above mentioned defined benefit plans are as follows:

	31.12.2015	31.12.2014
Discount rate	2.5%	2.0%
Inflation rate	1.75%	1.5%
Future salary growth	1.8%	1.0%
Future pension growth	0%	0%

The discount rate was based on the iBoxx Euro Corporate AA+ adopted to the characteristics of the programs.

The average duration per program is depicted in the table below:

	31.12.2015	31.12.2014
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	17.9	17.8
TAP – Lump sum benefit	13.0	14.4
Saving program guarantee	20.0	16.8
Plans for Diners (pension and health care)	17.1	16.3

The table below presents the sensitivity of the obligations of the above programs on the financial assumptions:

	Percentage variation in liability (%)
Increase in discount rate by 0.5%	(7.3)
Decrease in discount rate by 0.5%	8
Increase in future salary growth rate by 0.5%	7.9
Decrease in future salary growth rate by 0.5%	(7.2)

ii. Group companies

The employees of the Greek subsidiaries with open ended employment contracts receive a lump sum payment on retirement, which is defined by Law 2112/1920 as modified by Law 4093/2012. In the subsidiary Alpha Bank Srbija A.D., the employees receive a lump sum payment on retirement, which equals two salaries of the Serbian State from 2014 compared to three salaries applied in prior year as a result of the change of the respective law.

The amounts recognized in the financial statements regarding the defined benefit obligations are analyzed as follows:

	Balance Sheet - Liabilities	
	31.12.2015	31.12.2014
Bank's employees indemnity of greek subsidiaries due to retirement in accordance with Law 2112/1920	2,519	4,629
Alpha Bank Srbija employees indemnity provision due to retirement	215	257
Total Liabilities	**2,734**	**4,886**

	Income Statement Expenses/(Income)	
	From 1 January to	
	31.12.2015	31.12.2014
Bank's employees indemnity of greek subsidiaries due to retirement in accordance with Law 2112/1920	669	632
Alpha Bank Srbija employees indemnity provision due to retirement	627	452
Total	**1,296**	**1,084**

The amount of actuarial gain/losses that was recognized in equity for the defined benefit programs of the Group companies' amounts to €83 loss for 2015 against €689 loss for 2014.

30. Other liabilities

	31.12.2015	31.12.2014
Liabilities to third parties	70,209	102,690
Liabilities to Insurance Funds (note 7)	131,911	193,997
Brokerage services	28,140	17,271
Deferred income	8,594	10,957
Accrued expenses	61,215	61,529
Liabilities from credit cards	285,042	228,063
Other	325,511	477,240
Total	**910,622**	**1,091,747**

On 23 December 2015 the Bank paid to Credit Agricole an amount of €164 million in the context of the acquisition of Emporiki Bank. The transfer of the total share capital of Emporiki Bank to the Bank from Credit Agricole S.A. was completed on 1st February 2013 resulting in a negative goodwill amounting to €3,283,052 that was recognized in 2013 income statement. The amount of €164 million which under conditions had to be paid to the Credit Agricole S.A. has already been recognized in the Group's income statement and equity.

31. Provisions

	31.12.2015	31.12.2014
Insurance	168,818	132,211
Provisions to cover credit risk and other provisions	127,196	80,501
Total	**296,014**	**212,712**

a. Insurance

	31.12.2015	31.12.2014
Life insurance		
Unearned premiums	168,629	132,177
Outstanding claim reserves	189	34
Total	**168,818**	**132,211**

b. Provisions to cover credit risk and other provisions

Balance 1.1.2014	**140,183**
Changes for the period 1.1. - 31.12.2014	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	(51,430)
Other provisions (note 9)	5,074
Reclassification to provisions from other contingent liabilities	(775)
Reclassification to "Other liabilities"	(9,807)
Other provisions used during the period	(4,548)
Provision for voluntary separation scheme	1,786
Other provisions from Citibank acquisition	117
Foreign exchange differences	(99)
Balance 31.12.2014	**80,501**
Changes for the period 1.1. - 31.12.2015	
Reclassification of provision from Bulgaria branch and Ioniki Hotel Enterpises to "Liabilities related assets held for sale"	(834)
Provisions to cover credit risk relating to off-balance sheet items (note 10)	(10,708)
Other provisions (note 9)	2,100
Other provisions used during the period	(8,063)
Provision for voluntary separation scheme	64,300
Foreign exchange differences	(100)
Balance 31.12.2015	**127,196**

The amounts of other provisions charged to the profit and loss account are included in "Other Expenses" of the income statement.

On 31.12.2015 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to €4.7 million and other provisions to €122.6 million out of which, €29 million relates to pending legal cases and an amount of €64.3 million in predicting voluntary equipment compensation program (note 7).

EQUITY

32. Share capital

The Bank's share capital as at 31.12.2015 is analysed as follows:

	Opening balance of shares as at 1.1.2015	Changes for the period from 1.1. to 31.12.2015 (units)				Balance of shares as at 31.12.2015	Paid-in capital as at 31.12.2015
		Reverse split	Capitalization of special reserve	Share capital increase in cash	Share capital increase through capitalization of money claims		
a. Ordinary shares							
Number of ordinary shares	12,769,059,858	(12,513,678,660.84)	2.84			255,381,200	76,614
Share capital increase				776,084,586	505,415,414	1,281,500,000	384,450
Total	**12,769,059,858**	**(12,513,678,660.84)**	**2.84**	**776,084,586**	**505,415,414**	**1,536,881,200**	**461,064**

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held in 15.6.2015, 13,800 warrants were exercised by the common shareholders which corresponded to 102,239 ordinary shares.

On 24 November, 2015 the following took place:

a) Increase the nominal value of each ordinary, registered, with voting rights, non-paper share issued by the Bank from € 0.30 to € 15.00, by reverse split, with a respective decrease of the total number of shares at a ratio of 50 old shares to 1 new ordinary, with voting rights share. .

b) Increase of share capital of the Bank, with capitalization of part of special reserve of the Bank with an amount of € 42.6 by the virtue of the paragraph 4a of the article 4 of the codified law 2190/1920, in order to create an integer number of shares.

c) decrease, by the virtue of the paragraph 4a of the article 4 of the Law 2190/1920, of the share capital of the Bank by an amount of €3,754,103,640 as a result of the decrease of the nominal value of each ordinary, non-paper , registered, with voting rights share issued by the Bank from €15.00 to €0.30 with a respective increase of special reserve of the Bank, by virtue of the paragraph 4a of the article 4 of the codified law 2190/1920, and

d) increase of the share capital of the Bank for an amount €1,010,830,828.00 through capitalization of the monetary claims in the context of the voluntary exchange of securities that participated in the liability management exercise and payment in cash of an amount of €1,552,169,172.00 via a private placement.

Following the above, the Bank's share capital as at 31.12.2015 amounts to €461,064,360.00 divided to 1,536,881,200 ordinary, registered, with voting rights shares with nominal value of €0.30 and a share premium of €10,790,869,872.46.

The increase of the share capital aimed to the coverage in full of its total recapitalization requirement under the adverse scenario of the Single Supervisory Mechanism comprehensive assessment.

As a result of the above, the number of the ordinary shares that the Hellenic Financial Stability Fund held at 31.12.2015 was 169,175,146.

On 28.3.2014 the share capital increase of the Bank was completed through payment in cash, cancelation of pre-emption rights of existing ordinary and preference shares and distribution of all new shares through a private placement to qualified investors, as specified in article 2 paragraph 1 of Law 3401/2005. An amount of €1.2 billion was raised through the increase while the share capital increased by €553.8 million. A total amount of 1,846,153,846 new ordinary shares with voting right were registered and issued of per value €0.30 and a offer price of €0.65 each.

The share capital increase intended, among other things, to create the conditions for satisfaction of the terms of Law 3723/2008 for the repayment of preference shares issued by the Bank and owned by the Hellenic Republic and its replacement with high quality capital.

On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares of €940 million, issued to the latter by the Bank.

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held in 16.6.2014, 60,899,318 warrants were exercised by the common shareholders which corresponded to 451,179,721 ordinary shares and on 15.12.2014, 2,055,556 warrants which corresponded to 15,228,481 ordinary shares resulting in the increase of issued shares.

Thus, on 31.12.2014 the Bank's share capital amounts to €3,830,718, divided to 12,769,059,858 shares, out of which:

a) 4,310,200,279 ordinary, registered, voting, non-paper shares of nominal value of €0.30 each and

b) 8,458,859,579 ordinary, registered, voting, pursuant to restrictions of the article 7a of Law 3864/2010, non paper shares owned by the Hellenic Financial Stability Fund of nominal value of €0.30 each.

33. Share premium

Opening balance 1.1.2014	**4,212,062**
Share capital increase - share premium on issuance of ordinary shares	646,154
Balance 31.12.2014	**4,858,216**
Changes for the period 1.1 - 31.12.2015	
Decrease of nominal value of common shares from €15 to €0,30	3,754,104
Share capital increase - share premium on issuance of ordinary shares	2,178,550
Balance 31.12.2015	**10,790,870**

As at 24.11.2015 following the share capital increase and the issuance of 1,281,500,000 new ordinary shares with a nominal amount of €0.30 and an offer price of €2, the total difference of €2,178.5 million between the nominal value and the shares' offer price increased the caption "Share Premium".

At 28.3.2014 after the share capital increase and the issuance of 1,846,153,846 new ordinary shares with a nominal amount of €0.30 and an offer price of €0.65, the total difference of €646.2 between the nominal value and the shares' offer price increased the caption "Share Premium".

34. Reserves

Reserves are analyzed as follows:

a. Statutory reserve

	31.12.2015	31.12.2014
Statutory reserve	535,767	533,246

According to the Bank's article of association (article 26), the Bank is required to transfer 5% of its annual profit after tax to a statutory reserve, until this reserve amounts to one third of its share capital. This reserve can only be used to offset losses according to article 44 of Codified Law 2190/1920.

For the remaining companies of the Group the statutory reserve is established according to local regulations.

b. Available for sale securities reserve

	2015		2014	
Opening balance 1.1		**(126,104)**		**231,430**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	17,875		(228,202)	
Fair value of available for sale securities transferred to profit and loss	138,934		(129,332)	
Total		**156,809**		**(357,534)**
Balance 31.12		**30,705**		**(126,104)**

c. Other reserves

	2015	2014
Opening balance 1.1	**(186,897)**	**(20,884)**
Change in cash flow hedge reserve after income tax	44,718	(166,013)
Balance 31.12	**(142,179)**	**(186,897)**

d. Exchange differences on translating and hedging the net investment in foreign operations

	2015	2014
Balance 1.1	**(114,871)**	**(113,044)**
Change in exchange differences on translating and hedging the net investment in foreign operations	869	(1,827)
Balance 31.12	**(114,002)**	**(114,871)**

e. Share of other comprehensive income of associates and joint ventures

	2015	2014
Balance 1.1	**313**	**1,631**
Change in the share of other comprehensive income of associates and joint ventures	(547)	(1,318)
Balance 31.12	**(234)**	**313**

Total reserves (a+b+c+d+e)	**310,057**	**105,687**

35. Retained earnings

a. Due to the Bank's accumulated losses for the year 2014 and after taking into account article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders on 26.6.2015 decided:

- the non distribution of dividend to ordinary shareholders of the Bank for 2015 and
- the non payment to the Greek State of the respective return for the year 2014 on its preference shares under article 1 paragraph 3 of Law 3723/2008 and owed by the Greek State up to 17.4.2014.

b. Since the above are valid for 2015 the Bank's Board of Directors will suggest the non distribution of dividend to the Ordinary General Meeting of the shareholders.

c. "Retained Earnings" as of 31.12.2015 includes expenses concerning the share capital increase, amounting to €43.5 million net of income tax.

36. Hybrid securities

	31.12.2015	31.12.2014
Perpetual with 1st call option on 18.2.2015 and per year	15,232	31,700
Securities held by Group companies	-	(236)
Total	**15,232**	**31,464**

The Hybrid securities are amounted to €16.2 million, from which the €14.9 million are related to the participation in the exchange proposal.

ADDITIONAL INFORMATION

37. 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. According to the estimations of the legal department, the ultimate settlement of these matters is not expected to have a material effect on the financial position or the operations of the Group. The Group on 31.12.2015 has recorded a provision for pending legal cases amounting to €29 million which is included in "Provisions" in Balance Sheet.

b. Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2009. For the years 2011 up to 2014 it has obtained a tax certificate with no qualifications. Former Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. For the years 2011 up to 2013 it has obtained a tax certificate with no qualifications.

The Bank's branches in London and Bulgaria have been audited by the tax authorities for the years 2013 and 2007 respectively. From 5 January 2016 in Bulgaria Branch is in progress a tax audit for the years 2009 to 2015. Until its deletion from department of Registrar of companies of Cyprus (August 2015), meanwhile it has ceased its operations from September of 2014.

On 30 September 2014, the acquisition of Retail Banking operations of Citibank International Plc (CIP) in Greece was completed. The acquisition does not affect the tax liabilities of the Bank since any obligations against the State until the date of acquisition remain with CIP.

On 2.6.2015, the merge via absorption of Diners Club of Greece A.E.P.P was completed. Diners Club of Greece A.E.P.P. has been audited by the tax authorities for the years up to and including 2010. The years 2011, 2012, 2013 a tax certificate with no qualifications was issued.

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities.

The Group's subsidiaries have been audited by the tax authorities up to and including the year indicated in the table below:

Name	Year
Banks	
1. Alpha Bank London Ltd (voluntary settlement of tax obligation)	2013
2. Alpha Bank Cyprus Ltd (tax audit is in progress for years from 2008 – 2011)	2007
3. Emporiki Bank Cyprus Ltd (tax audit is in progress for years from 2003 – 2011)	2002
4. Alpha Bank Romania S.A.	2006
5. Alpha Bank AD Skopje (the years 1998 – 2006 have not been audited by the tax authorities)	2009
6. Alpha Bank Srbija A.D.	2004
7. Alpha Bank Albania SH.A.	2011
Leasing Companies	
1. Alpha Leasing A.E. **(tax audit is in progress for years from 2008 – 2010)	2007
2. Alpha Leasing Romania IFN S.A.	2007
3. ABC Factors A.E.** (tax audit is in progress for 2010)	2009
Investment Banking	
1. Alpha Finance A.E.P.E.Y. **/***	2009
2. SSIF Alpha Finance Romania S.A.	2002
3. Alpha A.E. Investment Holdings **/***	2009
4. Alpha A.E. Ventures Capital Management - AKES **/***	2009
5. Emporiki Ventures Capital Developed Markets Ltd	2007
6. Emporiki Ventures Capital Emerging Markets Ltd	2008
Asset Management	
1. Alpha Asset Management A.E.D.A.K. **/***	2009
2. ABL Independent Financial Advisers Ltd (voluntary settlement of tax obligation)	2013

** *These companies received tax certificate for the years 2011, 2012, 2013 and 2014 without any qualification (note 11).*

*** *These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.*

Name	Year
Insurance	
1. Alpha Insurance Agents A.E. **/***	2009
2. Alpha Insurance Brokers S.R.L.	2005
3. Alphalife A.A.E.Z. **/***	2009
Real Estate and Hotel	
1. Alpha Astika Akinita A.E.**	2009
2. Ionian Hotel Enterprises A.E. **	2010
3. Oceanos A.T.O.E.E. **/***	2009
4. Emporiki Development and Real Estate Management A.E.	2008
5. Alpha Real Estate D.O.O. Beograd	2008
6. Alpha Astika Akinita D.O.O.E.L. Skopje	2005
7. Alpha Real Estate Bulgaria E.O.O.D. (commencement of operation 2007)	*
8. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
9. Alpha Real Estate Services S.R.L. (commencement of operation 1998)	*
10. Alpha Investment Property Chalandriou A.E. (commencement of operation 2012)	* *
11. Alpha Investment Property Attikis A.E. (commencement of operation 2012)	* *
12. Alpha Investment Property Attikis II A.E. (commencement of operation 2012)	* *
13. Alpha Investment Property Amaroussion I A.E. (commencement of operation 2012)	* *
14. Alpha Investment Property Amaroussion II A.E. (commencement of operation 2012)	* *
15. AGI – RRE Participations 1 S.R.L. (commencement of operation 2010)	*
16. AGI – BRE Participations 1 E.O.O.D. (commencement of operation 2012)	*
17. Stockfort Ltd (commencement of operation 2010)	*
18. Romfelt Real Estate SA (commencement of operation 1991)	*
19. AGI – RRE Zeus S.R.L. (commencement of operation 2012)	*
20. AGI – RRE Athena S.R.L. (commencement of operation 2012)	*
21. AGI – RRE Poseidon S.R.L. (commencement of operation 2012)	*
22. AGI – RRE Hera S.R.L. (commencement of operation 2012)	*
23. AGI - BRE Participations 2 E.O.O.D. (έναρξη λειτουργίας 2012)	*
24. AGI – BRE Participations 2BG E.O.O.D. (commencement of operation 2012)	*
25. AGI – BRE Participations 3 E.O.O.D. (commencement of operation 2012)	*
26. AGI – BRE Participations 4 E.O.O.D. (commencement of operation 2012)	*
27. APE Fixed Assets A.E.**/***	2009
28. SC Cordia Residence S.R.L.	2011
29. HT-1 E.O.O.D (commencement of operation 2013)	*
30. AGI-RRE Venus S.R.L. (commencement of operation 2014)	*
31. AGI-RRE Cleopatra S.R.L. (commencement of operation 2014)	*
32. AGI-RRE Hermes S.R.L. (commencement of operation 2014)	*
33. SC Carmel Residential S.R.L. (commencement of operation 2013)	*
34. Alpha Investment Property Neas Kifisias A.E. (commencement of operation 2014)	*
35. Alpha Investment Property Kalirois A.E. (commencement of operation 2014)	*
36. Alpha Investment Property Livadias A.E. (commencement of operation 2014)	*
37. AGI-SRE Ariadni DOO (commencement of operation 2015)	*
38. Alpha Investment Property Kefalariou A.E. (commencement of operation 2015)	*
39. Alpha Investment Property Neas Erythraias A.E.(commencement of operation 2015)	*
40. Anaplasi Plagias A.E. (commencement of operation 2011)	*
41. Asmita Gardens Srl	2010
42. Ashtrom Residents Srl (commencement of operation 2006)	*
43. Cubic Center Development SA (commencement of operation 2010)	*
44. AGI – BRE Participations 5 EOOD (commencement of operation 2015)	*

* *These companies have not been audited by the tax authorities since the commencement of their operations.*

** *These companies received tax certificate for the years 2011, 2012, 2013 and 2014 without any qualification (note 11).*

*** *These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.*

**** *These companies are not subject to tax audit.*

Name	Year
Special purpose and holding entities	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2013
2. Alpha Group Jersey Ltd	****
3. Alpha Group Investments Ltd (commencement of operation 2006)	*
4. Ionian Holdings A.E.[**/***]	2009
5. Ionian Equity Participations Ltd (commencement of operation 2006)	*
6. Emporiki Group Finance Plc (voluntary settlement of tax obligation)	2013
7. AGI – BRE Participations 1 Ltd (commencement of operation 2009)	*
8. AGI – RRE Participations 1 Ltd (commencement of operation 2009)	*
9. Alpha Group Ltd (commencement of operation 2012)	*
10. Katanalotika Plc (voluntary settlement of tax obligation)	2013
11. Epihiro Plc (voluntary settlement of tax obligation)	2013
12. Irida Plc (voluntary settlement of tax obligation)	2013
13. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2013
14. Alpha Shipping Finance Ltd (commencement of operation 2014)	*
15. AGI – RRE Athena Ltd (commencement of operation 2011)	*
16. AGI - RRE Poseidon Ltd (commencement of operation 2012)	*
17. AGI - RRE Hera Ltd (commencement of operation 2012)	*
18. Umera Ltd (commencement of operation 2012)	*
19. AGI – BRE Participations 2 Ltd (commencement of operation 2011)	*
20. AGI – BRE Participations 3 Ltd (commencement of operation 2011)	*
21. AGI – BRE Participations 4 Ltd (commencement of operation 2010)	*
22. Alpha Real Estate Services Ltd (commencement of operation 2010)	*
23. AGI – RRE Ares Ltd (commencement of operation 2010)	*
24. AGI – RRE Venus Ltd (commencement of operation 2012)	*
25. AGI – RRE Artemis Ltd (commencement of operation 2012)	*
26. AGI – BRE Participations 5 Ltd (commencement of operation 2012)	*
27. AGI-RRE Cleopatra Ltd (commencement of operation 2013)	*
28. AGI-RRE Hermes Ltd (commencement of operation 2013)	*
29. AGI-Cypre Arsinoe Ltd (commencement of operation 2013)	*
30. AGI-SRE Ariadni Ltd (commencement of operation 2014)	*
31. Zerelda Ltd (commencement of operation 2012)	*
32. AGI-Cypre Alaminos Ltd (commencement of operation 2014)	*
33. AGI-Cypre Tochini Ltd (commencement of operation 2014)	*
34. AGI-Cypre Evagoras Ltd (commencement of operation 2014)	*
35. AGI-Cypre Tersefanou Ltd (commencement of operation 2014)	*
36. AGI-Cypre Mazotos Ltd (commencement of operation 2014)	*
37. AGI-Cypre Ermis Ltd (commencement of operation 2014)	*
Other companies	
1. Alpha Bank London Nominees Ltd	****
2. Alpha Trustees Ltd (commencement of operation 2002)	*
3. Flagbright Ltd	****
4. Kafe Alpha A.E.[**/***]	2009
5. Alpha Supporting Services A.E.[**/***] (tax audit is in progress for 2012)	2009
6. Real Car Rental A.E.[**/***]	2009
7. Evisak A.E.[**/***]	2009
8. Emporiki Management A.E.[***]	2009
9. Alpha Bank Notification Services A.E. (commencement of operation 2015)	*

* *These companies have not been audited by the tax authorities since the commencement of their operations.*

** *These companies received tax certificate for the years 2011, 2012, 2013 and 2014 without any qualification (note 11).*

*** *These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.*

**** *These companies are not subject to tax audit.*

c) Operating leases

The minimum future lease payments are:

	31.12.2015	31.12.2014
- Less than one year	43,930	46,350
- Between one and five years	112,402	118,782
- Over five years	164,421	176,372
Total	**320,753**	**341,504**

The minimum future lease fees are:

	31.12.2015	31.12.2014
- Less than one year	10,423	11,029
- Between one and five years	41,694	36,633
- Over five years	46,474	39,996
Total	**98,591**	**87,658**

d) Off balance sheet commitments

The Group as part to its normal operations, is binded by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits.

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods locally or abroad, by undertaking the direct payment on behalf of the third party bound by the agreement on behalf of the Group's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Group for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The outstanding balances are as follows:

	31.12.2015	31.12.2014
Letters of credit	35,159	53,731
Letters of guarantee and other guarantees	3,940,146	3,933,314

In addition, contingent liabilities for the Group arise from undrawn loan agreements and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

Committed limits that can not be recalled in case where counterparties fail to meet their contractual obligations as at 31.12.2015 amounts to €278.9 million (31.12.2014: €367.5 million) and are included in the calculation of risk weighted assets.

Furthermore, the Bank has guaranteed the fulfilment of the liabilities of its subsidiary Alpha Leasing Romania IFN S.A. which arise from outstanding contracts of financial leases amounted to €725.

e) Assets pledged

Assets pledged, as at 31.12.2015 are analyzed as follows:

- Deposits pledged amounting to €1.1 billion concerning the Group's obligation to maintain deposits in Central Banks according to percentages determined by the respective country.
- Deposits pledged amounting to €0.2 billion concerning guarantees provided on behalf of the Greek State.
- Deposits pledged to credit institutions amounting to €1.1 billion which have been provided as guarantee for derivative transactions.
- Deposits pledged to credit institutions amounting to €0.04 billion which have been provided for Letter of Credit or Guarantee Letters that the Bank issue for facilitating customer imports.
- Due to customers:
  i. amount of €22.3 billion pledged to central banks for liquidity purposes.
  ii. a carrying amount of €3.4 billion which relates to corporate, consumer loans and credit cards has been securitized for the issuance of Special Purpose Entities' corporate bond of a nominal value of €4.2 billion, which are held by the Bank and pledged to central banks for liquidity purposes.
  iii. a carrying amount of €0.6 billion, which is related to the shipping loans and they have been entitled from third parties through a Special Purpose Entitiy, which amounts to €0.3 billion at 31.12.2015.
  iv. amount of nominal value €0.2 billion has been given as collateral in terms of other acts of lending.
- Securities held for trading and investment securities portfolio out of which:
  i. An amount of nominal value of €3.52 billion of Greek government securities, of which a nominal amount of €3.48 billion has been pledged to central banks in order to participate in main refinancing

operations, while Greek State securities of a nominal amount of €0.04 billion has been pledged for other loan facilities.

ii. An amount of nominal value €4.3 billion relates to securities issued by the European Financial Stability Facility (EFSF), that the Bank received by the HFSF in the context of:
a) its participation to the share capital increase that was completed on 6.6.2013 and b) due to the coverage of the difference between the values of assets and liabilities transferred from Cooperative Banks and has been pledged as collateral to Central Banks for participation in main refinancing operations.

iii. Finally, an amount to €0.4 billion has been given as collateral for repurchase agreements (repo).

In addition an amount of nominal value of €9.2 billion that relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Bank, are pledged as collateral to Central Banks in order to participate in main refinancing operations.

38. Group Consolidated Companies

The consolidated financial statements, apart from the parent company Alpha Bank include the following entities:

a. Subsidiaries

		Group's ownership interest %	
Name	**Country**	**31.12.2015**	**31.12.2014**
Banks			
1. Alpha Bank London Ltd	United Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd (49g)	Cyprus	100.00	100.00
3. Emporiki Bank Cyprus Ltd (49g)	Cyprus		100.00
4. Alpha Bank Romania S.A.	Romania	99.92	99.92
5. Alpha Bank AD Skopje	FYROM	100.00	100.00
6. Alpha Bank Srbija A.D.	Serbia	100.00	100.00
7. Alpha Bank Albania SH.A.	Albania	100.00	100.00
Leasing Companies			
1. Alpha Leasing A.E.	Greece	100.00	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	100.00	100.00
3. ABC Factors A.E.	Greece	100.00	100.00
4. Diners Club Greece A.E.P.P. (49e)	Greece		100.00
Investment Banking			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
3. Alpha A.E. Ventures	Greece	100.00	100.00
4. Alpha A.E. Ventures Capital Management – AKES	Greece	100.00	100.00
5. Emporiki Ventures Capital Developed Markets Ltd	Cyprus	100.00	100.00
6. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	100.00	100.00
Asset Management			
1. Alpha Asset Management A.E.D.A.K.	Greece	100.00	100.00
2. ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00
Insurance			
1. Alpha Insurance Agents A.E.	Greece	100.00	100.00
2. Alpha Insurance Ltd (49a)	Cyprus		100.00
3. Alpha Insurance Brokers S.R.L.	Romania	100.00	100.00
4. Alphalife A.A.E.Z.	Greece	100.00	100.00
Real estate and hotel			
1. Alpha Astika Akinita A.E.	Greece	93.17	93.17
2. Ionian Hotel Enterprises A.E.	Greece	97.27	97.27
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Emporiki Development and Real Estate Management A.E. (49l)	Greece	100.00	100.00
5. Alpha Real Estate D.O.O. Beograd	Serbia	93.17	93.17
6. Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	93.17	93.17
7. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	93.17	93.17
8. Chardash Trading E.O.O.D.	Bulgaria	93.17	93.17
9. Alpha Real Estate Services S.R.L.	Romania	93.17	93.17
10. Alpha Investment Property Chalandriou A.E. (49n, 51d)	Greece	100.00	100.00
11. Alpha Investment Property Attikis A.E. (49q)	Greece	100.00	100.00
12. Alpha Investment Property Attikis II A.E.	Greece	100.00	100.00

Name	Country	Group's ownership interest %	
		31.12.2015	31.12.2014
13. Alpha Investment Property Amaroussion I A.E. (49n, 51d)	Greece	100.00	100.00
14. Alpha Investment Property Amaroussion II A.E. (49n, 51d)	Greece	100.00	100.00
15. AGI-RRE Participations 1 S.R.L.	Romania	100.00	100.00
16. AGI-BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00
17. Stockfort Ltd	Cyprus	100.00	100.00
18. Romfelt Real Estate S.A. (49j)	Romania	98.86	95.89
19. AGI-RRE Zeus S.R.L.	Romania	100.00	100.00
20. AGI – RRE Athena S.R.L.	Romania	100.00	100.00
21. AGI – RRE Poseidon S.R.L.	Romania	100.00	100.00
22. AGI – RRE Hera S.R.L.	Romania	100.00	100.00
23. AGI-BRE Participations 2 E.O.O.D.	Bulgaria	100.00	100.00
24. AGI-BRE Participations 2BG E.O.O.D.	Bulgaria	100.00	100.00
25. AGI-BRE Participations 3 E.O.O.D.	Bulgaria	100.00	100.00
26. AGI-BRE Participations 4 E.O.O.D.	Bulgaria	100.00	100.00
27. APE Fixed Assets A.E.	Greece	72.20	72.20
28. SC Cordia Residence S.R.L.	Romania	100.00	100.00
29. HT-1 E.O.O.D.	Bulgaria	100.00	100.00
30. AGI-RRE Venus S.R.L.	Romania	100.00	100.00
31. AGI-RRE Cleopatra S.R.L.	Romania	100.00	100.00
32. AGI-RRE Hermes S.R.L.	Romania	100.00	100.00
33. SC Carmel Residential S.R.L.	Romania	100.00	100.00
34. Alpha Investment Property Neas Kifissias A.E. (49n, 51d)	Greece	100.00	100.00
35. Alpha Investment Property Kalirois A.E. (49n, 51d)	Greece	100.00	100.00
36. Alpha Investment Property Livadias A.E.	Greece	100.00	100.00
37. AGI-SRE Ariadni DOO (49c)	Serbia	100.00	
38. Asmita Gardens SRL (49i)	Romania	100.00	
39. Alpha Investment Property Kefalariou A.E. (49h)	Greece	100.00	
40. Ashtrom Residents S.R.L.	Romania	100.00	
41. AGI-BRE Participations 5 E.O.O.D. (49u)	Bulgaria	100.00	
42. Cubic Center Development S.A. (49w)	Romania	100.00	
43. Alpha Investment Property Neas Erythraias A.E. (49v)	Greece	100.00	
44. Anaplasi Plagias A.E.	Greece	100.00	
Special purpose and holding 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 (49h, 49n, 49o, 49s, 49q, 49v, 49x, 51b, 51d)	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Ionian Equity Participations Ltd	Cyprus	100.00	100.00
6. Emporiki Group Finance Plc	United Kingdom	100.00	100.00
7. AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
8. AGI – RRE Participations 1 Ltd (49i)	Cyprus	100.00	100.00
9. Alpha Group Ltd	Cyprus	100.00	100.00
10. Katanalotika Plc	United Kingdom		
11. Epihiro Plc	United Kingdom		
12. Irida Plc	United Kingdom		
13. Pisti 2010-1 Plc	United Kingdom		
14. Alpha Shipping finance Ltd	United Kingdom		
15. AGI – RRE Athena Ltd	Cyprus	100.00	100.00
16. AGI – RRE Poseidon Ltd (49j)	Cyprus	100.00	100.00
17. AGI – RRE Hera Ltd	Cyprus	100.00	100.00
18. Umera Ltd	Cyprus	100.00	100.00
19. AGI-BRE Participations 2 Ltd	Cyprus	100.00	100.00
20. AGI-BRE Participations 3 Ltd	Cyprus	100.00	100.00
21. AGI-BRE Participations 4 Ltd	Cyprus	100.00	100.00
22. Alpha Real Estate Services Ltd	Cyprus	100.00	100.00
23. AGI-RRE Ares Ltd	Cyprus	100.00	100.00
24. AGI-RRE Venus Ltd	Cyprus	100.00	100.00
25. AGI-RRE Artemis Ltd (49u)	Cyprus	100.00	100.00
26. AGI-BRE Participations 5 Ltd (49u)	Cyprus	100.00	100.00
27. AGI-RRE Cleopatra Ltd (49w)	Cyprus	100.00	100.00
28. AGI-RRE Hermes Ltd	Cyprus	100.00	100.00

Name	Country	Group's ownership interest %	
		31.12.2015	31.12.2014
29. AGI-RRE Arsinoe Ltd (49d, 49w)	Cyprus	100.00	100.00
30. AGI-SRE Ariadni Ltd (49c)	Cyprus	100.00	100.00
31. Zerelda Ltd	Cyprus	100.00	100.00
32. AGI-Cypre Alaminos Ltd	Cyprus	100.00	100.00
33. AGI-Cypre Tochini Ltd	Cyprus	100.00	100.00
34. AGI-Cypre Evagoras Ltd	Cyprus	100.00	100.00
35. AGI-Cypre Tersefanou Ltd	Cyprus	100.00	100.00
36. AGI-Cypre Mazotos Ltd	Cyprus	100.00	100.00
37. AGI-Cypre Ermis Ltd	Cyprus	100.00	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. Kafe Alpha A.E.	Greece	100.00	100.00
5. Alpha Supporting Services A.E.	Greece	100.00	100.00
6. Real Car Rental A.E.	Greece	100.00	100.00
7. Evisak A.E.	Greece	85.71	85.71
8. Emporiki Management A.E.	Greece	100.00	100.00
9. Alpha Bank Notification Services A.E. (49p)	Greece	100.00	

b. Joint ventures

1. Cardlink A.E. (49b)	Greece		50.00
2. APE Commercial Property A.E.	Greece	72.20	72.20
3. APE Investment Property A.E. (49k)	Greece	72.80	72.80
4. Alpha TANEO A.K.E.S.	Greece	51.00	51.00
5. Rosequeens Properties Ltd.	Cyprus	33.33	33.33
6. Rosequeens Properties S.R.L.	Romania	33.33	33.33

c. Associates

1. AEDEP Thessalias and Stereas Ellados	Greece	50.00	50.00
2. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
3. Bank Information Systems A.E.	Greece	23.77	23.77
4. Propindex A.E.Δ.A.	Greece	35.58	35.58
5. Olganos A.E.	Greece	30.44	30.44

Subsidiaries are fully consolidated, while joint ventures and associates are accounted under the equity method, in accordance with IAS 28 “Investments in associates and joint ventures” and IFRS 11 “Joint Arrangements”.

Consolidated financial statements do not include the Commercial Bank of London Ltd which is a dormant company and Smelter Medical Systems AE, Bank Company Historical Archive Cultural Contribution of Emporiki Bank’s non profit company, Aris Diomidis Emporiki SA, Metek SA, which have been fully impaired and are in the process of liquidation. It is noted that on 30.9.2015 the process of liquidation of Emporiki Media Ltd. was completed. It was fully impaired and not included in the consolidation. On 9.10.2015 the liquidation process of Bank Company Historical Archive Cultural Contribution of Emporiki Bank’s Non Profit Company was completed.

The Group hedges the foreign exchange risk arising from the net investment in subsidiaries through the use of derivatives in their functional currency.

Group subsidiaries with non controlling interests

The table below presents information concerning the Group's subsidiaries with non controlling interests.

Name	Country	Non controlling interests %		Profit/(loss) attributable to non controlling interests		Other comprehensive income recognized directly in Equity for non controlling interests		Non controlling interests	
		31.12.2015	31.12.2014	1.1.2015 - 31.12.2015	1.1.2014 - 31.12.2014	1.1.2015 - 31.12.2015	1.1.2014 - 31.12.2014	31.12.2015	31.12.2014
1. APE Fixed Assets A.E.	Greece	27.80	27.80	(75)	(78)			11,025	11,100
2. Evisak A.E.	Greece	14.29	14.29	9	17		5	524	516
3. Ionian Hotel Enterprises A.E.	Greece	2.73	2.73	59	9	(1)	(10)	3,116	3,057
4. Alpha Astika Akinita A.E.	Greece	6.83	6.83	204	163	(1)	(3)	8,902	8,699
5. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	6.83	6.83	9	4			16	7
6. Chardash Trading E.O.O.D.	Bulgaria	6.83	6.83	31	38			91	60
7. Alpha Bank Romania S.A.	Romania	0.08	0.08	(5)	(26)	22	(40)	262	244
8. Romfelt Real Estate S.A.	Romania	1.14	4.11	(27)	(75)		2	(121)	(549)
9.Alpha Astika Akinita Romania S.R.L.	Romania	6.83	6.83	10	8			36	26
10.Alpha Real Estate D.O.O. Beograd	Serbia	6.83	6.83	43	39	(5)	(22)	130	91
11.Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	6.83	6.83	2	2			17	15
Total				**260**	**101**	**15**	**(68)**	**23,998**	**23,266**

The percentage of voting rights of non controlling interests in subsidiaries does not differ from their participation in the share capital.

The Group assesses that, from the subsidiaries presented above, Alpha Astika Akinita and APE Fixed Assets A.E. have material non controlling interests. Condensed financial information for the mentioned subsidiaries is presented below. Their respective data is based on amounts before the elimination of intercompany transactions.

Condensed Statement of Comprehensive Income

	Alpha Astika Akinita A.E.		APE Fixed Assets A.E.	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total income	11,125	11,713	1	5
Total expenses	(6,961)	(8,203)	(248)	(295)
Profit/(loss) for the year after income tax	**2,989**	**2,601**	**(270)**	**(282)**
Total comprehensive income for the year, after income tax	**2,981**	**2,517**	**(270)**	**(282)**

Condensed Balance Sheet

	Alpha Astika Akinita A.E.		APE Fixed Assets A.E.	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total non-current assets	77,269	77,770	39,947	40,096
Total current assets	57,554	53,764	47	149
Total short-term liabilities	2,903	2,641	32	35
Total long-term liabilities	1,914	1,650	305	282
Total Equity	130,006	127,243	39,657	39,928

Condensed Statement of Cash Flows

	Alpha Astika Akinita A.E.		APE Fixed Assets A.E.	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total inflows/(outflows) from operating activities	4,131	696	(101)	(120)
Total inflows/(outflows) from investing activities	890	11,177	1	5
Total inflows/(outflows) from financing activities	(12)	(14)		
Total inflows/(outflows) for the year	**5,009**	**11,859**	**(100)**	**(115)**
Cash and cash equivalents at the beginning of the year	**49,751**	**37,892**	**146**	**261**
Cash and cash equivalents at the end of the year	**54,760**	**49,751**	**46**	**146**

These subsidiaries did not pay any dividends for 2015 and 2014.

Significant restrictions

Group's significant restrictions regarding the use of assets or the settlement of obligations, are those imposed by the regulatory framework in which subsidiaries operating in the Banking sector. Subsidiaries operating in the Banking sector are required by regulatory authorities to maintain a specific level of capital buffers and liquid assets, to limit their exposure to other Group companies and to comply with specific ratios. The total assets and liabilities of the Group subsidiaries with significant restrictions amount to €8,093 million (2014: €9,585 million) and €7,075 million (2014: €8,544 million) respectively.

There are no protective rights for non controlling interest, which could restrict the Group's ability to use assets or settle Group's obligations.

Moreover not only the cash withdrawals and free capital flows restrictions imposed by Legislative Act within 2015, and any ministerial or other decision issued, impose restrictions to Greek subsidiaries of the Group, to move capitals out of Greece.

Consolidated structured entities

The Group consolidates five structured entities which were established to accommodate transactions related to securitized loans issued by Group companies. Securitization transactions aim to raise liquidity by issuing bonds or other legal form of borrowing. In all cases, the Group has concluded that it controls these companies since it has the power over their activities and has a significant exposure to their returns.

Bonds and other financial instruments which are issued by the consolidated structured companies are fully -owned by the Bank with the exception of shipping loans securitization transaction through the company Alpha Shipping Finance Ltd, where all the high-priority payment debt is held by third parties outside the Group.

Depending on the criteria required for each securitized portfolio, the Group, without having any relevant contractual obligation, proceeds in ad hoc repurchases of securitized loans. In addition, for the securitization transactions that are in replacement period the Group proceeds with new securitization of loan portfolios transferring them to those companies, in order to meet specific quantitative criteria related to the amount of debt securities. The intention of the Group is to continue this practice. The table below presents the balances of debt securities or other form of debt issued per consolidated special structure entity that constitute tools of raising liquidity.

	Nominal value	
Name	**31.12.2015**	**31.12.2014**
Epihiro Plc	1,593,400	1,593,400
Katanalotika Plc	1,520,000	1,520,000
Pisti 2010-1 Plc	586,200	586,200
Irida Plc	474,800	474,800
Alpha Shipping Finance Ltd	342,516	415,156

Furthermore, as at 31.12.2015, the Group had granted subordinated loans amounting to €344.8 million (2014: €310 million) to the structured entities for credit enhancement purposes of the securitization transactions.

Changes of ownership interest in subsidiaries which did not result in loss of control

The transactions with minority interests shareholders (n which the Group retained the control) are presented below.

On 7.5.2015 the subsidiary company of the group, AGI-PRE POSEIDON LTD bought the 2.96% of the minor shareholder, Romfelt Real Estate S.A. and therefore the Group owns the 98.86%.

On 2014 the Group increased by 0.03% the percentage of its participation on Alpha Astika Akinita AE and its subsidiaries indirectly, which owns by 100%, Alpha Real Estate D.O.O. Beograd, Alpha Astika Akinita D.O.O.E.L. Skopje, Alpha Real Estate Bulgaria E.O.O.D., Chardash Trading E.O.O.D., Alpha Real Estate Services S.R.L..

On 29.12.2014 the subsidiary Emporiki Venture Capital Developed Markets Ltd, bought the 0.73% of the minor shareholder Emporiki Bank Cyprus Ltd and therefore the Group owns the 100%.

The effect from the changes in subsidiary participation in total equity attributed to the shareholders of the company during the years 2015 and 2014 is presented in the following tables:

	Ownership interest increases 1.1.2015 - 31.12.2015
	Romfelt Real Estate S.A.
Carrying amount of acquired non controlling interest	(457)
Contribution paid	
Amount attributable to Bank's shareholders	(457)

	Ownership interest increases 1.1.2014 - 31.12.2014		
	Group «Alpha Astika Akinita A.E.»	Emporiki Bank Cyprus LTD	Total
Carrying amount of acquired non controlling interest	79	328	407
Contribution paid	(33)	(300)	(333)
Amount attributable to Bank's shareholders	46	28	74

Loss of control in subsidiary due to sale

On 16.1.2015 the sale of the total number of shares of subsidiary company Alpha Insurance Ltd was completed.

On 30.12.2014 the subsidiary Alpha Group Investments Ltd sold the total number of shares of subsidiary Alpha Investments Elaiona for €60 and the Group's profit came up to €43.

Exposure to non-consolidated structured entities

The Group, through its subsidiary Alpha Asset Management AEDAK, manages 27 (31.12.2014: 27) mutual funds which meet the definition of structured entities and on each reporting date, it assesses whether it exercises any control on these entities according the provisions of IFRS 10.

The Group, as the manager of the mutual funds has the ability to direct the activities which significantly affect their rate of return through selecting the investments made by the funds, always within the framework of permitted investments as described in the regulation of each fund. As result, the Group has power over the mutual funds under management but within a clearly defined decision making framework. Moreover the Group is exposed to variable returns, through its involvement in the mutual funds as it receives fees for the disposal, redemption and management of the funds under normal market levels for similar services. The Group also holds direct investments in some of the funds under management, the level of which does not lead to a significant variability in the return compared to the respective total rate of return variability for the mutual fund. Due to these factors, the Group assesses that for all mutual funds under management, it exercises, for the benefit of unit holders, the decision making rights assigned to it acting as an agent without controlling the mutual funds.

The following table presents the figures of the mutual funds under Group's management, grouped by type of investments held. The amounts shown include the total assets of the funds at the balance sheet date and the income recognized in the Group's income statement during the year from the funds under management concerning fees for the disposal, redemption and management services.

	Total Assets		Commission income	
Category of Mutual Funds	**31.12.2015**	**31.12.2014**	**1.1-31.12.2015**	**1.1-31.12.2014**
Total Bond Funds	326,415	328,234	3,271	3,684
Total Money Market Funds	157,123	253,332	891	1,300
Total Equity Funds	271,711	324,435	7,334	11,005
Total Balanced Funds	186,551	154,356	3,255	3,375
Total Fund of Funds	131,071	130,420	2,799	2,309
Total	**1,072,871**	**1,190,777**	**17,550**	**21,673**

The Group's direct investment in mutual funds under management, has been recognized in Available for sale portfolio. The carrying amount of shares held by the Group amounts to €34.8 million (31.12.2014: €44 million). The Group has also entered into derivative transactions with the mutual funds that it manages as a counterparty. The carrying amount of assets and liabilities of these derivative financial instruments amounts to €5 (31.12.2014: €249) and €1,185 (31.12.2014: €655), respectively. It is noted that the Group has fully hedged its position in these derivatives. During 2015 an amount of €4.2 (2014: €311) was recognized in the Group's income statement as impairment losses over the mutual funds of the available for sale portfolio that it manages.

It should be noted that there is no contractual obligation for the Group to provide financial support to any of the mutual funds under management nor does it guarantee their rate of return.

In addition, the Group manages Alpha TANEO Ventures Capital Management Mutual Fund through its subsidiary Alpha A.E. Venture Capital Management -AKES. The unit holders of this mutual fund are the Bank owning 51% and the New Economy Development Fund S.A owning 49%. Both parties mutually control the mutual fund and as a result the Group's investment in Alpha TANEO A.K.E.S is measured under the equity method. The carrying amount of the Group's investment on 31.12.2015 amounts to €3.3 million (31.12.2014: €2.9 million) and is included in Associates and Joint Ventures. The Group's share of Alpha TANEO AKES profit or loss is presented in note 19. Company's total assets amounted to €6.3 million as at 31.12.2015 (31.12.2014: €6.1 million). The Group's commission income for the management of the mutual fund for 2015 amounted to €517 (2014: €750). The Bank has undertaken the obligation to participate in additional investments in the Mutual Fund amounting up to €0.4 million. This commitment along with participation's carrying amount represent the maximum exposure of the Group to Alpha TANEO AKES.

The Group also participates in other structured entities through investment in private equity mutual funds which are not managed by it, as well as in companies whose operation involves the issuance of asset-backed securities through its investment in their securities. The following table presents the abovementioned Group's investments. As indication of the size of the structured entities the total assets of the private equity mutual funds according to the most recent available financial statements and the total nominal value of the issue of asset backed securities are given.

	31.12.2015		31.12.2014	
Category of Structured Entity	**Carrying Value**	**Total Assets/ Value of issue**	**Carrying Value**	**Total Assets/ Value of issue**
Investment Securities – Available for Sale				
Private Equity Mutual Funds	31,910	511,588	38,701	580,014
Asset- backed securities	7,323	1,192,257	17,192	2,786,176
Investment Securities – Held to Maturity				
Asset- backed securities	337	4,040	12,580	50,084
Investments in associates and joint ventures				
Private Equity Mutual Funds	1,020	3,545	980	3.426

The Group has committed to participate in further investments of these mutual funds up to the amount of €2.7 million (31.12.2014: €3.2 million). This commitment and the carrying amount of the investment, consist the maximum Group's exposure to these investments. During 2015, an amount of €2.6 million was recognized in Group results as impairment losses from the above mutual funds of the available for sale portfolio (2014: €2 million). The Group presented losses of €7 million from a swap transaction of its participation to a venture capital with a participation to a structure entity.

From its investment in asset-backed securities the Group recognized during 2015 interest income amounting to €412 (2014: €444) and losses amounting to €7 million (2014: profits €599) in gains on financial transactions. There is no contractual obligation of providing financial support to the companies which have issued these securities by the Group. The maximum exposure of the Group to losses from the asset-backed securities is not different from their carrying value.

39. Disclosures of Law 4261/5.5.2014

Article 81 of Law 4261/5.5.2014 incorporated into Greek legislation the Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, according to which, it is adopted for the first time the obligation to disclose information on a consolidated basis by Member State and third country in which the Group has headquarters and specified as follows: name or names, nature of business, geographic location, turnover, results before tax, taxes on results, public subsidies received and number of full time employees.

The required information is listed below.

Greece

Income in Greece on 31.12.2015 amounted to €3,160,041, results before tax amounted to losses €(1,806,082) taxes on results amounted to €796,415 and the number of employees was 10,395 for the following companies that included:

Banks

1. Alpha Bank A.E.

(Bank's branches in Bulgaria and United Kingdom are included)

Financing Companies

1. Alpha Leasing A.E.
2. ABC Factors A.E.
3. Diners Club Greece A.E.P.P.

Investment Banking

1. Alpha Finance A.E.P.E.Y.
2. Alpha Ventures
3. Alpha A.E. Ventures Capital Management -AKES
4. Emporiki Management A.E.

Asset Management

1. Alpha Asset Management A.E.D.A.K.

Insurance

1. Alpha Insurance Agents A.E.
2. Alphalife A.A.E.Z.

Real estate and hotel

1. Alpha Astika Akinita A.E.
2. Ionian Hotel Enterprises A.E.
3. Oceanos A.T.O.E.E.
4. Emporiki Development and Real Estate Management A.E.
5. Alpha Investment Property Chalandriou A.E.
6. Alpha Investment Property Attikis A.E.
7. Alpha Investment Property Attikis II A.E.
8. Alpha Investment Property Amarousion I A.E.
9. Alpha Investment Property Amarousion II A.E.
10. Alpha Investment Property Eleonas A.E.
11. APE Fixed Assets A.E.
12. Alpha Investment Property Neas Kifisias A.E.
13. Alpha Investment Property Kalirois A.E.
14. Alpha Investment Property Levadias A.E..
15. Alpha Investment Property Kefalariou A.E.
16. Alpha Investment Property Neas Erythraias A.E.
17. Anaplasi Plagias A.E.

Special purpose and holding entities

1. Ionian Holdings A.E.

Other companies

1. Kafe Alpha A.E.
2. Alpha Supporting Services A.E.
3. Real Car Rental A.E.
4. Evisak A.E.
5. Alpha Bank Notification Services A.E.

Cyprus

Income in Cyprus on 31.12.2015 amounted to €279,640, results before tax amounted to losses €(391,152), taxes on results amounted to €(3,291), the number of employees was 874 and the following companies were included:

Banks

1. Alpha Bank Cyprus Ltd
2. Emporiki Bank Cyprus Ltd

Investment Banking

1. Emporiki Ventures Capital Developed Markets Ltd
2. Emporiki Ventures Capital Emerging Markets Ltd

Insurance

1. Alpha Insurance Ltd

Real Estate and Hotel

1. Stockfort Ltd

Special purpose and holding entities

1. Alpha Group Investments Ltd
2. Ionian Equity Participations Ltd
3. AGI – BRE Participations 1 Ltd
4. AGI – RRE Participations 1 Ltd
5. Alpha Group Ltd
6. AGI – RRE Athena Ltd
7. AGI – RRE Poseidon Ltd
8. AGI – RRE Hera Ltd
9. Umera Ltd
10. AGI-BRE Participations 2 Ltd
11. AGI-BRE Participations 3 Ltd
12. AGI-BRE Participations 4 Ltd
13. AGI-RRE Apollo Ltd
14. AGI-RRE Ares Ltd
15. AGI-RRE Venus Ltd
16. AGI-RRE Artemis Ltd
17. AGI-BRE Participations 5 Ltd
18. AGI-RRE Cleopatra Ltd
19. AGI-RRE Hermes Ltd
20. AGI-Cypre Arsinoe Ltd
21. AGI-SRE Ariadni Ltd
22. AGI-Cypre Alaminos Ltd
23. AGI-Cypre Tochini Ltd
24. AGI-Cypre Evagoras Ltd
25. AGI-Cypre Tersefanou Ltd
26. AGI-Cypre Mazotos Ltd
27. AGI-Cypre Ermis Ltd

Other companies

1. Alpha Trustees Ltd
2. Zerelda Ltd

United Kingdom

Income in United Kingdom on 31.12.2015 amounted to €106,336, results before tax amounted to gains €10,717, taxes on results amounted to €(1,044), the number of employees was 44 and the following companies included were:

Banks

1. Alpha Bank London Ltd

Asset Management

1. ABL Independent Financial Advisers Ltd

Special purpose and holding entities

1. Alpha Credit Group Plc
2. Emporiki Group Finance Plc
3. Katanalotika Plc
4. Epihiro Plc
5. Irida Plc
6. Pisti 2010-1 Plc
7. Alpha Finance Shipping LTD

Other companies

1. Alpha Bank London Nominees Ltd
2. Flagbright Ltd

Bulgaria

Income in Bulgaria on 31.12.2015 amounted to €3,725, results before tax amounted to losses €(4,327), taxes on results amounted to €51 and the following companies included were:

Real Estate and Hotel

1. Alpha Real Estate Bulgaria E.O.O.D.
2. Chardash Trading E.O.O.D.
3. AGI-BRE Participations 1 E.O.O.D.
4. AGI-BRE Participations 2 E.O.O.D.
5. AGI-BRE Participations 2BG E.O.O.D.
6. AGI-BRE Participations 3 E.O.O.D.
7. AGI-BRE Participations 4 E.O.O.D.
8. HT-1 E.O.O.D
9. AGI-BRE Participations 5 E.O.O.D.

Jersey

Income in Jersey on 31.12.2015 amounted to €971 and the results before tax amounted to losses €(63).

Special purpose and holding entities

1. Alpha Group Jersey Ltd

Serbia

Income in Serbia on 31.12.2015 amounted to €53,555, results before tax amounted to losses €(7,647), tax on results amounted to €(31), the number of employees was 921 and the following companies included were:

Banks

1. Alpha Bank Srbija A.D.

Real Estate and Hotel

1. Alpha Real Estate D.O.O. Beograd

Romania

Income in Romania on 31.12.2015 amounted to €146,005 thousand, results before tax amounted to losses €(23,247), taxes on results amounted to €(123), the number of employees was 1,882 and the following companies included were:

Banks

1. Alpha Bank Romania S.A.

Leasing companies

1. Alpha Leasing Romania IFN S.A.

Investment Banking

1. SSIF Alpha Finance Romania S.A.

Insurance

1. Alpha Insurance Brokers S.R.L.

Real Estate and Hotel

1. Alpha Astika Akinita Romania S.R.L.
2. AGI-RRE Participations 1 S.R.L.
3. Romfelt Real Estate S.A.
4. AGI-RRE Zeus S.R.L.
5. AGI – RRE Athena S.R.L.
6. AGI – RRE Poseidon S.R.L.
7. AGI – RRE Hera S.R.L.
8. AGI-RRE Venus S.R.L.
9. AGI-RRE Cleopatra S.R.L.
10. AGI-RRE Hermes S.R.L.
11. SC Cordia Residence S.R.L.
12. SC Carmel Residential S.R.L.
13. Asmita Gardens S.R.L.
14. Ashtrom Residents S.R.L.
15. Cubic Center Development S.A.

Albania

Income in Albania on 31.12.2015 amounted to €25,198, results before tax amounted to losses €(1,831), tax on results amounted to €5 thousand the number of employees was 425 and the following companies included were:

Banks

1. Alpha Bank Albania SH.A.

FYROM

Income in FYROM on 31.12.2015 amounted to €6,690, results before tax amounted to losses €(3,101), tax on results amounted to €199, the number of employees was 238 and the following companies included were:

Bank

1. Alpha Bank AD Skopje

Real Estate and Hotel

1. Alpha Astika Akinita D.O.O.E.L. Skopje

Neither the Bank nor the Group companies have received any public subsidies. According to article 82 of Law 4261/5.5.2014 with which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 is established the requirement to disclose the total return on assets.

The overall performance of the assets of the Group for the year of 2015 amounted to (1.9)% (31.12.2014: (0.5)%).

40. Operating segments

a. Analysis by operating segment

(in millions of Euro)

	1.1 - 31.12.2015						
	Retail	**Corporate Banking**	**Asset Management/Insurance**	**Investment Banking/ Treasury**	**South-Eastern Europe**	**Other**	**Group**
Net interest income	1,027.2	722.2	16.4	(147.2)	312.5	0.6	1,931.7
Net fee and commission income	107.4	134.0	43.5	(3.2)	31.8	1.2	314.7
Other income	6.6	12.3	1.0	82.1	(0.7)	(89.7)	11.6
Total income	**1,141.2**	**868.5**	**60.9**	**(68.3)**	**343.6**	**(87.9)**	**2,258.0**
Total expenses	**(673.8)**	**(148.3)**	**(30.4)**	**(31.4)**	**(221.1)**	**(135.4)**	**(1,240.4)**
Impairment losses	(1,328.4)	(1,325.7)		(2.6)	(362.0)	(1.1)	(3,019.8)
Provision for Voluntary Separation Scheme						(64.3)	(64.3)
Profit/(losses) before income tax	**(861.0)**	**(605.5)**	**30.4**	**(102.3)**	**(239.5)**	**(288.6)**	**(2,066.5)**
Income tax							806.8
Profit/(losses) after income tax from continuing operations	(861.0)	(605.5)	30.4	(102.3)	(239.5)	(288.6)	(1,259.7)
Profit/(losses) from discontinued operations					(111.8)		(111.8)
Profit/(losses) after income tax	**(861.0)**	**(605.5)**	**30.4**	**(102.3)**	**(351.2)**	**(288.6)**	**(1,371.5)**
Assets	25,189.1	16,711.1	483.5	11,943.3	9,806.2	5,163.1	69,296.2
Liabilities	22,416.3	4,827.5	1,359.0	25,038.3	6,309.0	291.9	60,241.9
Capital expenditure	58.6	30.5	1.4	0.9	9.4	6.8	107.7
Depreciation and Amortization	(54.5)	(19.3)	(2.1)	(2.2)	(11.8)	(15.1)	(105.0)

(in millions of Euro)

	1.1 - 31.12.2014						
	Retail	Corporate Banking	Asset Management/Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	840.2	714.3	15.5	21.5	326.8	1.1	1,919.4
Net fee and commission income	104.0	150.0	38.0	7.6	33.9	0.7	334.2
Other income	6.1	12.9	1.8	67.2	32.4	(24.8)	95.6
Total income	**950.3**	**877.2**	**55.3**	**96.3**	**393.1**	**(23.0)**	**2,349.2**
Total expenses	**(734.7)**	**(162.2)**	**(32.0)**	**(28.8)**	**(232.1)**	**(163.2)**	**(1,353.0)**
Impairment losses	(705.5)	(586.4)			(555.2)		(1,847.1)
Voluntary separation scheme cost						(200.8)	(200.8)
Negative goodwill from acquisition of DINERS						40.3	40.3
Profit/(losses) before income tax	**(489.9)**	**128.6**	**23.3**	**67.5**	**(394.2)**	**(346.6)**	**(1,011.4)**
Income tax							696.4
Profit/(losses) after income tax from continuing operations	**(489.9)**	**128.6**	**23.3**	**67.5**	**(394.2)**	**(346.6)**	**(315.0)**
Profit/(losses) from discontinued operations					(14.8)		(14.8)
Profit/(losses) after income tax	**(489.9)**	**128.6**	**23.3**	**67.5**	**(394.1)**	**(346.7)**	**(329.8)**
Assets	25,128.1	18,725.4	404.2	11,132.8	12,386.3	5,158.6	72,935.5
Liabilities	29,837.8	7,046.0	1,938.9	15,938.9	9,977.0	490.3	65,228.9
Capital expenditure	41.3	18.3	2.0	1.0	10.0	11.3	83.9
Depreciation and Amortization	(45.0)	(17.8)	(1.7)	(1.1)	(13.1)	(15.7)	(94.3)

i. Retail Banking

It includes all individuals (retail banking customers), professionals, small and very small companies operating in Greece and on abroad, except from South-Eastern Europe countries.

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

ii. Corporate Banking

It includes all medium-sized and large companies, with international activities, corporations with international business activities, entrerprises which cooperate with the Corporate Banking Division, as well as shipping corporations operating in Greece and on abroad except from South Eastern European countries. The Group offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations. This sector also includes leasing products which are provided by Alpha Leasing A.E. as well as factoring services which are provided by the subsidiary company ABC Factors A.E.

iii. Asset Management/Insurance

It consists of a wide range of asset management services offered through Group's private banking units and its subsidiary, Alpha Asset Management A.E.D.A.K. In addition, it includes income received from the sale of a wide range of insurance products to individuals and companies through either AXA insurance, which is the corporate successor of the subsidiary Alpha Insurance A.E. or the subsidiary Alphalife A.A.E.Z.

iv. Investment Banking/Treasury

It includes stock exchange, advisory and brokerage services related to capital markets, and also investment banking facilities, which are offered either by the Bank or specialized subsidiaries (Alpha Finance A.E.P.E.Y., Alpha Ventures S.A.). It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements Loans etc.).

v. South-Eastern Europe

It consists of the Bank's branches and the Group's subsidiaries, which operate in South Eastern Europe. It is noted that Bulgaria's Branch and Alpha Bank's subsidiary Alpha Bank AD Skopje, are not included anymore in the results of the continuing activities in this sector anymore. Their financial result is included in the category "Profit/Loss from discontinued operations".

vi. Other

This segment consists of the non-financial subsidiaries of the Group and Bank's income and expenses that are not related to its operating activity.

b. Analysis by geographical sector

(in millions of Euro)

	1.1 - 31.12.2015		
	Greece	Other countries	Total
Net interest income	1,598.6	333.1	1,931.7
Net fee and commission income	279.0	35.7	314.7
Other income	10.3	1.3	11.6
Total income	**1,887.9**	**370.1**	**2,258.0**
Total expenses (excluding VSS)	**(1,004.4)**	**(236.0)**	**(1,240.4)**
Impairment losses	(2,657.8)	(362.0)	(3,019.8)
Provision for voluntary separation scheme	(64.3)	-	(64.3)
Profit/(losses) before incomem tax	**(1,838.6)**	**(227.9)**	**(2,066.5)**
Income tax			806.8
Profit/(losses) after income tax from continuing operations	**(1,838.6)**	**(227.9)**	**(1,259.7)**
Profit/losses from discontinued operations	-	(111.8)	(111.8)
Profit/(losses) after income tax	**(1,838.6)**	**(339.7)**	**(1,371.5)**
Total Assets	59,112.1	10,184.2	69,296.2

(in millions of Euro)

	1.1 - 31.12.2014		
	Greece	Other countries	Total
Net interest income	1,559.6	359.8	1,919.4
Net fee and commission income	294.8	39.4	334.2
Other income	54.7	40.9	95.6
Total income	**1,909.1**	**440.1**	**2,349.2**
Total expenses (excluding VSS)	**(1,099.7)**	**(253.3)**	**(1.353.0)**
Impairment losses	(1,291.3)	(555.8)	(1,847.1)
Cost for voluntary separation scheme	(200.8)		(200.8)
Negative goodwill from the acquisition of Emporiki Bank	40.3		40.3
Profit/(losses) before income tax	**(642.4)**	**(368.9)**	**(1,011.4)**
Income tax			696.4
Profit/(losses) after income tax from continuing operations	**(642.4)**	**(368.9)**	**(315.0)**
Profit/losses from discontinued operations		(14.8)	(14.8)
Profit/(losses) after income tax	**(642.4)**	**(383.9)**	**(329.8)**
Total Assets	60,052.1	12,883.3	72,935.5

41. Risk Management

Alpha Group has established a thorough and prudent risk management framework which is being built on the best supervisory practices and based on the common European legislation and banking system rules, principles and standards and is evolved over time and implemented in a coherent and effective manner on the bank's conduct of the day-to-day business to strengthen its sound corporate governance under a challenging macroeconomic and financial environment.

The Group's critical focus in 2015 was to maintain the highest operating standards, ensure compliance with regulatory risk rules and retain confidence in the conduct of its business activities through sound and robust provision of financial services.

41.1 Credit Risk Management

RISK MANAGEMENT ORGANIZATION

Board of Directors

The Board of Directors supervises the overall operations of the Risk Management Unit. Regarding Risk Management, the Board of Directors is supported by the Risk Management Committee. The Risk Management Committee through monthly meetings reports to the Board of Directors issues regarding the Group's risk-taking strategy and capital management. It is responsible for the implementation and monitoring compliance with the risk management policies.

The Group re-assesses the effectiveness of the risk management framework on a regular basis in order to ensure compliance with International best practices.

For a more comprehensive and effective identification and monitoring of all risk types, Management Committees have been established (Assets and Liabilities Committee, Operational Risk Committee and Credit Risk Committee).

Risk Management Committee

The General Manager and Group Chief Risk Officer supervise the Risk Management Unit and report on a regular basis and ad hoc to the Management Committees, the Risk Management Committee and to the Board of Directors. As far as credit risk is concerned the reporting to the above mentioned committees covers the following areas:

- The portfolio risk profile by rating grade.
- The transition among rating grades (migration matrix).
- The estimation of the relevant risk parameters by rating grade, group of clients, etc.
- The trends of basic rating criteria.
- The changes in the rating process, the criteria or in each specific parameter.
- The concentration risk (by risk type, sector, country, collateral and portolio etc.).

Organizational Structure of Risk Management Divisions

Under the supervision of the Group Chief Risk Officer the following Risk Management Divisions operate within the Group and have been assigned with the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee.

- Market and Operational Risk Division
- Wholesale Banking Credit Risk Division
  - Wholesale Banking Credit Risk Methodologies Development Division
  - Wholesale Banking Credit Risk Analysis Division
- Retail Banking Credit Risk Division
  - Retail Banking Credit Risk Methodologies Development Division
  - Retail Banking Credit Risk Analysis Division
- Wholesale Credit Division – Greece
- Wholesale Credit Division – International
- Retail Credit Division

For credit management purposes, facilities are separated into Wholesale and Retail Division.

WHOLESALE BANKING PORTFOLIO

Wholesale Banking credit facilities

Wholesale banking credit facilities are included in each of the following categories subject to the characteristics of the credit facility and the obligor, as shown in the table below:

	Portfolio	Characteristics
Obligors under the competence of Wholesale Banking	Corporate	Companies with turnover > Euro 50m. Includes financing in shipping companies, as well as, obligors under the management of the Investment Banking Division
	SME	Euro 2,5m. < Companies with turnover < Euro 50m. or companies with credit limit > Euro 1m.

1. Credit Risk Approval Process

The limits of the Wholesale Banking Credit Committees are determined in accordance to **Total Credit Exposure**, defined as the sum of all credit facilities of the obligor (single company or group of associated companies) which can be approved by the Group and include the following:

- Total credit requested exposure
- Working Capital limits
- Withdrawal limits from unclear deposits
- Letters of Credit/Letters of Guarantee limits
- Factoring limits
- Credit Cards prepayment limit
- Derivative transaction limits
- Corporate Cards limits
- Medium and long-term loans (current outstanding/exposure for facilities that have been fully drawn or limit amount of undrawn facilities).
- Leasing Facilities (current outstanding/exposure for leasing facilities that have been fully drawn or limit amount for undrawn/unused facilities).
- Special credit limits or loans, or any form of personal financing to the company's business owners (mortgage loans, consumer loans, shares' purchase, credit cards etc.).

Credit Approval Limits Wholesale Banking Credit Committees

Credit Committees Structure:

General Management Credit Committee

Wholesale Banking Credit Committees

- Under the General Managers
- Under the Divisions Managers
- Under the Divisions Assistant Managers
- Commercial Centers Credit Committee

Credit Limit Expiry/Renewal date:

The credit limits' expiry/renewal date is determined by the relevant Wholesale Banking Credit Committees. The basic factor for the determination of the credit limit expiry is the client's credit rating, which is not a standalone approval or rejection criterion, but the basis for determining the minimum security/collateral required and the respective pricing. As a rule, for obligors that have been rated in the Low, Medium and Acceptable credit risk zones, reviews are carried out on an **annual basis**, for Watch List clients, on a **semi-annual basis** while obligors that have been rated in the High Risk zone are reviewed on a **quarterly basis**. Deviations from the above rule are not allowed, except when the request by the responsible Business Units is approved by the competent Credit Committees.

2. Credit Risk Measurement and Internal Ratings

The assessment of the borrowers' creditworthiness and their rating in credit risk scales is established through rating systems.

The rating of the Group's borrowers with the use of credit risk rating systems constitutes a basic tool for:

- The decision-making process of Credit Committees for the approval/ renewal of credit limits and the implementation of the appropriate pricing policy (interest rate spreads etc.).
- The estimation of the future behavior of borrowers which belong to a group with similar characteristics.
- The early recognition of potential troubled facilities (early alert mechanism) and the prompt, effective action for the minimization of the expected loss for the Group.
- The assessment of the quality of the Group's loan portfolio and the credit risk undertaken.

The aim of the credit risk rating systems is the estimation of the probability that the borrowers will not meet their contractual obligations to the Group.

The rating systems employed by the Group are the Alpha Bank Rating System (ABRS) and the Moody's Risk Advisor (MRA) which incorporate different credit rating models.

All current and future clients of the Group are assessed based on the appropriate credit risk rating model and within pre-specified time frames.

For the estimation of the probability of default of the obligors of the Group the credit risk rating models evaluate a series of parameters, which can be grouped as follows:

- Obligor's Financial Ability (liquidity's ratios, debt to income, etc.)
- Peers' Analysis: Obligor's comparative position in the market in which it operates mostly compared to its peers.
- Behavioral status and history of the obligor with the Group and with third parties (debt in arrears, adverse transaction records, etc).
- Obligor's qualitative characteristics (solid and healthy administration, management succession, appropriate infrastructure and equipment etc.).

The credit rating models which are currently employed by the Group are differentiated according to:

- The turnover of the company.
- The level of the total credit risk exposure.
- The credit facility's specific characteristics.
- The available information for the obligor's assessment. Specifically, for the financial analysis the differentiation relates to the type of the local accounting standards and the International Financial Reporting Standards.

For each of the credit rating models, different parameters may be used, each of which contributes in a specific manner to the relevant assessment.

The statistical validation of the credit risk rating models is reviewed regularly in order to ensure the maximum predictive ability according to the best international practices.

Obligors Rating Scale

Borrowers are rated in the following rating scales:

AA, A+, A, A-, BB+, BB, BB-, B, B-, CC+, CC, CC-, C, D, D0, D1, D2, E

For presentation purposes of the table "Analysis of neither past due nor impaired Loans and Advances to customers", the "strong" rating includes the rating scales AA, A+, A, A- and BB+, "satisfactory" rating includes the rating scales BB, BB-, B, B-, CC+ and CC and "watch list" (higher risk) includes the rating scales CC- and lower than CC-.

Facility Rating Model

In the context of the alignment with the current Basel II supervisory requirements and the reinforcement of credit risk management processes, the Bank has developed a risk rating model that incorporates the transaction characteristics (facility rating), in case of a customer's default.

The model is complementary to the existing models of credit risk assessment, calibrating separately each credit facility based on the collateral. The specific assessments of existing and proposed credit facilities are weighted, yielding the final classification of the expected loss at the level of the overall credit risk exposure of the borrower,

The grading scales of the facility rating system consist of 6 grades for covered credit facilities plus 1 grade for the uncovered credit facilities: 1, 2, 3, 4, 5, 6, 7.

3. Impairment Policy

The Bank has defined as 'significant for individual assessment' customers loans that are managed by the Wholesale Banking Unit.

The assessment for impairment is performed on a quarterly basis, as follows:

The Bank assesses whether objective evidence for individual assessment for impairment exists. The process for identifying loans for impairment and estimating their impairment allowance consists of the following steps:

1. Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that an impairment loss has occurred.
2. Impairment calculation on an individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the carrying amount of the loan.
3. In cases where the impairment allowance under individual assessment was zero, these loans will be assessed for impairment on a collective basis, based on similar credit risk characteristics. For example, groups of loans are created per collateral coverage, days in arrears, credit rating etc, where the corresponding impairment factor will be applied.

The individual assessment for impairment is performed by the Wholesale Banking Unit and is approved by the Wholesale Credit Division.

Significant loans are assessed individually if one of the following conditions are met:

- Clients with credit risk rating D, D0,D1,D2 and E.
- Clients with credit risk rating CC- and C.
- Significant deterioration in the industry outlook in which the borrower operates.
- Derogatory items (e.g. payment orders, bounced cheques, auctions, bankruptcies, overdue payments to the State, to Social Security Funds, or to employees).
- Occurrence of unexpected, extreme events such as natural disasters, fraud, etc.
- Interventions and actions by regulatory bodies/local authorities against the borrower (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
- Breach of contractual terms and conditions.
- Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems.
- Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit, etc.
- Significant deterioration of financial ratios of the obligor (Reduction of equity due to losses, debt ratio etc) and of estimated future cash flows of the obligor.

Collective Assessment for Impairment

Collective assessment should be performed for exposures as follows:

a. Exposures that have been individually assessed and were found not to be impaired on an individual basis -the impairment allowance estimated was zero- are subsequently assessed for impairment on a collective basis, after they are grouped in pools based on common credit risk characteristics.

b. Exposures with no impairment triggers and therefore are assessed collectively in pools formed based on similar credit risk characteristics.

The future cash flows of a group of exposures that are collectively evaluated for impairment are calculated based on the estimated contractual cash flows, and historical loss experience for exposures with credit risk characteristics similar to those in the group. Theneed for objective evidence in order for the loss to be recognized and effectively the impairment loss to be identified on individual loans, may lead to a delay in the recognition of a loan's impairment, which has already occurred. Within this context and in accordance with IAS 39, it is appropriate to recognize impairment losses for those losses "which have been incurred but have not yet been reported» (Incurred But Not Reported - IBNR).

4. Credit Risk Concentration Management

Concentration Risk is a specific form of credit risk and arises due to the low degree of diversification between counterparties, products or group of counterparties, sectors, geographic regions, or collaterals.

The Group monitors on a regular basis concentration risk through detail reporting which informs Senior management and the Board of Directors. According to the supervisory framework, the Group complies with the regulatory directives regarding large exposures, while the capital requirements for single name and sector concentration risks are estimated in the context of Pillar 2 of Basel II.

RETAIL BANKING PORTFOLIO

Retail banking involves the lending facilities offered to borrowers covering traditional banking products and services such as:

- Housing loans/Mortgages
- Consumer Loans and Credit Cards
- Small companies and small business (SB): Legal entities with turnover up to Euro 2.5million and credit limit up to Euro 1million.

1. Credit Risk Approval Process

The Group monitors customer Total Credit Risk Exposure (For Individuals and Small Businesses), which refers to the sum of all revolving limits of an obligor, all the balances of long term facilities and for the case of legal entities the total exposure of facilities given to stakeholders of customer companies. Additionally, facilities for which the customer is guarantor or co-debtor are also taken into account.

The Group has developed and implemented a strict framework for the conduct of credit policy (legislative and supervisory / regulatory) and has also formulated and put into effect an internal system of credit principles, procedures and rules clearly applicable to the Group's lending business, in order to promote sound practices for managing credit risk.

Credit policies establish the framework for lending and guide the credit-granting activities of Retail Banking through:

- Sound lending management.
- Prudent client selection through in-depth assessment of both financial and qualitative data of the borrower
- Assessing the risk/reward relationship with a respective determination of pricing policy and collateral coverage after taking into account the level of credit risk.
- Monitoring and management of the Total Credit Risk Exposure, which is defined as the sum of all credit risks arising from all credit facilities provided by the Alpha Bank Group as a whole, to a single obligor.

The enforcement of the Credit Policy requires certain criteria to be met. These criteria play a significant role to the achievement and maintenance of a healthy portfolio and to the Group's Capital allocation. The Group, in order to ensure that all Credit Units fully comply with the Credit Policy, has adopted and introduced a Credit Control mechanism, on a monthly basis in order to review and assess if the credit policy framework is consistently followed during the underwriting process.

More specifically:

Invividuals

The approval process of credit to individuals is performed on the basis of the classification of borrowers into risk groups (risk groups), which represent a certain level of undertaken risk. The level of risk undertaken by the Group is adjusted, when deemed necessary, according to its credit policy.

The credit assessment for individuals is based upon the following pillars:

- Application fraud detection;
- Willingness to pay;
- Ability to pay;
- Collateral risk.

Small Businesses

Small Business are defined as following:

- Personal Companies with turnover up to €2.5 million and a credit limit up to €1 million
- Entrepreneurs with a credit limit up to €1 million
- Legal entities with turnover up to €2.5 million and a credit limit up to €1 million.

The creditworthiness of Small Businesses in the Retail Banking sector is related to the creditworthiness of agencies/competent of the company and vice versa. Therefore the evaluation of claims in this category is based on two dimensions:

- The valuation of the creditworthiness of entities or business managers.
- The valuation of the creditworthiness of the company.

The valuation of the creditworthiness of a company is based on the specific pillars:

- willingness to pay.
- ability to pay.

Hence, the credit assessment for the small businesses is based on the following:

- Application fraud detection;
- Demographics;
- Financials;
- Behavior;
- Credit Bureau;

- Qualitative data; and
- Collateral risk.

2. Internal Ratings

The fundamental parameter in assessing Retail Banking Credit Risk is the Credit Scoring Models that are developed and employed throughout the credit cycle at the Group level. The above models segments populations into homogenous risk groups (pools) and are categorized as follows:

- Behavior Models, which assess the customer's performance and predict the probability of defaulting within the following months;
- Application Credit Scoring Models, which assess application data—mainly demographic- that predict the probability of defaulting within the following months; and
- Basel II Models, according to the regulatory framework,(e.g., IRB compliant models).

These models and the probabilities of default that derive from them, contribute a significant role in risk management and decision making throughout Alpha Bank Group. Specifically, the models are used in the following segments:

- In decision making of credit assessment and credit limit assignment.
- In impairment tests
- In predicting future performance of customers belonging to the same pool of common characteristics.
- In tracing high risk accounts in time to schedule all necessary actions so as to reduce expected losses for the Bank.
- In assessing the Bank's portfolio quality and credit risk.

The parameters taken into account vary, according to the model's type and product category that it assesses. Indicatively, some factors are:

- Personal/ demographic data: the customer's age, profession, marital status, or current address;
- Loan characteristics: product applied for, loan term, loan amount, or financing purpose;
- Behavioral data: payments during latest period of time, maximum delinquency, outstanding loan balance versus loan limit, transaction type;
- Financial data: sales change, liabilities versus sales; and
- Qualitative data: experience, seat of business (company registry).

Models are reviewed, validated and updated on a yearly basis and are subject to quality control so as to ensure at their predictive power at any point in time.

Furthermore, on a regular basis the Group conducts exercises simulating crisis situations (Stress Tests), which explore the potential impact on the financial results of the Group due to unfavorable developments both in obligors' transactional behavior as well as in the broader financial macroeconomic environment.

3. Impairment Policy

The process for determining the loans eligible for impairment and the estimation of their provision comprises the following steps:

1. Identification of loans which will be individually assessed.
2. Impairment calculation on individual basis for the loans identified in the previous step.
3. Recognition of the loans to be assessed collectively, including cases where the impairment allowance under individual assessment was zero
4. Collective provision calculation for the loans identified in the previous step (3).

For provision purposes, under collective assessment, loans are separated based on similar credit risk characteristics. These characteristics are selected based on the future cash flows of the abovementioned Retail Banking loan categories which depict customers' ability to repay their debts according to the contractual agreements.

Loss Rate is calculated based on credit risk characteristics of the segment and portfolio in which the facility or the customer belongs to. The Loss Rate is determined with statistical methods.

Trigger Events for the Individual Assessed Exposures

For the Retail Banking portfolios, loans are assessed on an individual basis if one of the trigger events mentioned below is met and if the following criteria are met:

- Consumer Loans: Customers with total exposures more than €500 thousand;
- Housing Loans: Customers with total exposures more than €2 million; and
- Small Business Loans: Customers with total exposures more than €850 thousand.

The above limits differ from country to country according to size and characteristics of the portfolio.

3.1.1. Trigger Events for Individuals

1. Customers with loans past due over 90 days;
2. Customers with loans past due more than 30 days and less than 90 days;
3. Customers with restructured loans;
4. Unemployed Customers;
5. Deceased Customers;
6. Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.;

7 Freelancers or Personal Company owners who ceased their business activity due to retirement;

8 Freelancers or Personal Company owners with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.;

9 Stakeholders of Companies have filled for inclusion in Article 99 (pre-bankruptcy law);

10 Stakeholders of Companies with loans past due more than 90 days (rating D, D0 or D1 or D2 or E) with rating CC- or C;

11 Stakeholders of Companies with detrimentals (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees);

12 Stakeholders of Companies with interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission);

13 Stakeholders of Companies with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.;

14 Stakeholders of Companies which operate in industries with significant deterioration in their outlook (taking into account the five sectors with the foremost deterioration annually, according to the risk classification of sectors of Risk Analyst);

15 Customers with impairment amount in the previous impairment test for which none of the above criteria is met; and

16 Customers with detrimental (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts Social Security or employees).

3.1.2 Trigger Events for Legal Entities

1 Customers with credit risk rating D, D0 or D1 or D2 or E or with overdue amount above 90 days;

2 Customers with loans past due more than 30 days and less than 89 days;

3 Customers with rating CC- or C;

4 Obligors which operate in industries with significant deterioration in their outlook (taking into account the five higher risk sectors according to Risk Analyst classification);

5 Customers with impairment amount in the previous impairment test for which none of the above criteria is met.

6 Customers with detrimentals (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees);

7 Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.;

8 Interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission);

9 Breach of contract or credit terms and conditions;

10 Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems;

11 Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.;

3.2. Trigger Events for the Collective assessment per portfolio

The specific trigger events for the collective assessment for the Retail Banking portfolios are the following:

- Accounts up to 89 days past due with signs of unlikeliness to pay;
- Accounts past due more than 30 days and less than 90 days;
- Accounts more than 90 days past due;
- Forborne exposures; and
- Accounts with partial write off.

CREDIT RISK MITIGATION

1. Collaterals

Collaterals are received both for Wholesale and Retail lending in order to mitigate credit risk that may arise from the obligor's inability to fulfill his contractual obligations.

Collaterals include all kind of assets and rights which are made available to the Group either by their debtors or by third parties, in order to be used as complementary liquidity sources of relative loans.

The mitigation tools applied by the Group include two broad categories: intangible and tangible collaterals.

2. Intangible Collaterals

Intangible collaterals form the framework of the obligations and rights that are typically included and described in specific contractual documents that bind the Group and the borrowers during the lending process with specific commitments. The commitments involve a third party who substitutes for the primary debtor in the event of the latter's default or the primary debtor itself (natural or legal entities) to honor the contractual loan agreements and their prompt repayment to the Group and on the other hand the Group has the right to claim them.

The main type of intangible collateral that the Group uses to protect the bank against the risk of losses due to debtor insolvency is the Guarantee.

3. Tangible Collaterals

Tangible collaterals provide the Group with the rights over an asset (movable or immovable),owned by the obligor or the guarantor, providing priority in the satisfaction of the creditor by the liquidation preceeds of the asset.

Tangible collaterals are distinguished between mortgages and prenotation on mortgages which are registered over immovable properties and pledges on movable assets (e.g., commodities, checks, bills of exchange) or on claims and rights.

In order to better secure credit facilities granted, all mortgage and pledged assets are covered by an insurance contract, with assignment of the relevant insurance contract to the Bank.

3.1. Mortgages – Prenotation on Mortgages

Mortgages are registered on real estate or immovable assets which can be liquidated as indicatively reported below:

- Residential Real Estate;
- Commercial Real Estate;
- Industrial Buildings;
- Land;
- Mines;
- Ships and aircrafts; and engines, whether or not mobile
- Machinery or other facilities (engineering, mechanical, electrical, etc.), if they are permanently and consistently connected with the mortgaged estate

Periodic revaluation of mortgaged property

According to the Group's Credit Policy, the existence and the valuation of mortgaged property is closely monitored. The frequency of the appraisal does not usually exceedone year.

Valuations are carried out by certified real estate appraisers either:

- Using statistical indicators (such as PropIndex), depending on the type of property; or
- By qualified engineers, after their visit to the property used as collateral or via desktop assessment.

3.2. Pledges

Pledges provide seniority rights over liquidation proceeds from a movable third party asset.

Pledges can be registered on movable assets or on rights that have not been excluded or banned from exchanges and are liquid , including:

- Raw materials, products or commodities;
- Machinery (movable);
- Bill of Lading;
- Bill of exchange;
- Checques;
- Securities;
- Deposit; and
- Any type of claim that can be pledged

Periodic revaluation of pledges

Depending on the right or the underlying asset on which a pledge is registered, the periodic revaluation varies from one month to one year.

4. Acceptable Value

The Group calculates the value of the securities/collaterals received based on the potential proceeds that could arise if and when these are liquidated. This calculation refers to the acceptable value/haircut of the securities/collaterals provided to the Group by its obligors.

For the calculation of the forced-sale value, the following factors are involved in the consideration:

• The quality of the securities/assets;

• Their market value;

• The degree of ability to liquidate;

• The time required for their liquidation;

• Their liquidation cost;

• The current charges on the assets; and

• The privileged priority of third parties on the product of liquidation (e.g. Public Sector, employees, etc.)

The above have to be accounted for when determining the haircuts for each collateral/security. Haircuts, depending on their nature are expressed as a percentage of their market value, their nominal value or their weighted average value.

FORBEARANCE

Maintaining a healthy loan portfolio depends on the constant monitoring and assessment of the borrowers in order to allow early detection of future liquidity problems, whichcould affect the normal repayment of their obligations to the Group.

The credit tools which are normally used by the Group for managing the liquidity problems that borrowers are facing for repaying their obligations are the restructuring of debt through the renegotiation of the original terms and conditions of the loan agreement they have entered into.

The Executive Committee “Act 42” as amended by the Executive Committee “Act 47” of the Bank of Greece, has determined the supervisory framework for the management of loans in arrears and non-performing loans, over and above the already applicable requirements of Law 4261/2014, the CRR, and delegated the decision authority to the Bank of Greece.

Furthermore, in the context of the Commission Implementing Regulation (EU) 2015/227 of the European Commision dated January 9, 2015 and the executive technical standards of the European Banking Authority, the Group assumes the resulting regulatory obligations for forborne exposures.

Forbearance measures should be applied on the basis of the risk, cooperativeness and viability of each debtor and consist of concessions that are robust and sustainable, through the renegotiation of the initial terms and conditions of the debt contract duly taking into account the causes of the debtor’s financial difficulties.

Forbearance measures may be applied a) on the basis of a customer’s request, b) in accordance with the Code of Conduct under Law 4224/2013, which is a State initiative under the supervision of the Bank of Greece. Apart from the forbearance measures applied to existing Retail lending exposures, which are initiated by the Group in accordance with the directives of the Executive Committee Acts of the Bank of Greece (No. 42 / 30.05.14 & 47 / 09.02.2015) and Arrears Resolution Process (ARP) of the Code of Conduct under L.4224/2013, there are restructuring solutions according to the Legislative Framework.

The existence of more favorable terms for renegotiating and modifying the terms and conditions of the bilateral arrangement between the Group and the debtor (concession), who is facing or is about to face difficulties in meeting his financial commitments (“financial difficulty”), are defined with respect to:

- Difference in favour of the debtor between the modified and the previous terms of the contract; and
- Cases where a modified contract includes more favourable terms than other debtors with a similar risk profile could have obtained.

MONITORING OF FORBORNE EXPOSURES

Following the Executive Committee Act 42 / 30.05.2014, ("Act 42”) as subsequently amended by the Act 47 / 09.02.2015 ("Act 47”) of the Bank of Greece, the Group has undertaken a series of actions to ensure adherence to the supervisory obligations and requirements arising from the above Acts. These changes cover the following distinct sections:

- Adaptation of Information Systems of the Group;
- Amendments of the existing processes, such as the customization of new types of forborne exposures according to what is provided in Act 42 and Act 47;
- Creation of data structures (Data Marts) aiming at:
  - Automation of the processes related to the production of both internal (Risk Management) and external (Supervisory) reports;
  - Perform analyses on the portfolio of the Group; and
  - Production of Management Information Reporting (MIS)

Additionally, the Bank has introduced independent operation management for the “Troubled Assets” (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils.

WRITE-OFFS AND WRITE-DOWNS OF BAD DEBTS

1. Write-offs

Write-offs are defined as the accounting reduction of a debt, which does not entail waiving the legal claim against the debtors and, hence, the debt may be revived.

Proposals for writing-off a part or the whole of the debts may be submitted to the competent committee on condition that the following have been carried out:

- The relevant agreements with the clients have been terminated,
- Payment Orders have been issued against all the liable parties and the procedure for the registration of compulsory encumbrances has commenced;
- At least one real estate property has been auctioned, in order for the privileged claims (through the final creditors priority list) and, as a result, for the possible losses of the Group to be finalized;

Amounts to be written off must be fully provided for from the previous quarter preceding the proposal.

2. Write downs

Write-downs are defined as the permanent accounting reduction of a debt, as a result of a legally binding decision or agreement (court decision, contractual agreement etc.), which is no further claimable and, hence, is considered as definitively non-revivable, whereas it also entails the fact that the Group definitively and irrevocably waives its right to claim the written-down debt, unless (in case of settlement) it is ascertained that the terms set by virtue of the aforementioned decision or agreement were violated.

Comprehensive assessment of European Central Bank

2015

According to the Agreement for Financial Support to be provided by the European Stability Mechanism, in the third quarter of 2015 a comprehensive assessment ("CA") was conducted for the four Greek systemic financial institutions, by the Single Supervisory Mechanism - SSM. The CA included the following steps (a) Asset Quality Review (AQR),(b) a stress test.

In particular the AQR, as in 2014, was a regulatory exercise that was based upon a single standardized procedure applied by the ECB to assess the quality of the loan portfolio in Greece as of 30.6.2015. The result of the AQR amounted to €1.7 billion before income tax and is further analyzed as follows:

- €531 million from the individual credit file review of a sample of loans,
- €903 million from the collective assessment of loans, out of which €816 million relate to to retail lending exposures,
- €290 million from the extrapolation of the results of the credit file review to the remaining portfolio and
- €22 million for additional variations in the derivatives valuation regarding counterparty risk.

According to the Group's assessment, the AQR results are not related to accounting errors nor did they lead to a change in accounting policy regarding the recognition of impairment losses on loans and advances to customers as mentioned in note 1.14.

As part of the annual assessment of the methodology and the parameters used for the impairment of loan and receivables, the Bank assessed the methodology and the results of the AQR adjusting where necessary the relevant parameters applied, taking into account the current market conditions.

As a result, the Bank took into consideration the results from the AQR when calculating the allowance for impairment and considers that AQR findings have been properly addressed.

The Group estimates that it is not possible to accurately quantify the impact on impairment losses attributed to changes in specific parameters and estimates following the AQR.

Finally, in accordance to the Memorandum of Understanding regarding the economic financial stability signed between Serbia and the International Monetary Fund, an AQR was conducted f on entities that were operating in Serbia.. This review was a supervisory exercise was based on a single standard procedure with a common methodology for all participating banks. AQR results were announced on January 29, 2016

2014

In the context of the transfer of full responsibility for banking supervision from national authorities to the European Central Bank (ECB) in November 2014, the ECB completed the Comprehensive Assessment of the banking system in October 2014. The Comprehensive Assessment included the following steps: a) a risk assessment for regulatory purposes, b) an Asset Quality Review, c) a stress test in cooperation with the European Banking Authority.

The AQR was a regulatory exercise, based on a uniform standardized approach set by the ECB. The results of the AQR for the Group amounted to €1.1 billion before income tax. The AQR was a regulatory exercise, based on a uniform standardized approach set by the ECB. The results of the AQR for the Group amounted to €1.1 billion before income tax. AQR was a prudential exercise assessing the Bank's and its subsidiaries in Romania and Cyprus assets as of 31.12.2013 and Management after thoroughly reviewed the results of the exercise and the methodologies applied by the ECB estimates that all AQR findings have been covered.

DEFINITIONS:

The following definitions are provided as guidance to tables tha follow:

Public Sector

The Public Sector includes:

- The Greek Central Government (all departments or Ministries and Public Administration);
- Local Authorities;
- Companies controlled and fully or partially owned by the State; and
- Companies associated with the State

Past Due Exposures

Past due exposures are defined as exposures that are more than one (1) day past due.

Non-Performing Exposures

An exposure is considered as non-performing when one of the following criteria is satisfied:

- The exposure is more than 90 days past due;
- An exposure against which legal actions have been undertaken by the Group;
- The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral;
- The exposure is classified as impaired (as defined below);
- The exposure is classified as forborne non-performing exposure, as defined in the Implementing Regulation (EU) 2015/227 Committee of 9 January 2015.

In particular:

- Exposures which were non-performing prior to the extension of forbearance measures.

- Forborne exposures which have been reclassified from the performing exposures category, including exposures under probation (forborne performing having been reclassified out of the Forborne Non Performing Loan (FNPL) status) having been re-forborne or that are more than 30 days past-due.

Performing Exposures

An exposure is considered as performing when the following criteria are met:

- The exposure is less than 90 days past due;
- No legal actions have been undertaken against the exposure;
- The situation of the debtor has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made
- The exposure is not classified as impaired; or
- The exposure is classified as forborne performing exposure, as defined in the aforementioned Implementing Regulation (EU) 2015/227 of 9 January 2015.

Unlikely to pay Exposures for Retail Banking

For the Wholesale Banking Portfolio: Customers assessed as unlikely to pay are the customers that are announced to the Non Performing Loans Division with no past due exposures.

For the retail Banking Portfolio, the following exposures are considered as unlikely to pay:

- Customers under the protection of the Law 3869. (Bankrupty Law for Individuals)
- Fraudelent cases
- Deseased Customers
- Unemployed Customers with lack of any source of income
- Customers with heavy health problems
- Insolvent companies (article 99)
- Companies which have ceased their operations (inactive)

Impaired Exposures

Impaired exposures are defined as follows:

a. Exposures for which an impairment amount has been allocated following the individual assessment for impairment;

b. Exposures in arrears more than 90 days or under legal workout status, for which an impairment amount has been allocated following the collective assessment for impairment;

c. Exposures of debtors assessed as unlikely to pay;

d. Forborne Non Performing Exposures that are up to 89 days past due.

Accumulated provision for impairment

The accumulated provision for impairment, for disclosure purposes of credit risk as well as for the monitoring of credit risk, includes the adjustment for the contractual loans which were acquired at fair value during the acquisition of assets or companies (i.e. Emporiki Bank and Citibank's retail operations in Greece), since the Group monitors the respective adjustment as part of the provisions. It is noted that in note 17 Loans and Advances to customers, this adjustment is deducted from the gross balance of loans before impairment.

Collateral value

The collateral's latest market value available. In the case of immovable properties, collateral value is considered the lower figure between the prenotation amount and the market value. All collateral values are capped at 100% of the outstanding amount of the loan.

DUE FROM BANKS

Exposure to credit institutions relates to their own debt securities in issue and shares, loans, interbank transactions (which include positions in derivatives) and International Trade activities. Following the basic rules of designation, monitoring and revision of corporate lending, boundaries are established by the relevant Credit Committees for the monitoring of credit risk for the overall exposure per credit institution counterparty, excluding positions related to bonds issued by them. The approved credit limits are monitored on a daily basis. The validity period of the limits is specified in the approval of the limits in accordance with the counterparty credit institutions rating from international credit rating agencies.

In addition to the regular revisions of counterparty credit institutions limits, interim revisions may be carried out either due to circumstances associated with the trading activity of the Bank or due to markets conditions or problems associated with counterparty credit institutions. Trigger events for an extraordinary review are regularly monitored per counterparty in order to review the relevant limits when such trigger events exist.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective credit institutions are separated to be tested for impairment.
2. Due from Banks will be evaluated individually by credit institution.
3. Credit institutions are reviewed for events that constitute objective evidences for impairment.
4. Impairment provisions per receivable are calculated, as the difference between the recoverable amount and the carrying amount of the claim on an individual basis for the credit institution for which there are objective evidences for impairment.

INVESTMENTS IN DEBT SECURITIES

Investments in debt securities relate to securities that are classified into loans and receivables portfolios, held to maturity and available for sale. If there is a loan relationship with the counterparty issuer at the time of classification of the security position as investment, the Corporate Credit Policy procedures apply. In each case, the classification of the position is subject for approval by the relevant Committee of the Bank. These positions are subject to Bank investment limits and country limits and are monitored on a daily basis.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective securities are separated to be tested for impairment.
2. Securities are reviewed for events that constitute objective evidence for impairment losses.
3. Impairment provisions are calculated on a individual basis per each security, for which there are objective evidences that impairment losses exist, as: a) the difference between the present value of future cash flows and the carrying amount of securities that are classified into loans and receivables portfolio and held to maturity and b) the difference between acquisition costs and current fair value, less the impairment loss which has already been recognized in income statement for securities classified as available for sale.

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2015			31.12.2014		
	Exposure before impairment	Impairment	Net exposure for credit risk	Exposure before impairment	Impairment	Net exposure for credit risk
A. Credit risk exposure relating to balance sheet items						
Balances with Central Banks	1,321,124		1,321,124	1,595,945		1,595,945
Due from banks	1,985,238	8,965	1,976,273	2,780,704	8,965	2,771,739
Loans and advances to customers	62,014,915	15,828,799	46,186,116	62,337,336	12,780,351	49,556,985
Derivative financial assets	793,015		793,015	1,148,476		1,148,476
Trading securities:						
- Government bonds	1,888		1,888	1,729		1,729
Total	**1,888**		**1,888**	**1,729**		**1,729**
Available for sale securities:						
- Available for sale (Govenrment bonds)	4,488,819		4,488,819	4,361,609		4,361,609
- Available for sale (other)	1,141,571	57,874	1,083,697	1,262,791	54,028	1,208,763
Total	**5,630,390**	**57,874**	**5,572,516**	**5,624,400**	**54,028**	**5,570,372**
Held to maturity securities:						
- Held to maturity (Government bonds)	18,983		18,983	28,111		28,111
- Held to maturity (other)	60,726		60,726	292,331	9,624	282,707
Total	**79,709**		**79,709**	**320,442**	**9,624**	**310,818**
Loans and receivables (HFSF)	**4,289,482**		**4,289,482**	**4,299,101**		**4,299,101**
Total amount of balance sheet items exposed to credit risk (a)	**76,115,761**	**15,895,638**	**60,220,123**	**78,108,133**	**12,852,968**	**65,255,165**
Other balance sheet items not exposed to credit risk	9,557,071	480,960	9,076,111	8,005,671	325,375	7,680,296
Total Assets	**85,672,832**	**16,376,598**	**69,296,234**	**86,113,804**	**13,178,343**	**72,935,461**
B. Credit risk exposure relating to off balance sheet items:						
Letters of guarantee, letters of credit and other guarantees	3,975,305	4,713	3,970,592	3,987,045	15,551	3,971,494
Undrawn loan agreements and credit limits than can not be recalled (committed) **	278,913		278,913	367,511		367,511
Total amount of off balance sheet items exposed to credit risk (b)	**4,254,218**	**4,713**	**4,249,505**	**4,354,556**	**15,551**	**4,339,005**
Total credit risk exposure (a+b)	**80,369,979**	**15,900,351**	**64,469,628**	**82,462,689**	**12,868,519**	**69,594,170**

The maximum credit risk per category, in which the Group is exposed, is presented in the “Net exposure for credit risk”.

* *Some figures of the comparative period were reclassified in order to be comparable*

** *Undrawn loan agreements and credit limits that can not be recalled (committed) in cases where it becomes apparent that the counterparties will fail to meet their contractual obligations.*

LOANS AND ADVANCES TO CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS BY ASSET QUALITY
(impairment or not impaired – impairment allowance – value of collateral)

	31.12.2015								
	Non Impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment Allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**12,330,901**	**3,237,400**	**908,770**	**18,387,664**	**34,864,735**	**590,755**	**8,332,795**	**25,941,185**	**22,145,811**
Mortgage	9,068,373	2,402,251	481,458	8,887,674	20,839,756	287,513	3,019,100	17,533,143	17,055,454
Consumer	1,585,339	381,010	130,599	3,775,741	5,872,689	81,236	2,234,476	3,556,977	1,371,612
Credit cards	798,831	114,184	744	511,562	1,425,321	357	379,790	1,045,174	38,528
Other (incl. SBL)	878,358	339,955	295,969	5,212,687	6,726,969	221,649	2,699,429	3,805,891	3,680,217
Corporate lending	**12,505,883**	**1,299,427**	**11,429,594**	**502,272**	**25,737,176**	**6,530,561**	**330,689**	**18,875,926**	**17,357,280**
Large	8,588,308	965,395	5,649,635	108,635	15,311,973	2,983,937	154,650	12,173,386	10,031,244
SME's	3,917,575	334,032	5,779,959	393,637	10,425,203	3,546,624	176,039	6,702,540	7,326,036
Public sector	**1,367,302**	**1,927**	**42,574**	**1,201**	**1,413,004**	**31,810**	**12,189**	**1,369,005**	**452,288**
Greece	1,251,879	1,927	42,574	1,201	1,297,581	31,810	10,317	1,255,454	425,793
Other countries	115,423	-	-	-	115,423	-	1,872	113,551	26,495
Total	**26,204,086**	**4,538,754**	**12,380,938**	**18,891,137**	**62,014,915**	**7,153,126**	**8,675,673**	**46,186,116**	**39,955,379**

During the year ended 31.12.2015, balances amounting to €770.7 million were transferred from Corporate lending SME portfolio to the Retail Lending SBL portfolio. The transfer was made to allow for a more efficient management since those customers present similar credit risk characteristics with Small Business Retail lending customers.

	31.12.2014								
	Non Impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment Allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	13,444,529	3,685,196	413,966	16,553,061	34,096,752	243,968	6,912,748	26,940,036	22,349,319
Mortgage	9,782,668	2,680,734	222,063	8,299,612	20,985,077	115,878	2,372,937	18,496,262	17,962,865
Consumer	1,813,788	433,620	81,809	3,421,261	5,750,478	48,563	1,874,430	3,827,485	1,381,734
Credit cards	944,991	171,929	744	401,967	1,519,631	249	354,303	1,165,079	34,979
Other (incl. SBL)	903,082	398,913	109,350	4,430,221	5,841,566	79,278	2,311,078	3,451,210	2,969,741
Corporate lending	14,985,433	809,298	10,566,801	418,466	26,779,998	5,335,881	258,527	21,185,590	18,686,988
Large	10,350,664	483,002	4,643,404	133,583	15,610,653	2,143,741	133,351	13,333,561	10,656,176
SME's	4,634,769	326,296	5,923,397	284,883	11,169,345	3,192,140	125,176	7,852,029	8,030,812
Public sector	1,426,070	1,109	33,407		1,460,586	24,747	4,480	1,431,359	425,340
Greece	1,289,718	589	33,407		1,323,714	24,747	3,485	1,295,482	410,977
Other countries	136,352	520			136,872		995	135,877	14,363
Total	**29,856,032**	**4,495,603**	**11,014,174**	**16,971,527**	**62,337,336**	**5,604,596**	**7,175,755**	**49,556,985**	**41,461,647**

The accumulated impairment allowance for collectively assessed loans and advances includes an amount of €753.2 million (2014: €640.9 million) concerning IBNR provisions on 31.12.2015.

The impaired loans and advances to retail customers and small companies include also past due exposures up to 89 days that are collectively assessed and amount to €3.7 billion as at 31.12.2015 (31.12.2014: €3.3 billion).

ANALYSIS OF NEITHER PAST DUE NOR IMPAIRED LOANS AND ADVANCES TO CUSTOMERS

	31.12.2015				
	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending	-	12,330,901	-	12,330,901	9,097,485
Mortgage	-	9,068,373	-	9,068,373	8,174,238
Consumer	-	1,585,339	-	1,585,339	306,997
Credit cards	-	798,831	-	798,831	1,305
Other (incl. SBL)	-	878,358	-	878,358	614,945
Corporate lending	1,697,219	9,617,262	1,191,402	12,505,883	8,829,816
Large	1,290,699	6,640,071	657,538	8,588,308	5,710,890
SME's	406,520	2,977,191	533,864	3,917,575	3,118,926
Public sector	371,166	932,378	63,758	1,367,302	425,890
Greece	361,531	832,085	58,263	1,251,879	399,395
Other countries	9,635	100,293	5,495	115,423	26,495
Total	**2,068,385**	**22,880,541**	**1,255,160**	**26,204,086**	**18,353,191**

	31.12.2014				
	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending		13,444,529		13,444,529	9,907,622
Mortgage		9,782,668		9,782,668	8,957,046
Consumer		1,813,788		1,813,788	374,153
Credit cards		944,991		944,991	1,138
Other (incl. SBL)		903,082		903,082	575,285
Corporate lending	1,503,463	11,705,666	1,776,304	14,985,433	10,788,827
Large	1,277,209	8,151,915	921,540	10,350,664	7,120,659
SME's	226,254	3,553,751	854,764	4,634,769	3,668,168
Public sector	184,988	1,229,389	11,693	1,426,070	403,953
Greece	184,774	1,098,839	6,105	1,289,718	389,590
Other countries	214	130,550	5,588	136,352	14,363
Total	**1,688,451**	**26,379,584**	**1,787,997**	**29,856,032**	**21,100,402**

AGEING ANALYSIS OF PAST DUE BUT NOT IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2015								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total past due but not impaired
1 - 29 days	1,506,020	252,144	78,054	196,815	433,557	182,613	1,541	-	2,650,744
30 - 59 days	456,078	77,057	21,469	52,133	290,890	63,574	360	-	961,561
60 - 89 days	440,153	51,356	14,661	91,007	218,952	76,417	26	-	**892,572**
90 - 179 days	-	453		-	6,024	924	-	-	7,401
180 - 360 days	-	-	-	-	2,642	686	-	-	**3,328**
> 360 days	-	-	-	-	13,330	9,818	-	-	23,148
Total	**2,402,251**	**381,010**	**114,184**	**339,955**	**965,395**	**334,032**	**1,927**	**-**	**4,538,754**
Value of collateral	2,092,653	77,757	65	240,871	768,226	285,764	1,897	-	3,467,233

	31.12.2014								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total past due but not impaired
1 - 29 days	1,668,114	260,257	115,081	248,975	213,081	164,849	240		2,670,597
30 - 59 days	518,926	112,252	35,118	81,972	98,539	46,964	349	520	894,640
60 - 89 days	493,694	61,111	21,730	67,966	90,654	61,699			796,854
90 - 179 days					10,991	9,341			20,332
180 - 360 days					34,590	10,629			45,219
> 360 days					35,147	32,814			67,961
Total	**2,680,734**	**433,620**	**171,929**	**398,913**	**483,002**	**326,296**	**589**	**520**	**4,495,603**
Value of collateral	2,405,927	83,636	88	269,400	457,018	312,736	578		3,529,383

AGEING ANALYSIS OF IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2015								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Current	901,922	370,342	33,663	182,698	1,173,669	665,452	6,994	-	3,334,740
1 - 29 days	275,985	121,473	7,805	73,676	208,505	89,033	50	-	776,527
30 - 59 days	155,785	115,538	4,446	35,310	110,999	64,679	-	-	486,757
60 - 89 days	400,700	105,452	3,428	89,132	244,533	73,491	119	-	916,855
90 - 179 days	57,360	101,442	16,877	10,559	60,538	95,525	821	-	343,122
180 - 360 days	198,824	124,664	34,565	83,000	311,679	144,777	13	-	897,522
> 360 days	4,474,098	738,831	41,255	2,170,682	627,929	1,384,527	3,631	-	9,440,953
Total net amount	**6,464,674**	**1,677,742**	**142,039**	**2,645,057**	**2,737,852**	**2,517,484**	**11,628**	**-**	**16,196,476**
Value of collateral	6,788,563	986,858	37,158	2,824,401	3,552,128	3,921,346	24,501	-	18,134,955

	31.12.2014								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Current	965,647	526,131	666	235,600	1,688,090	838,402	8,528		4,263,064
1 - 29 days	381,214	162,685	164	52,752	45,094	68,968			710,877
30 - 59 days	159,842	132,541	117	26,585	45,331	15,810			380,226
60 - 89 days	349,985	87,305	163	25,256	29,618	56,137			548,464
90 - 179 days	156,258	82,960	14,799	7,856	51,379	74,943			388,195
180 - 360 days	204,368	103,383	16,096	45,260	138,011	110,133			617,251
> 360 days	4,105,082	569,198	48,084	1,815,405	609,231	1,791,089	133		8,938,222
Total net amount	**6,322,396**	**1,664,203**	**80,089**	**2,208,714**	**2,606,754**	**2,955,482**	**8,661**		**15,846,299**
Value of collateral	6,384,651	915,186	33,709	2,120,739	3,138,455	4,051,039	20,809		16,664,589

RECONCILIATION OF IMPAIRED LOANS AND ADVANCES PER CATEGORY

	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Balance 1.1.2015	**8,521,675**	**3,503,070**	**402,711**	**4,539,571**	**4,776,987**	**6,208,280**	**33,407**	**-**	**27,985,701**
Loans classified as hel for sale	(48,582)	(21,679)	(940)	(5,771)	(56,599)	(32,053)	-	-	(165,624)
New impaired loans	1,306,596	710,575	129,472	598,914	1,508,230	816,426	1,369	-	5,071,582
Transfer to non-impaired loans	(297,881)	(229,123)	(7,721)	(11,966)	(87,545)	(89,957)	-	-	(724,193)
Repayments of impaired loans	(78,613)	(51,550)	(9,428)	(38,941)	(150,900)	(148,144)	(633)	-	(478,209)
Write-offs of impaired loans	(107,221)	(11,600)	(1,410)	(191,028)	(166,856)	(33,500)	-	-	(511,615)
Disposals of impaired loans	-	-	-	-	(26,850)	-	-	-	(26,850)
Foreign exchange differences and other movements	73,158	6,647	(378)	(1,857)	(38,197)	72,278	9,632	-	121,283
Reclassification between portfolios	-	-	-	619,734		(619,734)	-	-	-
Balance 31.12.2015	**9,369,132**	**3,906,340**	**512,306**	**5,508,656**	**5,758,270**	**6,173,596**	**43,775**	**-**	**31,272,075**
Accumulated impairment allowance	(2,904,458)	(2,228,598)	(370,267)	(2,863,599)	(3,020,418)	(3,656,112)	(32,147)	-	(15,075,599)
Net amount of impaired loans and advances	**6,464,674**	**1,677,742**	**142,039**	**2,645,057**	**2,737,852**	**2,517,484**	**11,628**	**-**	**16,196,476**

	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Balance 1.1.2014	**9,855,433**	**3,688,873**	**427,332**	**4,436,289**	**4,056,184**	**5,667,490**	**35,060**		**28,166,661**
New impaired loans	1,246,555	541,013	34,227	498,300	1,628,269	1,006,920	2,408		4,957,692
Transfer to non-impaired loans	(2,358,478)	(442,901)	(86,149)	(374,772)	(363,826)	(211,446)	(3,951)		(3,841,523)
Repayments of impaired loans	(165,628)	(108,300)	(12,081)	(51,985)	(68,214)	(85,046)	(110)		(491,364)
Write-offs of impaired loans	(109,684)	(185,514)	(3,378)	(234)	(436,940)	(195,535)			(931,285)
Disposals of impaired loans					(15,361)	(67)			(15,428)
Foreign exchange differences and other movements	53,477	9,601	843	2,643	(23,125)	7,134			50,573
Acquisition of impaired loans		298	41,917	29,330		18,830			90,375
Balance 31.12.2014	**8,521,675**	**3,503,070**	**402,711**	**4,539,571**	**4,776,987**	**6,208,280**	**33,407**		**27,985,701**
Accumulated impairment allowance	(2,199,279)	(1,838,867)	(322,622)	(2,330,857)	(2,170,233)	(3,252,798)	(24,746)		(12,139,402)
Net amount of impaired loans and advances	**6,322,396**	**1,664,203**	**80,089**	**2,208,714**	**2,606,754**	**2,955,482**	**8,661**		**15,846,299**

RECONCILIATION OF THE ACCUMULATED IMPAIRMENT ALLOWANCE

The accumulated impairment allowance for disclosure purposes of credit risk as well as for credit risk monitoring purposes includes the adjustments for the contractual balances of loans which were acquired at fair value either individually or in the context of acquisitions (eg Emporiki Bank and Citibank Greece), since the Group monitors such adjustment as part of the impairments. It is noted that in Note 17 Loans and advances to customers this adjustment is deducted from the gross balance of loans before impairments.

	31.12.2015			
	Retail lending	Corporate lending	Public sector	Total
Balance 1.1.2015	**4,811,992**	**4,011,905**	**6,380**	**8,830,277**
Reclassification to assets held for sale	(38,430)	(71,513)	0	(109,943)
Impairment losses for the year	1,416,350	1,616,826	14,131	3,047,307
Change in present value of the allowance account	404,721	142,707	568	547,996
Foreign exchange differences	35,049	19,732	0	54,781
Loans written-off during the year	(232,565)	(116,098)	0	(348,663)
Reclassification between portfolios	278,789	(278,781)	(8)	
Balance 31.12.2015	**6,675,906**	**5,324,778**	**21,071**	**12,021,755**
Fair value adjustments	2,247,644	1,536,472	22,928	3,807,044
Balance 31.12.2015	**8,923,550**	**6,861,250**	**43,999**	**15,828,799**

	31.12.2014			
	Retail lending	Corporate lending	Public sector	Total
Balance 1.1.2014	**3,748,010**	**3,202,628**	**5,496**	**6,956,134**
Reclassification to assets held for sale		(3,223)		(3,223)
Impairment losses for the year	980,772	942,472	824	1,924,068
Change in present value of the allowance account	351,025	162,913	60	513,998
Reclassification to provisions from contingent liabilities		775		775
Foreign exchange differences	5,365	(1,319)		4,046
Loans written-off during the year	(273,180)	(292,341)		(565,521)
Balance 31.12.2014	**4,811,992**	**4,011,905**	**6,380**	**8,830,277**
Fair value adjustments	2,344,724	1,582,503	22,847	3,950,074
Balance 31.12.2014	**7,156,716**	**5,594,408**	**29,227**	**12,780,351**

LOAN-TO-VALUE RATIO (LTV) OF MORTGAGE LENDING

	Mortgages	
	31.12.2015	**31.12.2014**
< 50%	3,111,114	3,653,871
50% - 70%	2,539,514	2,919,037
71% - 80%	1,444,774	1,690,965
81% - 90%	1,599,455	1,793,138
91% - 100%	1,688,280	1,926,644
101% - 120%	2,832,900	3,078,628
121% - 150%	3,307,140	3,074,194
> 150%	4,316,579	2,848,601
Total exposure	**20,839,756**	**20,985,078**
Average LTV (%)	75	77

REPOSSESSED COLLATERALS

	31.12.2015						
	Balance Sheet balances					Disposals during the year	
	Value of collaterals repossessed 31.12.2015	Of which Within 2015	Accumulated impairment allowance 31.12.2015	Of which Within 2015	Carrying amount of collaterals repossessed 31.12.2015	Net disposal value	Net gain/(loss) on disposal
Real estate	893,658	96,943	111,509	34,111	782,149	15,913	1,318
Other	3,438	469	2,100	318	1,338	744	87

	31.12.2014*						
	Balance Sheet balances					Disposals during the year	
	Value of collaterals repossessed 31.12.2014	Of which within 2014	Accumulated impairment allowance 31.12.2014	Of which within 2014	Carrying amount of collaterals repossessed 31.12.2014	Net disposal value	Net gain/(loss) on disposal
Real estate	859,031	51,193	109,145	55,741	749,886	3,389	(114)
Other	3,309	405	2,088	868	1,221	4,089	441

POLICY OF DISPOSAL OF REPOSSESSED ASSETS

The Bank has assigned to a subsidiary of the Group the management of repossessed assets of Bank and Group's subsidiaries. When a Group company acquires, due to the debtor's default, the legal title of property which had been given as collateral for the respective asset, then the respective company is in charge of legal, accounting and tax settlement of property in cooperation with the competent Bank's division and in parallel performs a valuation of the asset. Taking into account the characteristics of the asset and based on the market conditions,it assesses the ability of promoting it for sale or leasing. Based on the above assessment, a proposal is submitted to the responsible Committee, which decides the sale or leasing of the assets or their own use from a Group company. Based on the decision, the asset is classified into the suitable category for reporting purposes. Classification of assets is reassessed on a regular basis in order to ensure that the classification is in line with current market conditions,.

* *Some figures of the comparative period were reclassified in order to be comparable.*

BREAKDOWN OF COLLATERAL AND GUARANTEES

	31.12.2015				
	Value of collateral received				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail lending	21,496,935	170,453	478,423	22,145,811	13,315,535
Corporate lending	11,627,386	1,200,250	4,529,644	17,357,280	5,035,571
Public sector	64,766	429	387,093	452,288	241,834
Total	**33,189,087**	**1,371,132**	**5,395,160**	**39,955,379**	**18,592,940**

	31.12.2014				
	Value of collateral received				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail lending	21,794,033	153,996	401,290	22,349,319	12,692,553
Corporate lending	12,350,396	910,256	5,426,336	18,686,988	5,338,570
Public sector	64,412	386	360,542	425,340	237,830
Total	**34,208,841**	**1,064,638**	**6,188,168**	**41,461,647**	**18,268,953**

There are no cases of transfer or repledge of collateral received from customer for which a liability to return has been recognized

LOANS AND ADVANCES TO CUSTOMERS, IMPAIRED LOANS AND IMPAIRMENT ALLOWANCE BY PRODUCT LINE, INDUSTRY AND GEOGRAPHICAL REGION

	31.12.2015					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail lending	**30,410,431**	**17,203,511**	**7,939,908**	**4,454,304**	**2,092,923**	**983,641**
Mortgage	17,152,831	7,638,418	2,536,564	3,686,925	1,730,714	770,048
Consumer	5,228,208	3,605,993	2,134,921	644,481	300,347	180,791
Credit cards	1,373,287	496,290	367,283	52,034	16,016	12,864
Other (incl. SBL)	6,656,105	5,462,810	2,901,140	70,864	45,846	19,938
Corporate lending	**20,698,289**	**9,293,941**	**5,472,439**	**5,038,887**	**2,637,925**	**1,388,811**
Financial institutions	127,279	42,541	40,724	103,332	21,298	19,282
Manufacturing	5,549,886	2,268,877	1,386,501	388,216	192,157	112,345
Construction and real estate	3,240,735	1,952,745	1,049,997	3,149,523	1,914,941	964,878
Wholesale and retail trade	4,751,358	2,634,396	1,719,212	602,477	219,640	120,401
Transportation	279,881	137,611	74,973	91,969	26,911	14,180
Shipping	1,835,080	279,881	97,988	830	0	3
Hotels – Tourism	1,600,774	567,477	269,353	267,865	119,354	37,174
Services and other sectors	3,313,296	1,410,413	833,691	434,675	143,624	120,548
Public sector	**1,297,581**	**43,775**	**42,127**	**115,423**	**0**	**1,872**
Total	**52,406,301**	**26,541,227**	**13,454,474**	**9,608,614**	**4,730,848**	**2,374,324**

	31.12.2014					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail lending	**29,531,908**	**15,114,793**	**6,233,094**	**4,564,844**	**1,852,234**	**923,622**
Mortgage	17,323,762	7,035,237	1,790,568	3,661,315	1,486,438	698,247
Consumer	4,983,187	3,195,947	1,729,675	767,291	307,123	193,318
Credit cards	1,453,441	384,477	340,746	66,190	18,234	13,806
Other (incl. SBL)	5,771,518	4,499,132	2,372,105	70,048	40,439	18,251
Corporate lending	**21,471,575**	**8,469,235**	**4,426,855**	**5,308,423**	**2,516,032**	**1,167,553**
Financial institutions	78,720	46,265	42,152	49,893	21,011	18,319
Manufacturing	5,722,190	2,131,734	1,111,870	490,583	161,308	104,260
Construction and real estate	3,487,586	1,690,696	839,538	3,244,593	1,822,816	750,951
Wholesale and retail trade	5,050,577	2,457,238	1,376,945	631,346	215,689	132,558
Transportation	360,835	202,312	109,058	67,830	19,148	11,125
Shipping	1,885,752	167,404	52,459	1,235		6
Hotels – Tourism	1,655,810	533,060	245,305	216,059	107,877	40,597
Services and other sectors	3,230,105	1,240,526	649,528	606,884	168,183	109,737
Public sector	**1,323,714**	**33,407**	**28,232**	**136,872**		**995**
Total	**52,327,197**	**23,617,435**	**10,688,181**	**10,010,139**	**4,368,266**	**2,092,170**

INTEREST INCOME BY CREDIT QUALITY AND TYPE OF LOANS AND ADVANCES

	31.12.2015		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	850,646	616,257	1,466,903
Corporate lending	830,310	209,098	1,039,408
Public sector	33,135	399	33,534
Total interest income	**1,714,091**	**825,754**	**2,539,845**

	31.12.2014*		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	946,401	581,422	1,527,823
Corporate lending	879,608	286,203	1,165,811
Public sector	30,234	-	30,233
Total interest income	**1,856,243**	**867,625**	**2,723,868**

* *Some figures of the comparative period were reclassified* due to the classification of Bulgarian Branch to Held for Sale

FORBORNE LOANS

As at 31.12.2014, the Group reassessed the perimeter of forborne loans for all the portfolios based on the Executive Regulation (EU) 2015/227 of European commission dated 9 January 2015 and the Executive technical standards of the European banking authority and incorporated the related definitions to its credit risk policy. In this respect, the evolution, the quality and the effectiveness of these loans are monitored according to the above definition.

The forborne loans perimeter includes loans:

- which have been restructured within the last 36 months and were not past due more than 90 days, and
- forborne loans past duemore than 90 days.

The restructuring of loans is performed through renegotiation of the original contractual terms and include changes such as:

- Extension of the credit duration
- Write-off of a portion of debtor's amounts due
- Grace period for the principal and interests
- Decrease in the interest rate

As a rule the forborne measures which are extended include a combination of the above amendments to the contractual terms. The carrying amount of forborne loans of the Group is amounted to €11,128.4 million as at 31.12.2015.

In addition, in the context of renegotiations of the terms of loans granted, the Group has participated in agreements for the exchange of debt securities or loans with debtors' shares. As at 31.12.2015, the Group included in its Available for Sale portfolio shares of fair value amounting to €3.4 million (31.12.2014: €9 million) which were acquired from respective transactions. The shares that have been classified as assets held for sale are related to the companies SELONDA A.E.G.E. and NIREUS A.E.G.E. (note 19). Additionally, the Group during the year acquired the control of Asmita Gardens SRL, through debt to equity transaction which amounted to €1.07 million (Note 46).

ANALYSIS OF FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF FORBERANCE MEASURE

	31.12.2015
Interest payment only	214,263
Reduce payments scheme	5,892,166
Grace period	883,053
Loan term extension	1,758,622
Arrears capitalization	1,726,226
Partial write-off in borrower's obligations	137,185
Hybrid forbearance measures	110,730
Debt for equity transactions	38,396
Other	367,709
Total net amount	**11,128,350**

	31.12.2014
Interest payment only	159,908
Reduce payments scheme	4,345,067
Grace period	887,989
Loan term extension	1,065,659
Arrears capitalization	2,343,695
Partial write-off in borrower's obligations	14,133
Hybrid forbearance measures	582,486
Debt for equity transactions	24,230
Other	1,151,048
Total net amount	**10,574,215**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2015
Retail lending	**8,799,666**
Mortgage	5,623,626
Consumer	1,817,034
Credit cards	97,026
Other (incl. SBL)	1,261,980
Corporate lending	**2,319,146**
Large	1,436,017
SME's	883,129
Public sector	**9,538**
Greece	9,538
Total net amount	**11,128,350**

	31.12.2014
Retail lending	**8,409,396**
Mortgage	5,305,797
Consumer	1,881,554
Credit cards	87,595
Other (incl. SBL)	1,134,450
Corporate lending	**2,161,174**
Large	1,282,455
SME's	878,719
Public sector	**3,645**
Greece	3,645
Total net amount	**10,574,215**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	31.12.2015
Greece	9,327,650
Europe	1,800,700
Total net amount	**11,128,350**

	31.12.2014
Greece	8,941,646
Europe	1,632,569
Total net amount	**10,574,215**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS ACCORDING TO THEIR CREDIT QUALITY

	31.12.2015		
	Total amount of Loans and Advances	**Total amount of Forborne Loans and Advances**	**Forborne Loans and Advances (%)**
Neither past due nor impaired	26,204,086	3,325,294	13
Past due but not impaired	4,538,754	1,891,117	42
Impaired	31,272,075	10,481,388	34
Exposure before impairment	**62,014,915**	**15,697,799**	**25**
Individual Impairment Allowance	(7,153,126)	(1,326,157)	19
Collective Impairment Allowance	(8,675,673)	(3,243,292)	37
Total net amount	**46,186,116**	**11,128,350**	**24**
Value of collateral	39,955,379	10,037,095	25

	31.12.2014		
	Total amount of Loans and Advances	**Total amount of Forborne Loans and Advances**	**Forborne Loans and Advances (%)**
Neither past due nor impaired	29,856,032	3,266,975	11
Past due but not impaired	4,495,603	1,787,065	40
Impaired	27,985,701	8,055,643	29
Exposure before impairment	**62,337,336**	**13,109,683**	**21**
Individual Impairment Allowance	(5,604,596)	(532,651)	10
Collective Impairment Allowance	(7,175,755)	(2,002,817)	28
Total net amount	**49,556,985**	**10,574,215**	**21**
Value of collateral	41,461,647	8,750,611	21

RECONCILIATION OF NET FORBORNE LOANS

	Forborne loans (Net Value):
Balance 1.1.2015	**10,574,215**
Transfer of Loans and Receivables to Assets Held for sale	(39,143)
Forbearance measures during the period	2,516,120
Interest income	461,778
Repayment of Loans and Receivables (partial or total)	(381,259)
Loans and Receivables that exited forbearance status	(690,530)
Impairment loss	(1,428,743)
Other	115,912
Balance 31.12.2015	**11,128,350**

BALANCES WITH CENTRAL BANKS – DUE FROM BANKS – DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES – Analysis per rating

	31.12.2015							
	Balances with Central Banks	**Due from Banks**	**Derivatives Financial Instruments**	**Trading securities**	**Available for sale securities**	**Held to maturity securities**	**Loans and receivables securities**	**Total**
AAA	81,429				381,202	9,013		471,644
AA+ to AA-		33,484	60,941		91,700		4,289,482	4,475,607
A+ to A-		1,286,856	248,578		258	47,884		1,583,576
BBB+ to BBB-	475,933	408,931			263,116	10,016		1,157,996
Lower than BBB-	702,332	67,535	483,140	1,888	4,677,289	12,796		5,944,980
Unrated	61,430	188,432	356	-	216,825	-	-	467,043
Exposure before impairment	**1,321,124**	**1,985,238**	**793,015**	**1,888**	**5,630,390**	**79,709**	**4,289,482**	**14,100,846**

	31.12.2014							
	Balances with Central Banks	**Due from Banks**	**Derivatives Financial Instruments**	**Trading securities**	**Available for sale securities**	**Held to maturity securities**	**Loans and receivables securities**	**Total**
AAA	821,456				377,959	15,026		1,214,441
AA+ to AA-		26,420	55,635		74,525	15,000	4,299,101	4,470,681
A+ to A-		1,613,309	259,880		1,779	114,122		1,989,090
BBB+ to BBB-	652,144	346,404	68,856		282,800	57,683		1,407,887
Lower than BBB-	122,345	762,287	742,371	1,729	4,703,015	107,763		6,439,510
Unrated		32,284	21,734		184,322	10,848		249,188
Exposure before impairment	**1,595,945**	**2,780,704**	**1,148,476**	**1,729**	**5,624,400**	**320,442**	**4,299,101**	**15,770,797**

BALANCES WITH CENTRAL BANKS – DUE FROM BANKS – DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES – Analysis by asset quality

	31.12.2015							
	Balances with Central Banks	**Due from Banks**	**Derivatives Financial Instruments**	**Trading securities**	**Available for sale securities**	**Held to maturity securities**	**Loans and receivables securities**	**Total**
Neither past due nor impaired	1,321,124	1,976,273	793,015	1,888	5,561,806	79,709	4,289,482	14,023,297
Past due but not impaired								
Impaired		8,965			68,584			77,549
Exposure before impairment	**1,321,124**	**1,985,238**	**793,015**	**1,888**	**5,630,390**	**79,709**	**4,289,482**	**14,100,846**
Less: Allowance for impairment losses		(8,965)			(57,874)			(66,839)
Net exposure	**1,321,124**	**1,976,273**	**793,015**	**1,888**	**5,572,516**	**79,709**	**4,289,482**	**14,034,007**

	31.12.2014							
	Balances with Central Banks	**Due from Banks**	**Derivatives Financial Instruments**	**Trading securities**	**Available for sale securities**	**Held to maturity securities**	**Loans and receivables securities**	**Total**
Neither past due nor impaired	1,595,945	2,771,739	1,148,476	1,729	5,556,710	310,818	4,299,101	15,684,518
Past due but not impaired								
Impaired		8,965			67,690	9,624		86,279
Exposure before impairment	**1,595,945**	**2,780,704**	**1,148,476**	**1,729**	**5,624,400**	**320,442**	**4,299,101**	**15,770,797**
Less: Allowance for impairment losses		(8,965)			(54,028)	(9,624)		(72,617)
Net exposure	**1,595,945**	**2,771,739**	**1,148,476**	**1,729**	**5,570,372**	**310,818**	**4,299,101**	**15,698,180**

The following tables present the financial instruments exposed to credit risk by financial sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2015										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Government securities/ Derivatives	Transportation	Shipping	Hotels-Tourism	Services and other sectors	Retail and small businesses	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,321,124										1,321,124
Due from banks	1,985,238										1,985,238
Loans and advances to customers	230,611	5,938,102	6,390,258	5,353,835	1,413,004	371,850	1,835,910	1,868,639	3,747,971	34,864,735	62,014,915
Derivative financial assets	326,987	14,408	57,511	794	362,700	7	10,637	13,235	6,736	0	793,015
Trading securities					1,888						1,888
Available for sale securities	621,731	233,318		20,984	4,488,819				265,538		5,630,390
Held to maturity securities	60,389		337		18,983						79,709
Loans and receivables securities	4,289,482										4,289,482
Total amount of balance sheet items exposed to credit risk (a)	**8,835,562**	**6,185,828**	**6,448,106**	**5,375,613**	**6,285,394**	**371,857**	**1,846,547**	**1,881,874**	**4,020,245**	**34,864,735**	**76,115,761**
Other balance sheet items not exposed to credit risk	660,532	57,653	68,458	48,498		7,457		10,204	8,437,119	267,150	9,557,071
Total assets	**9,496,094**	**6,243,481**	**6,516,564**	**5,424,111**	**6,285,394**	**379,314**	**1,846,547**	**1,892,078**	**12,457,364**	**35,131,885**	**85,672,832**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	34,858	624,432	1,669,331	548,840	132,428	61,914	966	97,415	802,935	2,186	3,975,305
Undrawn loan agreements and credit limits that can not be recalled (committed)									278,913		278,913
Total amount of off-balance sheet items exposed to credit risk (b)	**34,858**	**624,432**	**1,669,331**	**548,840**	**132,428**	**61,914**	**966**	**97,415**	**1,081,848**	**2,186**	**4,254,218**
Total credit risk exposure (a+b)	**8,870,420**	**6,810,260**	**8,117,437**	**5,924,453**	**6,417,822**	**433,771**	**1,847,513**	**1,979,289**	**5,102,093**	**34,866,921**	**80,369,979**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2014 *										
	Financial Institutions and other financial services	**Manufacturing**	**Construction and real estate**	**Wholesale and retail trade**	**Public sector/ Government securities/ Derivatives**	**Transportation**	**Shipping**	**Hotels-Tourism**	**Services and other sectors**	**Retail and small businesses**	**Total**
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,595,945										1,595,945
Due from banks	2,780,704										2,780,704
Loans and advances to customers	128,613	6,212,773	6,732,180	5,681,923	1,460,586	428,665	1,886,986	1,871,869	3,836,989	34,096,752	62,337,336
Derivative financial assets	452,133	25,457	66,942	884	566,070	1,240	11,941	14,243	9,235	331	1,148,476
Trading securities					1,729						1,729
Available for sale securities	733,058	213,732		20,685	4,361,610				295,315		5,624,400
Held to maturity securities	254,228		468		28,111				37,635		320,442
Loans and receivables securities	4,299,101										4,299,101
Total amount of balance sheet items exposed to credit risk (a)	**10,243,782**	**6,451,962**	**6,799,590**	**5,703,492**	**6,418,106**	**429,905**	**1,898,927**	**1,886,112**	**4,179,174**	**34,097,083**	**78,108,133**
Other balance sheet items not exposed to credit risk	556,073	5,405	15,129	1,497		404			7,427,163		**8,005,671**
Total assets	**10,799,855**	**6,457,367**	**6,814,719**	**5,704,989**	**6,418,106**	**430,309**	**1,898,927**	**1,886,112**	**11,606,337**	**34,097,083**	**86,113,804**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	38,824	633,528	1,665,610	568,883	164,549	59,251	1,181	107,671	747,548		3,987,045
Undrawn loan agreements and credit limits that can not be recalled (committed)									367,511		367,511
Total amount of off-balance sheet items exposed to credit risk (b)	**38,824**	**633,528**	**1,665,610**	**568,883**	**164,549**	**59,251**	**1,181**	**107,671**	**1,115,059**		**4,354,556**
Total credit risk exposure (a+b)	**10,282,606**	**7,085,490**	**8,465,200**	**6,272,375**	**6,582,655**	**489,156**	**1,900,108**	**1,993,783**	**5,294,233**	**34,097,083**	**82,462,689**

* *The balancing figures of prior year were reclassified in order to be comparable.*

EXPOSURE IN CREDIT RISK FROM DEBT ISSUED BY THE PERIPHERAL EUROZONE COUNTRIES

Due to the prolonged turmoil in the Eurozone countries, and the issues which the Greek economy faces concerning the services of the public debt, the Group monitors credit risk from its exposure to the Greek State as well as the remaining peripheral countries.

i. Exposure to the Greek State

The table below presents the Group's total exposure in Greek Government securities:

	31.12.2015		31.12.2014	
Portfolio	**Nominal value**	**Carrying amount**	**Nominal value**	**Carrying amount**
Available for sale	4,659,672	3,930,081	4,703,271	3,708,048
Trading	2,783	1,888	2,675	1,729
Total	**4,662,455**	**3,931,969**	**4,705,946**	**3,709,777**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value.

Furthermore, the securities issued by public entities amounted to €162.1 million on 31.12.2015 (31.12.2014: €138.9 million).

The Group's exposure to Greek State from other financial instruments, excluding securities and loans and advances is depicted in the tables below:

On balance sheet exposure

	31.12.2015	31.12.2014
	Carrying amount	**Carrying amount**
Derivative financial instruments – assets	362,700	566,070
Derivative financial instruments – liabilities	(271,711)	(290,879)

Derivative financial liabilities to public sector entities amounted to €16.6 million on 31.12.2015 (31.12.2014: €29.1 million).

The Group exposure in loans to public entities/organizations on 31.12.2015 amounted €1,297.6 million (31.12.2014: €1,323.7 million). The Group for the above receivables has recognized impairment amounted to €42.1 million as at 31.12.2015 (31.12.2014: €28.2 million).

In addition the balance of Group's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPE, Loans guaranteed by Common Ministerial Decisions) on 31.12.2015 amounted to €764 million (31.12.2014: €725.4 million). For these loans the Bank has recognized impairment amounted to €144.3 million as at 31.12.2015 (31.12.2014: €141.7 million).

Off balance sheet exposure

	31.12.2015		31.12.2014	
	Nominal value	**Share value**	**Nominal value**	**Share value**
Bonds used as collaterals for refinancing operation	-	-	105,641	65,202

ii. Exposure to other peripheral Eurozone countries debt

The Group holds in its available for sale portfolio, bonds and treasury bills of the Republic of Cyprus with a book value of €96.9 million (31.12.2014: €50.9 million) and a bond of Cyprus Popular Bank (senior term) with a zero book value (31.12.2014: €1.6 million) after impairment of €1.6 million recognized in 2015 income statement and €34.6 million that had been recognized in 2013 income statement. Additionally, the Group holds in its available for sale portfolio, bonds issued by the Italian Republic with a book value of €6.9 million (31.12.2014: €6.8 million), bonds issued by the Spanish Republic with a book value of €8 million (31.12.2014: €6.3million).

As at 31.12.2015 the Group had no exposure to bonds issued by Portugal and Ireland.

41.2. Market risk

Market risk is the risk of losses arising from unfavourable changes in the value or volatility of interest rates, foreign exchange rates, stock exchange indices, equity prices and commodities. Losses may also occur either from the trading portfolio or from the Assets-Liabilities management.

i. Trading portfolio

The market risk is measured by the Value at Risk – VAR. The method applied for calculating Value at Risk is historical simulation.

The Bank uses a holding period of one and ten days, depending on the time which is required for the liquidate of the portfolio.

1 day value at risk, 99% confidence interval (2 years historical data)

(in Euro)

	2015					2014
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	1,824,535	158,967	31,710	(199,739)	1,815,473	1,210,695
Average daily value (annual)	1,712,290	178,084	24,414	(189,292)	1,725,496	1,268,641
Maximum daily value (annual)*	3,079,349	200,201	25,620	(160,222)	3,144,948	3,030,455
Minimum daily value (annual)*	692,364	201,874	25,662	(178,833)	741,067	784,305

* relating to the total value at risk

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 on the total income, is immaterial.

The Value at Risk methodology is complemented with scenario analysis and stress testing, in order to estimate the potential size of losses that could arise from the trading portfolio for hypothetical as well as historical extreme movements of market parameters (stress-testing).

Within the scope of policy-making for financial risk management, exposure limits, maximum loss (stop loss) and value at risk for various products of the trading positions have been set.

In particular the following limits have been set for the following risks:

- Foreign currency risk regarding spot and forward positions and FX options
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options
- Price risk regarding positions in shares, index Futures and options, Commodity Futures and Swaps
- Credit risk regarding interbank transactions and bonds

Positions held in these products are monitored on a daily basis and are examined for the corresponding limit percentage cover and for any limit excess.

ii. The financial risks of the banking portfolio

The financial risks of the banking portfolio derive from the structure of assets and liabilities and primarily from the portfolio of loans and deposits of the Group. The financial risks of the banking portfolio concern foreign exchange risk, interest rate risk and liquidity risk.

a. Foreign currency risk

The Group takes on the risk arising from the fluctuations in foreign exchange rates.

The management of foreign currency position is centralized.

The policy of the Group is the positions to be closed immediately using spot transactions or currency derivatives. In case that positions are still open, they are daily monitored by the competent department and they are subject to limits.

During 2015, there was an increase in the open currency position in RON and CHF due to the imposition of limitations to the capital movement and the decrease or the withdrawal of the interbanking credit lines for currency financing operations. While the conditions in the market are getting better the Bank decreases gradually these positions. The total position arises from the net balance sheet position and derivatives forward position as presented in the tables below.

	31.12.2015								
	USD	**GBP**	**CHF**	**JPY**	**RON**	**RSD**	**Other FC**	**Euro**	**Total**
ASSETS									
Cash and balances with Central Banks	45,714	46,726	945	20	141,999	66,804	21,402	1,406,717	1,730,327
Due from banks	231,755	(107,501)	12,499	3,950	39,199	(368)	18,685	1,778,054	1,976,273
Trading securities	1				238			2,540	2,779
Derivative financial assets								793,015	793,015
Loans and advances to customers	1,794,260	428,223	1,837,068	32,198	603,949	95,135	74,763	41,320,520	46,186,116
Investment securities									
- Available for sale	131,592	32,750			245,117	92,729	66,021	5,226,275	5,794,484
- Held to maturity							9,971	69,738	79,709
- Loans and receivables								4,289,482	4,289,482
Investments in associates and joint ventures								45,771	45,771
Investment property					173,520	11,271	32,500	406,371	623,662
Property, plant and equipment		2,073			25,220	20,966	36,784	775,858	860,901
Goodwill and other intangible assets		220			966	1,463	135	339,467	342,251
Deferred tax assets					2,162	3,661	929	4,391,424	4,398,176
Other assets	7,318	2,530	3,061	2	6,913	3,191		1,487,210	1,510,225
Assets held for sale					2,455			660,608	663,063
Total Assets	**2,210,640**	**405,021**	**1,853,573**	**36,170**	**1,241,738**	**294,852**	**261,190**	**62,993,050**	**69,296,234**
LIABILITIES									
Due to banks and customers	1,709,533	264,304	31,687	1,005	815,445	102,068	382,180	53,243,407	56,549,629
Derivative financial liabilities								1,550,529	1,550,529
Debt securities in issue and other borrowed funds	345,574							55,155	400,729
Liabilities for current income tax and other taxes		479			1,706	488	431	35,088	38,192
Deferred tax liabilities					4,281	40	403	16,128	20,852
Employee defined benefit obligations						214		108,336	108,550
Other liabilities and liabilities related to Assets held for sale	15,622	1,734	3,301	524	10,543	2,514	1,140	1,242,025	1,277,403
Provisions					2,752	1,139	1,681	290,442	296,014
Total liabilities	**2,070,729**	**266,517**	**34,988**	**1,529**	**834,727**	**106,463**	**385,835**	**56,541,110**	**60,241,898**
Net balance sheet position	139,911	138,504	1,818,585	34,641	407,011	188,389	(124,645)	6,451,940	9,054,336
Derivatives forward foreign exchange position	(130,085)	(102,446)	(1,648,064)	(30,065)	(21,265)	7,412	195,518	1,529,328	(199,667)
Total Foreign exchange position	**9,826**	**36,058**	**170,521**	**4,576**	**385,746**	**195,801**	**70,873**	**7,981,268**	**8,854,669**
Undrawn loan agreements and credit limits that can not be recalled (committed)	5,511				22,975	22,388		228,039	278,913

	31.12.2014								
	USD	**GBP**	**CHF**	**JPY**	**RON**	**RSD**	**Other FC**	**Euro**	**Total**
ASSETS									
Cash and balances with Central Banks	10,463	13,803	1,157	14	150,676	46,054	67,121	1,729,729	2,019,017
Due from banks	241,762	(19,607)	17,140	22,962	9,559	(863)	21,823	2,478,963	2,771,739
Trading securities					171			4,018	4,189
Derivative financial assets								1,148,476	1,148,476
Loans and advances to customers	1,815,969	409,094	1,923,500	28,111	426,758	109,800	162,434	44,681,319	49,556,985
Investment securities									
- Available for sale	75,080	48,898			270,300	96,491	113,792	5,083,725	5,688,286
- Held to maturity	1,661						13,085	296,072	310,818
- Loans and receivables								4,299,101	4,299,101
Investments in associates and joint ventures								46,383	46,383
Investment property					105,630	3,701	36,436	421,445	567,212
Property, plant and equipment		1,992			25,619	30,627	39,436	985,674	1,083,348
Goodwill and other intangible assets		52			539	1,278	10,358	319,197	331,424
Deferred tax assets					7,648	3,807	1,310	3,676,681	3,689,446
Λοιπά στοιχεία Ενεργητικού	6,670	1,484	14,989	290	13,957	2,269	117,646	1,207,761	1,365,066
Other assets and assets held for sale					2,425	1,060	4,373	46,113	53,971
Total Assets	**2,151,605**	**455,716**	**1,956,786**	**51,377**	**1,013,282**	**294,224**	**587,814**	**66,424,657**	**72,935,461**
LIABILITIES									
Due to banks and customers	2,525,301	288,913	33,907	1,547	1,032,653	90,580	756,788	55,471,058	60,200,747
Derivative financial liabilities								1,948,541	1,948,541
Debt securities in issue and other borrowed funds	472,107							1,051,414	1,523,521
Liabilities for current income tax and other taxes					1,775	449	342	59,228	61,794
Deferred tax liabilities					874	259		24,369	25,502
Employee defined benefit obligations						198		105,155	105,353
Other liabilities and liabilities related to Assets held for sale	10,085	2,289	15,391	761	53,501	1,521	1,448	1,065,745	1,150,741
Provisions	40	2	1		1,721	1,325	2,468	207,155	212,712
Total liabilities	**3,007,533**	**291,204**	**49,299**	**2,308**	**1,090,524**	**94,332**	**761,046**	**59,932,665**	**65,228,911**
Net balance sheet position	(855,928)	164,512	1,907,487	49,069	(77,242)	199,892	(173,232)	6,491,992	7,706,550
Derivatives forward foreign exchange position	820,422	(134,877)	(2,063,529)	(47,950)	82,551	13,665	232,654	316,265	(780,799)
Total Foreign exchange position	**(35,506)**	**29,635**	**(156,042)**	**1,119**	**5,309**	**213,557**	**59,422**	**6,808,257**	**6,925,751**
Undrawn loan agreements and credit limits that can not be recalled (committed)	4,942				31,385	12,168		319,016	367,511

The net foreign exchange position as at 31.12.2015 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax	Impact on Equity
USD	Appreciation USD 5%	517	
	Depreciation USD 5%	(468)	
GBP	Appreciation GBP 5%	1,898	
	Depreciation GBP 5%	(1,717)	
CHF	Appreciation CHF 5%	8,975	
	Depreciation CHF 5%	(8,120)	
JPY	Appreciation JPY 5%	241	
	Depreciation JPY 5%	(218)	
AUD	Appreciation AUD 5%	20	
	Depreciation AUD 5%	(18)	
RON	Appreciation RON 5%		20,302
	Depreciation RON 5%		(18,369)
MKD	Appreciation MKD 5%		12
	Depreciation MKD 5%		(11)
RSD	Appreciation RSD 5%		10,305
	Depreciation RSD 5%		(9,324)
ALL	Appreciation ALL 5%		223
	Depreciation ALL 5%		(202)

b. Interest rate risk

In the context of analysis of the Banking portfolio, Interest Rate Gap Analysis is performed. In particular, assets and liabilities are allocated into time bands (Gaps) according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments.

An interest rate gap analysis of Assets and Liabilities is set out in the table below:

	31.12.2015							
	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	1,123,073						607,254	1,730,327
Due from Banks	1,463,112	324,983	1,762	1,550	22,586	161,020	1,260	1,976,273
Securities helf for trading					350	1,538	891	2,779
Derivative financial assets	793,015							793,015
Loans and advances to customers	22,853,610	7,174,432	2,787,093	1,358,749	7,761,777	4,250,455		46,186,116
Investment securities								
- Available for sale	525,269	1,227,726	987,027	125,556	1,319,479	1,422,276	187,151	5,794,484
- Held to maturity	337		6,112		54,002	19,258		79,709
- Loans and receivables			4,289,482					4,289,482
Investments in associates and joint ventures							45,771	45,771
Investment property							623,662	623,662
Property, plant and equipment							860,901	860,901
Goodwill and other intangible assets							342,251	342,251
Deferred tax assets							4,398,176	4,398,176
Other assets							1,510,225	1,510,225
Non-current assets held for sale							663,063	663,063
Total Assets	**26,758,416**	**8,727,141**	**8,071,476**	**1,485,855**	**9,158,194**	**5,854,547**	**9,240,605**	**69,296,234**
LIABILITIES								
Due to banks	23,059,899	252,111	2,876		1,800,477			25,115,363
Derivative financial liabilities	1,550,529							1,550,529
Due to customers	6,298,049	5,120,140	5,851,901	2,284,717	7,651,060	4,224,596	3,803	31,434,266
Debt securities in issue held by institutional investors and other borrowed funds	340,227	23,912	11,990		24,600			400,729
Liabilities for current income tax and other taxes							38,192	38,192
Deferred tax liabilities							20,852	20,852
Employee defined benefit obligations							108,550	108,550
Other liabilities							910,622	910,622
Provisions							296,014	296,014
Liabilities related to assets held for sale							366,781	366,781
Total Liabilities	**31,248,704**	**5,396,163**	**5,866,767**	**2,284,717**	**9,476,137**	**4,224,596**	**1,744,814**	**60,241,898**
EQUITY								
Share capital							461,064	461,064
Share premium							10,790,870	10,790,870
Reserves							310,057	310,057
Retained earnings							(2,546,885)	(2,546,885)
Non-controlling interests							23,998	23,998
Hybrid securities							15,232	15,232
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**9,054,336**	**9,054,336**
Total Liabilities and Equity	**31,248,704**	**5,396,163**	**5,866,767**	**2,284,717**	**9,476,137**	**4,224,596**	**10,799,150**	**69,296,234**
Open exposure	**(4,490,288)**	**3,330,978**	**2,204,709**	**(798,862)**	**(317,943)**	**1,629,951**	**(1,558,545)**	**-**
Cumulative exposure	**(4,490,288)**	**(1,159,310)**	**1,045,399**	**246,537**	**(71,406)**	**1,558,545**	**-**	**-**

	31.12.2014							
	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	1,561,762						457,255	2,019,017
Due from Banks	2,022,286	521,027	14	1,028	30,656	196,728		2,771,739
Securities helf for trading	80				656	1,073	2,380	4,189
Derivative financial assets	1,148,476							1,148,476
Loans and advances to customers	25,922,960	7,944,710	3,719,989	2,515,868	9,430,299	23,159		49,556,985
Investment securities								
- Available for sale	664,170	1,391,686	868,732	234,765	1,124,949	1,333,664	70,320	5,688,286
- Held to maturity	47,492	122,749	32,935	2,503	102,946	2,193		310,818
- Loans and receivables			4,299,101					4,299,101
Investments in associates and joint ventures							46,383	46,383
Investment property							567,212	567,212
Property, plant and equipment							1,083,348	1,083,348
Goodwill and other intangible assets							331,424	331,424
Deferred tax assets							3,689,446	3,689,446
Other assets							1,365,066	1,365,066
Non-current assets held for sale							53,971	53,971
Total Assets	**31,367,226**	**9,980,172**	**8,920,771**	**2,754,164**	**10,689,506**	**1,556,817**	**7,666,805**	**72,935,461**
LIABILITIES								
Due to banks	14,381,871	1,059,886	65,394		1,792,963			17,300,114
Derivative financial liabilities	1,948,541							1,948,541
Due to customers	11,541,503	7,193,770	8,288,464	7,226,617	7,208,898	1,439,816	1,565	42,900,633
Debt securities in issue held by institutional investors and other borrowed funds	434,972	347,205	49,951		463,612	227,781		1,523,521
Liabilities for current income tax and other taxes							61,794	61,794
Deferred tax liabilities							25,502	25,502
Employee defined benefit obligations							105,353	105,353
Other liabilities							1,091,747	1,091,747
Provisions							212,712	212,712
Liabilities related to assets held for sale							58,994	58,994
Total Liabilities	**28,306,887**	**8,600,861**	**8,403,809**	**7,226,617**	**9,465,473**	**1,667,597**	**1,557,667**	**65,228,911**
EQUITY								
Share capital							3,830,718	3,830,718
Share premium							4,858,216	4,858,216
Reserves							105,687	105,687
Retained earnings							(1,142,801)	(1,142,801)
Non-controlling interests							23,266	23,266
Hybrid securities							31,464	31,464
Total Equity							**7,706,550**	**7,706,550**
Total Liabilities and Equity	**28,306,887**	**8,600,861**	**8,403,809**	**7,226,617**	**9,465,473**	**1,667,597**	**9,264,217**	**72,935,461**
Open exposure	**3,060,339**	**1,379,311**	**516,962**	**(4,472,453)**	**1,224,033**	**(110,780)**	**(1,597,412)**	
Cumulative exposure	**3,060,339**	**4,439,650**	**4,956,612**	**484,159**	**1,708,192**	**1,597,412**		

From the Interest Rate Gap Analysis and from the application of alternative scenarios regarding the changes in the market interest rates or changes in the base interest rates of the Bank and the companies of the Group, the Group is able to calculate the immediate changes in the net interest income and equity relating to available for sale securities. In the interest rate decrease scenarios the change is assessed up to a feasible point (interest rate set to zero) in accordance with the effective yield curves per currency.

Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of Equity
-100	-9,217.09	+124,568
+100	+14,419.71	- 141,115

41.3 Liquidity risk

Liquidity risk relates to the Group’s ability to maintain sufficient funds to cover its planned or extraordinary obligations. In fact, the total funding can be divided into two main categories:

A. Customer deposits

1. Customer deposits on demand for cash flow needs

Deposits that are intended to meet short term needs of customers are the savings accounts and the sight deposits. Although these deposits may be withdrawn on demand, the number of accounts and type of depositors ensure that unexpected significant fluctuations are limited Therefore, these deposits constitute a significant factor of stability of the deposit base.

2. Customer term deposits and bonds for investment purposes

The customer term deposits and bonds for investment purposes issued by the Group companies usually consist of customer deposits for a certain period and customer repurchase agreements (repos), whereas the bonds issued by the Group companies are disposed through outright sale. Customers have the ability of early withdrawal of deposits or early liquidation of bonds which may result in potential need of finding alternative liquidity in case of extensive outflows.

For this purpose and for the general safety of customer deposits, the Bank takes care for the existence of adequate liquidity surpluses which are calculated based on stress testing exercises due to loss of liquidity or the existence of sufficient credit lines of financial instruments as shown below.

B. Wholesale funding

1. Medium-term borrowing from international capital markets

The Bank’s constant aspiration is to cooperate with international investors who may offer medium term financing through purchase of securities issued by the Group companies. For this purpose, the Bank retains special financing programs appealing to international investors and provides adequate coverage of credit needs through international capital markets by planning asset level needs on an annual basis. However, the Bank acknowledges that the demand of these bonds may not be enough to fully meet the needs in specific time intervals as a result of factors which concern the credit assessment in the domestic and international economic environment.

2. Funding by Central Banks

An alternative way of Bank funding is the liquidity from financial instruments of the Central Banks- Euro system and especially from the European Central Bank (ECB). This funding regards loan granted with pledge of assets according to instructions and the eligible assets determined by the ECB. During the last years this additional source funding has become a major financial instrument by hedging the inadequate or loss of basic forms of Bank funding. Furthermore, under the period on which Greece is under the restructuring program of economy and fiscal improvement of financial figures and simultaneously servicing financing needs of the network of institutions that have the supervision of the program, the Bank can use available assets in order to increase liquidity from the Eurosystem to cover any financing gap. The Bank recognizes the short-term nature of this liquidity source and pursues gradually to release, if circumstances allow. However, for as long as the country is experiencing financial and economic crisis, the Bank ensures the smooth financing from these financial instruments which may be either conventional marginal lending from the ECB (MRO), or Emergent Liquidity Assistance from Bank of Greece (ELA). The Bank ensures the adequacy of collateral required in order to serve the financing from the above financial instruments, while recognizing both the type and the amount of financing that is under the discretion of the Eurosystem.

The political developments in Greece created temporary significant uncertainty which led to outflows of deposits.

These outflows, despite the fact that due to the capital controls imposed, had been reduced during the second semester of 2015, finally amounted to €9.6 billion for 2015, resulting in the increase of borrowings from the European System of Central Banks which amounted to €24 billion.

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time periods in accordance with the contractual maturity date or the estimated date based on a statistical analysis (convention). An exception to the above, are the securities portfolios, which can contribute directly to raise liquidity, and they are allocated in the first period under the condition that they have not been used to raise liquidity either by the Central Bank or through interbank repos.

	31.12.2015					
	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	1,730,327					1,730,327
Due from banks	1,420,989	331,911	4,636	24	218,713	1,976,273
Trading securities	1,888				891	2,779
Derivative financial assets	793,015					793,015
Loans and advances to customers	2,886,348	2,039,558	1,799,782	2,854,971	36,605,457	46,186,116
Investment securities						
- Available for sale	4,816,465				978,019	5,794,484
- Held to maturity			6,112		73,597	79,709
- Loans and receivables					4,289,482	4,289,482
Investments in associates and joint ventures					45,771	45,771
Investment property					623,662	623,662
Property, plant and equipment					860,901	860,901
Goodwill and other intangible assets					342,251	342,251
Deferred tax assets					4,398,176	4,398,176
Other assets	61,986	125,854	185,959	375,394	761,032	1,510,225
Non current assets held for sale		390,862	272,201			663,063
Total Assets	**11,711,018**	**2,888,185**	**2,268,690**	**3,230,389**	**49,197,952**	**69,296,234**
LIABILITY						
Due to banks	23,057,911	3,807	928	2,747	2,049,970	25,115,363
Derivative financial liabilities	1,550,529					1,550,529
Due to customers	6,328,964	4,591,349	3,219,322	2,550,700	14,743,931	31,434,266
Debt securities in issue held by institutional investors and other borrowed funds					400,729	400,729
Liabilities for current income tax and other taxes		38,192				38,192
Deferred tax liabilities					20,852	20,852
Employee defined benefit obligations					108,550	108,550
Other liabilities	209,271				701,351	910,622
Provisions					296,014	296,014
Liabilities related to assets held for sale		277,675	89,106			366,781
Total Liabilities	**31,146,675**	**4,911,023**	**3,309,356**	**2,553,447**	**18,321,397**	**60,241,898**
EQUITY						
Share capital					461,064	461,064
Share premium					10,790,870	10,790,870
Reserves					310,057	310,057
Retained earnings					(2,546,885)	(2,546,885)
Non-controlling interests					23,998	23,998
Hybrid securities					15,232	15,232
Total Equity	**-**	**-**	**-**	**-**	**9,054,336**	**9,054,336**
Total Liabilities and Equity	**31,146,675**	**4,911,023**	**3,309,356**	**2,553,447**	**27,375,733**	**69,296,234**
Open liquidity gap	**(19,435,657)**	**(2,022,838)**	**(1,040,666)**	**679,942**	**21,822,219**	**-**
Cumulative liquidity gap	**(19,435,657)**	**(21,458,495)**	**(22,499,161)**	**(21,822,219)**	**-**	**-**

	31.12.2014					
	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	2,019,017					2,019,017
Due from banks	1,971,078	523,483	9	1,188	275,981	2,771,739
Trading securities	1,809				2,380	4,189
Derivative financial assets	1,148,476					1,148,476
Loans and advances to customers	2,893,123	2,097,020	1,933,524	3,351,777	39,281,541	49,556,985
Investment securities						
- Available for sale	2,630,649				3,057,637	5,688,286
- Held to maturity	1,872		732	17,503	290,711	310,818
- Loans and receivables					4,299,101	4,299,101
Investments in associates and joint ventures					46,383	46,383
Investment property					567,212	567,212
Property, plant and equipment					1,083,348	1,083,348
Goodwill and other intangible assets					331,424	331,424
Deferred tax assets					3,689,446	3,689,446
Other assets	56,197	113,724	168,497	337,966	688,682	1,365,066
Non current assets held for sale	51,384			2,587		53,971
Total Assets	**10,773,605**	**2,734,227**	**2,102,762**	**3,711,021**	**53,613,846**	**72,935,461**
LIABILITY						
Due to banks	14,086,798	1,103,010	66,446	3,036	2,040,824	17,300,114
Derivative financial liabilities	1,948,541					1,948,541
Due to customers	9,998,905	6,659,944	5,714,875	6,985,167	13,541,742	42,900,633
Debt securities in issue held by institutional investors and other borrowed funds		26,325	50,115		1,447,081	1,523,521
Liabilities for current income tax and other taxes	6,518	54,814		462		61,794
Deferred tax liabilities					25,502	25,502
Employee defined benefit obligations					105,353	105,353
Other liabilities	315,923	903			774,921	1,091,747
Provisions					212,712	212,712
Liabilities related to assets held for sale	58,994					58,994
Total Liabilities	**26,415,679**	**7,844,996**	**5,831,436**	**6,988,665**	**18,148,135**	**65,228,911**
EQUITY						
Share capital					3,830,718	3,830,718
Share premium					4,858,216	4,858,216
Reserves					105,687	105,687
Retained earnings					(1,142,801)	(1,142,801)
Non-controlling interests					23,266	23,266
Hybrid securities					31,464	31,464
Total Equity					**7,706,550**	**7,706,550**
Total Liabilities and Equity	**26,415,679**	**7,844,996**	**5,831,436**	**6,988,665**	**25,854,685**	**72,935,461**
Open liquidity gap	**(15,642,074)**	**(5,110,769)**	**(3,728,674)**	**(3,277,644)**	**27,759,161**	
Cumulative liquidity gap	**(15,642,074)**	**(20,752,843)**	**(24,481,517)**	**(27,759,161)**		

Held for trading and available for sale portfolios are listed based on their liquidation potential and not according to their maturity.

Cash flows arising from financial liabilities including derivative financial liabilities, are allocated into time bands according to their maturity date. Estimated interest payments are also included. Liabilities in foreign currency have been converted into Euro. Outflows and inflows relating to derivatives are estimated according to their contractual terms.

	31.12.2015						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
Non-derivative liabilities							
Due to banks	**25,115,363**	(23,084,150)	(45,240)	(77,398)	(155,083)	(2,795,305)	(26,157,176)
Due to customers	**31,434,266**	(6,582,440)	(4,965,139)	(3,277,774)	(2,674,216)	(15,613,556)	(33,113,124)
Debt securities in issue held by institutional investors and other borrowed funds	**400,729**	(2)	(83)	(789)	(35)	(406,065)	(406,974)
Other liabilities	**910,622**	(209,271)				(701,351)	(910,622)
Derivative held for assets fair value hedge	**52,376**						
- Outflows		(128)	(407)	(40,004)	(173)	(1,216,128)	(1,256,840)
- Inflows			948	10,636	20,722	1,144,647	1,176,953
Derivatives held for liabilities fair value hedge	**568,037**						
- Outflows		(72)	(8,601)	(9,425)	(21,299)	(1,335)	(40,732)
- Inflows			7,297	7,443	16,363	1,746	32,849
Derivatives held for trading	**930,116**						
- Outflows		(359,401)	(430,618)	(356,444)	(472,700)	(4,395,043)	(6,014,206)
- Inflows		317,049	431,491	302,030	431,820	4,313,738	5,796,128
Total	**59,411,509**	**(29,918,415)**	**(5,010,352)**	**(3,441,725)**	**(2,854,601)**	**(19,668,652)**	**(60,893,745)**
Off balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(278,913)					(278,913)
Financial guarantees		(34,454)	(35,370)	(27,320)	(118,099)	(264,379)	(479,622)
Total off Balance sheet items		**(313,367)**	**(35,370)**	**(27,320)**	**(118,099)**	**(264,379)**	**(758,535)**

	31.12.2014						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
Non-derivative liabilities							
Due to banks	**17,300,114**	(14,096,705)	(1,109,798)	(67,259)	(3,618)	(2,104,074)	(17,381,454)
Due to customers	**42,900,633**	(10,632,526)	(6,701,374)	(5,786,714)	(7,155,409)	(14,265,359)	(44,541,382)
Debt securities in issue held by institutional investors and other borrowed funds	**1,523,521**	(258)	(34,281)	(70,176)	(20,294)	(1,793,158)	(1,918,167)
Other liabilities	**1,091,747**	(315,923)	(903)			(774,921)	(1,091,747)
Derivative held for assets fair value hedge	**66,872**						
- Outflows		(499,384)	(776,617)	(420,822)	(158,328)	(358,866)	(2,214,017)
- Inflows		496,059	899,606	390,824	142,118	357,714	2,286,321
Derivatives held for liabilities fair value hedge	**643,985**						
- Outflows		(4)	(49)	(40,055)	(125)	(883,451)	(923,684)
- Inflows		15	27	9,858	19,780	849,469	879,149
Derivatives held for trading	**1,237,684**						
- Outflows		(641,637)	(855,364)	(808,077)	(1,076,346)	(3,204,981)	(6,586,405)
- Inflows		607,890	718,609	682,793	927,140	2,662,608	5,599,040
Total	**64,764,556**	**(25,082,473)**	**(7,860,144)**	**(6,109,628)**	**(7,325,082)**	**(19,515,019)**	**(65,892,346)**
Off balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(367,511)					(367,511)
Financial guarantees		(38,885)	(42,448)	(25,764)	(126,099)	(271,894)	(505,090)
Total off Balance sheet items		**(406,396)**	**(42,448)**	**(25,764)**	**(126,099)**	**(271,894)**	**(872,601)**

41.4 Fair value of financial assets and liabilities

Hierarchy of financial instruments not measured at fair value

	31.12.2015				
	Level 1	Level 2	Level 3	Total Fair value	Total Carrying amount
Financial Assets					
Loans and advances to customers			46,107,498	46,107,498	46,186,116
Investment securities					
- Held to maturity	36,823	28,990	13,121	78,934	79,709
- Loans and receivables		4,364,715		4,364,715	4,289,482
Financial liabilities					
Due to customers			31,422,161	31,422,161	31,434,266
Debt securities in issue [(1)]		26,338	338,680	365,018	376,129

	31.12.2014				
	Level 1	Level 2	Level 3	Total Fair value	Total Carrying amount
Financial Assets					
Loans and advances to customers			49,125,976	49,125,976	49,556,985
Investment securities					
- Held to maturity	189,449	97,720	22,423	309,592	310,818
- Loans and receivables		4,370,874		4,370,874	4,299,101
Financial liabilities					
Due to customers			42,557,113	42,557,113	42,900,633
Debt securities in issue [(1)]	367,636	507,295	411,948	1,286,879	1,458,921

The above table presents the fair value as well as the carrying amount of financial instruments measured at amortized cost, classified by fair value hierarchy.

The fair value of loans is estimated based on the interbank market yield curves by adding a liquidity premium and spread per loan category and business unit for the expected loss. The fair value of deposits is estimated based on the interbank market yield curves by deducting customer's spread depending on the type of deposit. In both above mentioned cases, the future cash flows (floating rate) are calculated based on the implied forward rates until their maturity.

The held to maturity securities and debt securities in issue whose fair value is calculated based on market prices, are classified into Level 1.

The held to maturity securities and securities in issue whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of income approach methodology using interest rates and credit spreads which are observable in the market, are classified into Level 2. The fair value of the loans and receivables securities relating to securities issued by the European Financial Stability Facility (E.F.S.F.), was determined by discounted cash flows using relevant E.F.S.F. issues inputs.

[(1)] *Debt securities in issue do not include the convertible bond loan issued by the Bank in the context of the agreement with Credit Agricole S.A. regarding the acquisition of Emporiki Bank since this security is measured at fair value.*

`Level 3 classification includes securities whose fair value is estimated using significant unobservable inputs. In this case the fair value is quoted by the issuers of the securities and confirmed by the Group or calculated by the Group.

In addition, Level 3 includes the liability of the Group from the securitization of shipping loans whose fair value was defined with discount of future cash flows using unobservable inputs of market.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

Hierarchy of financial instruments measured at fair value

	31.12.2015			
	Level 1	Level 2	Level 3	Total Fair value
Derivative Financial Assets	6,665	782,820	3,530	793,015
Trading securities				
- Bonds and Treasury bills	1,888			1,888
- Shares	891			891
Available for sale securities				
- Bonds and Treasury bills	4,927,352	625,704	19,460	5,572,516
- Shares	143,815		43,337	187,152
- Other variable yield securities	34,816			34,816
Derivative Financial Liabilities	21	1,550,508		1,550,529
Convertible bond			24,600	24,600

	31.12.2014			
	Level 1	Level 2	Level 3	Total Fair value
Derivative Financial Assets	12,368	1,136,108		1,148,476
Trading securities				
- Bonds and Treasury bills	1,729			1,729
- Shares	2,380			2,380
- Other variable yield securities	80			80
Available for sale securities				
- Bonds and Treasury bills	4,693,769	862,161	14,442	5,570,372
- Shares	11,913		62,011	73,924
- Other variable yield securities	43,990			43,990
Derivative Financial Liabilities	86	1,943,062	5,393	1,948,541
Convertible bond		64,600		64,600

The tables above present the fair value hierarchy of financial instruments which are measured at fair value based on the inputs used for the fair value measurement.

Securities which are traded in an active market and exchange-traded derivatives are classified into Level 1.

The available for sale securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2. Level 3 classifications include securities whose fair value is estimated using significant unobservable inputs.

The fair value of non listed shares, as well as shares not traded in an active market is determined based on the estimations made by the Group which relate to the future profitability of the issuer taking into account the expected growth rate of its operations, as well as the weighted average rate of capital return which is used as discount rate. Given that the above parameters are mainly non observable, the valuation of these shares is classified in Level 3.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 or otherwise as Level 2.

The Group recognizes the transfer between fair value hierarchy Levels at the end of the reporting period.

Within the period, €88.9 million of Greek corporate bonds and €126.7 million of other government bonds were transferred from Level 2 to Level 1 due to the satisfaction of the active market criteria. Also €145.6 million of Greek corporate bonds were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active according to Group's policy.

Within the year 2014, €1.3 million were transferred from Level 2 to Level 1 due to the satisfaction of the criteria of active market. In addition, within the period, €108.8 million were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	31.12.2015			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Significant Non-observable Inputs**
Derivative Financial Assets	3,530	3,185	Discounted cash flows with interest being the underlying instruments, taking into account the counterparty's credit risk	The probability of default and loss given default of the counterparty calculated using an internal model
		345	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale bonds	19,460	19,460	Based on issuer price	Price
Available for sale shares	43,337	43,337	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Convertible bond loan	24,600	24,600	Discounted cash flows – Multiples valuation method	Future profitability of the issuer

	31.12.2014			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Significant non-observable Inputs**
Available for sale bonds	14,442	14,442	Based on issuer price	Price
Available for sale shares	62,011	62,011	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	5,393	20	Discounted cash flows – Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		5,373	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends

A reasonable variation in non-observable inputs of financial instruments which are measured at fair value classified in level 3 would not affect significantly the results of the Group.

A reconciliation for the movement of financial instruments measured at fair value in Level 3 is depicted below.

	31.12.2015			
	Assets		Liabilities	
	Available for sale securities	Derivative financial assets	Derivative financial liabilities	Convertible bond loan
Opening balance 1.1.2015	**76,453**		**(5,393)**	
Total gain or loss recognized in Income Statement	(9,766)	2,566	5,373	
Total gain or loss recognized in Equity	(2,683)			
Purchases/ Issues	14,355			
Sales/ Repayments/ Settlements	(15,573)		20	
Transfers in Level 3 from Level 2	11	964		(24,600)
Balance 31.12.2015	**62,797**	**3,530**		**(24,600)**
Amounts included in the Income Statement for financial instruments held at the year end	(8,322)	7,939		

During the period 2015, purchases of corporate bonds amounting to €11.3 million as well as other variable yields securities amounting to €3 million took place that were classified in Level 3, since non observable parameters were used for valuation purposes. In addition, sales-repayments of foreign corporate bonds amounting to €6.4 million and other variable yields securities amounting €9.2 million took place.

During the period, a transfer of derivatives from Level 2 to Level 3 occurred since the use of non-observable inputs was significant.

Finally during 2015 a transfer of convertible bond from Level 2 to Level 3 occurred as a different valuation method was applied. In particular, the value of the share was considered the most appropriate valuation basis to determine the fair value of the bond as opposed to the fair value of subordinated bonds used until the third quarter of 2015, as it was considered that it was consistent with the way that the bond is expected to be settled at the maturity date. The estimate of the value of the share at the maturity date of the bond was based on the unobservable parameter of future profitability, as reflected in Bank's business plan.

	31.12.2014	
	Assets	Liabilities
	Available for sale securities	Derivative financial liabilities
Opening balance 1.1.2014	**75,261**	**(582)**
Total gain or loss recognized in Income Statement	3	(4,829)
Total gain or loss recognized in Equity	3,666	
Purchases/ Issues	1,086	
Sales/ Repayments/ Settlements	(11,441)	18
Transfers in level 3 from level 1	7,164	
Transfers in level 3 from level 2	714	
Balance 31.12.2014	**76,453**	**(5,393)**
Amounts included in the Income Statement for financial instruments held at the year end	(5,544)	(4,829)

In 2014, the transfer to Level 3 from Level 2 of Available for Sale Securities regards a securitized issue which was valued with the use of non-observable parameters. In addition, there were transfers to Level 3 from Level 1 of listed shares of €7.2 million due to lack of trading in an active market.

41.5. Transfers of financial assets

The Group in its ordinary course of business, transfers financial assets. In cases where, despite the fact that the contractual right to receive cash flows has been transferred the risks and rewards remain with the Group, these assets continue to be recognized on the balance sheet.

As of 31.12.2015, the financial assets that have not been derecognized despite the contractual transfer of their cash flows, are derived from the following two categories of transactions:

a) Securitizations of financial assets

The Bank has securitized corporate, consumer loans and credit cards while its subsidiary Alpha Leasing A.E. finance lease receivables, in order to absorb liquidity from the Eurosystem. In the context of these transactions, these items have been transferred to special purpose entities fully consolidated by the Group, which have proceeded to the issuance of bonds. Securitized financial assets continue to be recognized as loans and advances to customers, since the Group continues in all cases to retain the rewards and risks associated with them. This is justified by several factors which include the full consolidation of special purpose entities, the fact that the Bank own these bonds and the entitlement bonds to the deferred consideration from the transfer. Given that bonds are owned by the Group, no liabilities actually arises from the transfer. The carrying amount of the securitized loans and credit cards on 31.12.2015 amounts to €3,386,485 (31.12.2014: €3,743,417).

In addition, during the current year, the Bank proceeded to shipping loans securitization transaction through the fully consolidated special purpose company Alpha Shipping Finance Ltd. These loans are recognized in the category of loans and trade receivables as the Group retains the risks and benefits of the portfolio through entitlement to deferred consideration paid. The carrying amount of the securitized shipping loans and the bonds which are issued of the SPE, which are not held, as at 31.12.2015 amounted to €639,654 and €340,272 respectively (31.12.2014: €658,685 and €414,446 respectively). The fair value of loans as at 31.12.2015 amounted to €587,737 (31.12.2014: €646,279) and the debt security at €338,680 (31.12.2014: €411,762).

b) Sale and repurchase agreements of debt securities

The Group on 31.12.2015 proceeded with the transfer of bonds of other issuers with a repurchase agreement. These securities are still included in the Group's investment portfolio and the respective figures are presented in the following table.

	31.12.2015		
	Available for sale portfolio		Held to Maturity portfolio
	Greek Government Bonds	Bonds of other issuers	Bonds of other issuers
Carrying amount of transferred securities		422,013	
Carrying amount of related liability		(269,292)	
Fair value of transferred securities		422,013	
Fair value of related liability		(269,292)	
Equity		**152,721**	

	31.12.2014		
	Available for sale portfolio		Held to Maturity portfolio
	Greek Government Bonds	Bonds of other issuers	Bonds of other issuers
Carrying amount of transferred securities	18,236	201,498	2,499
Carrying amount of related liability	(13,416)	(159,089)	(2,031)
Fair value of transferred securities	18,236	201,498	2,544
Fair value of related liability	(13,416)	(159,089)	(2,031)
Equity	**4,820**	**42,409**	**513**

The Group on 31.12.2014 had proceeded with the transfer of Greek government bonds and of bonds of other issuers with a repurchase agreement. These securities had been included in the Group's investment portfolio and the respective figures were presented in the above table.

On 31.12.2014 the Group had proceeded to the transfer of securitized covered bonds by mortgages loan with a repurchase agreement. These bonds did not exist in the balance sheet because they were held by the Group. The carrying amount of the liability of the above repurchase agreements at 31.12.2014 amounted to €1,432,179.

41.6. Offsetting financial assets - liabilities

The following tables present derivative transactions under contracts of the International Swaps and Derivatives Association (ISDA), which are signed with credit institutions as counterparties. In accordance with these contracts, the Group is able to offset its assets and liabilities relating to a counterparty in case of a credit default.

Financial assets subject to offsetting

	31.12.2015					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	682,676		682,676	(497,643)	(53,942)	131,091

	31.12.2014					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	1,005,603		1,005,603	(517,120)	(188,404)	300,079

Financial liabilities subject to offsetting

	31.12.2015					
				Related amounts not offset		
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset	Net amount of financial liabilities presented in the balance sheet	Financial instruments	Cash collateral given	Net amount
Derivatives	1,527,244		1,527,244	(497,643)	(1,019,181)	10,420

	31.12.2014					
				Related amounts **not** offset		
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset	Net amount of financial liabilities presented in the balance sheet	Financial instruments	Cash collateral given	Net amount
Derivatives	1,878,470		1,878,470	(517,120)	(1,347,427)	13,923

Reconciliation of the net amount of financial assets and liabilities presented in the balance sheet

	31.12.2015			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	682,676	793,015	110,339

	Note	Net amount presented in the balance sheet	Carrying amount of financial liabilities in the balance sheet	Financial liabilities not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,527,244	1,550,529	23,285

	31.12.2014			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	1,005,603	1,148,476	142,873

	Note	Net amount presented in the balance sheet	Carrying amount of financial liabilities in the balance sheet	Financial liabilities not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,878,470	1,948,541	70,071

42. Recapitalization framework - Restructuring Plan

Recapitalization framework

On 23.7.2015, Law 4335/2015 was voted that incorporates European Directive 2014/59, in relation to recovery and resolution of credit institutions and investment firms. This Directive established a set of rules to deal with banking crises across the EU, in order to avoid significant adverse effects on financial stability and to ensure that shareholders and creditors (including unsecured depositors) will share the burden of a potential recapitalization and/or the liquidation of troubled banks.

In accordance with Law 4335/2015 the Bank of Greece is designated as the resolution authority and has the power to apply resolution tools and exercise resolution powers.

The main resolution tools provided by Law that may be applied individually or in any combination, in cases where the institution is considered insolvent or under imminent insolvency threat, are the following:

- the sale of business tool,
- the bridge institution tool,
- the asset separation tool (the legal framework states that this tool should be applied only in conjunction with other resolution tools), and
- the bail-in tool (write-down or/and conversion of capital instruments and liabilities).

Exceptionally, however, Law 4335/2015 provides that in cases of exceptional systemic crisis the Ministry of Finance has the ability to provide extraordinary state financial support through state financial stabilization measures.

Where the institution is not insolvent or on imminent insolvency situation, it may receive capital support for preventive recapitalization purposes. The support measures in this case have a preventive and temporary nature and are limited to the necessary funds to overcome the capital shortfall that derived from stress tests or asset quality review.

In this context, on 1.11.2015 came into force, pursuant to Law 4340/2015, some amendments to the provisions of Law 3864/2010 for the operation of the Financial Stability Fund. These changes, among others, laid the conditions for providing capital support for preventive recapitalization purposes to Greek banks by the Financial Stability Fund.

In particular, in order for a credit institution to be eligible to receive preventive capital support, the following two conditions must be met:

- coverage of the Capital Requirements for Existing Losses (base scenario) and
- mandatory burden sharing for holders of capital instruments and other liabilities of the receiving institution, without these measures to cause or trigger contractual clauses or to account for as non-fulfillment of contractual obligations.

In particular with respect to capital support, this is provided through the participation of the Fund in the share capital increase of the credit institution through the issuance of common shares with voting rights or the issuance of contingent convertible bonds or other convertible instruments.

During the year and due to significant deterioration of the economic environment the need of recapitalization of Greek credit institutions arose based on the above framework.

According to the Agreement for Financial Support to be provided by the European Stability Mechanism, in the third quarter of 2015 a comprehensive assessment ("CA") was conducted for the four Greek systemic financial institutions, by the Single Supervisory Mechanism - SSM. The CA included the following two steps (a) Asset Quality Review (AQR) and (b) a stress test. The minimum capital threshold for the baseline scenario was a CET1 ratio of 9.5% and for the adverse scenario was a CET1 ratio of 8%. Although the above CA was based on the methodology applied for the comprehensive assessment conducted by the ECB in 2014 for the total of the banks that it supervises, the parameters and assumptions currently applied were more adverse due to the current economic circumstances. The CA was conducted with a reference date of 30.6.2015. As part of the asset quality review a portfolio of Greek loans was reviewed in terms of credit risk, adequacy of provision coverage and management practices. In the context of the stress test, SSM conducted, with the support of appointed financial advisors, an estimation of the future impairment losses of the Group's loans with a two and a half years horizon, for a base and an adverse macroeconomic scenario. The assumptions of the two scenarios were defined by the SSM. In addition, the SSM took into consideration the financial projections and estimations of future profitability made by the financial institutions, based on commonly accepted levels of macroeconomic indices for the base scenario, while the development of the macroeconomic figures in the adverse scenario was configured by the ECB.

The assessment of capital needs was performed based on adjustments to the above figures according to the methodological approach of the SSM and was calculated from the differences between the Common Equity Tier I ratio that arose for credit institutions for each year until 2017 against a limit of 9.5% and 8% for the base and adverse scenario respectively.

According to C.A. results, which were announced on 31.10.2015, the Group presented zero capital needs as a result of the AQR, which amounted to provisions of €1.7 billion (note 41.1 – detailed presentation of AQR results), and also presented low capital needs amounting to €262.6 million under the base scenario. Under the adverse scenario the capital needs amounted to €2,743 million, however, they were reduced to €2,563 million after consideration of the third quarter before impairment result.

The Group covered the total of its capital needs through an exchange offer for securities issued and share capital increase of the Bank with cash.

Specifically, on 28.10.2015 the Bank announced separate invitations to holders of all outstanding series of securities issued by the Group's subsidiaries, Alpha Credit Group Plc, Emporiki Group Finance Plc and Alpha Group Jersey Limited to offer all outstanding securities for exchange with non-transferable receipts issued by the Bank (Liability Management Excersice).

The Proposal concerned Senior securities of €985 million and Subordinated and Hybrid securities of a total amount of €100.9 million. The total amount of securities to be exchanged amounted to about €1.1 billion.

Through the exchange offers funds amounting to €1,011 million arose which oversubscribed the capital needs of the basic scenario as these arose from the Comprehensive Assessment which was conducted by the Single Supervisory Mechanism.

Furthermore, on 25.11.2015, the Bank completed its share capital increase through a private placement to qualified and other eligible investors, which amounted to €1,552 million.

The total funds raised, amounting to €2,563 million, covered the basic and adverse scenario and as a result the Bank did not receive capital support for preventive recapitalization purposes.

Restructuring Plan

After the respective request of the Directorate-General Competition (DG Comp) of the European Committee on 21 September 2015, the Bank proceeded in reconsideration of the Restructuring Plan so as to represent the current conditions, including the recapitalization of the Bank. The revised Restructuring Plan was approved by the DG Comp on 26 November 2015.

The revised Restructuring Plan includes the following main commitments for the Bank:

- Reduction of the number of branches in Greece up to a maximum of 563 by the end of year 2017.
- Limiting the number of employees in Greece, in banking and non-banking activities, up to a maximum of 9,504 by the end of year 2017.
- Reduction of the total costs ot the Bank in Greece (Greek banking and non-banking activities) up to a maximum amount of €933 million, by the end of the year 2017, with the exemption of redundancy scheme costs and costs related to the Bank's contribution in favor of deposit guarantee funds or resolution funds.
- Reduction of the cost of funding through the decrease of cost of deposits collected in Greece, taking into account the macroeconomic factors at each time
- To further strengthen Bank's balance sheet through compliance to net loans to deposits ratio, up to a maximum of 119% on 31 December 2018, as regards to Greek banking activities.
- Reduction of the total size of the portfolio of foreign assets by 30 June 2018.
- Restriction on providing additional capital to foreign subsidiaries.
- Divestment of listed and unlisted companies' securities portfolio (except for specific cases).
- Reduction of the Bank's venture portfolio to € 40 million up to the end of year 2017.
- Restriction on the purchase of non-investment grade securities.
- Apply a maximum limit of annual remuneration packages that the Bank pays to any employee or manager up to the end of year 2017.
- Adoption of guidelines regarding Group credit policy, and the corporate governance framework, as well as, other commitments, which include restrictions on Bank's ability to proceed to specific acquisitions.

It is noted that in the revised Restructuring Plan there are no longer restrictions on the distribution of dividends over securities included in equity or subordinated securities. Also there are no restrictions on repurchases or the exercise of prepayment options for securities included in equity or subordinated securities.

The macroeconomic estimates and assumptions on which the provisions of the revised Restructuring Plan were based, are listed below:

	2014	2015	2016	2017	2018
Nominal GDP %	(1.8)	(3.2)	(0.7)	3.4	4.1
Real GDP %	0.8	(2.3)	(1.3)	2.7	3.1
Unemployment rate %	26.5	26.9	27.1	25.7	24.2
Inflation rate %	(1.4)	(0.4)	1.5	0.9	1.0

43. Capital adequacy

The Bank's policy is to maintain a robust capital base to safeguard the Bank's development and retain the trust of depositors, shareholders, markets and business partners.
Share capital increases are performed after Shareholders' General Meeting or Board of Directors' decisions in accordance with the articles of association or the relevant laws.
Treasury shares are allowed to be purchased based on the terms and conditions of law.
The capital adequacy is supervised by Single Supervising Mechanism of ECB, to which reports are submitted every quarter. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Bank are stipulated by Bank of Greece Governor's Acts.
The capital adequacy ratio compares regulatory capital with the risks assumed by the Bank (risk-weighted assets). Regulatory capital includes Tier I capital (share capital, reserves and non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading portfolio and operational risk.
Since January 1, 2014 EU Directive 2013/36/EU dated 26 June 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013 "CRD IV" came into force, which gradually introduce the new capital adequacy framework (Basel III) of credit institutions.
From 1.1.2014, besides the 8% capital adequacy limit, new limits of 4.5% for Common Equity (Tier I) ratio and 6.0% for Tier I ratio were set according to the Regulation 575/2013 and the transitional provisions/ for the calculation of own funds as adopted by the Bank of Greece. These limits should be satisfied on a standalone and on a consolidated basis.

	31.12.2015 (estimate)	**31.12.2014 [1] (restated)**	**31.12.2014 (published)**
Common Equity Tier I	16.7%	14.3%	14.3%
Tier I	16.7%	14.3%	14.3%
Capital Adequacy Ratio	16.8%	**14.6%**	**14.7%**

[1] *The change of 10 basis points in 31.12.2014 capital adequacy ratio is due to the final calculation of the credit risk weighted assets which became final after the publication of the 2014 Annual Financial Report.*

Data concerning the disclosure of information supervisory nature regarding capital adequacy risk management, (Pilar III – Regulation 575/2013) will be published on the Bank's website.

In accordance with the Articles 36, 38, 39, 48, 478 of the Regulation (EU) No 575 / 26.6.2013 and the Decision No 114 / 4.8.2014 of the Bank's of Greece Credit and Insurance Committee, the amount of deferred tax assets is included in the Bank's regulatory capital. According to its characteristics it is also amortized within five or ten years. The amount of deferred tax assets (DTA), which is allowed to be included in capital, is at maximum 10% of equity and it is weighted by 250%.
Based on the Law 4302/2014, the Article 27a of the Law 4172/2013 (refer to "Context DTA") was added in order to help the credit institutions started from 2017, to be able under certain circumstances to convert the deferred tax assets ("DTA"). Those deferred tax assets arise from their participation in the PSI and from accumulated provisions and general losses, which have been recorded up to 30 June 2015, as final and settled claims against the Greek State (refer to "Tax receivables"). Tax receivables are determined by multiplying the above mentioned deferred tax asset with a ratio which represents the accounting loss after tax as a percentage of the total equity as it is shown in the annual financial statements of the credit institutions.
According to the CRD IV, the aforementioned Article 27a allows to the Greek credit institutions to recognize fully the Tax Assets in equity without the assumption of "future profitability". Moreover, Tax assets are not deducted from CET1 regulatory capital but they are calculated as weighted with 100% asset with a corresponding beneficial effect on the capital position of the credit institution.
In December 2015 the DTA which are included within the scope of the Bank's DTA framework are amounted to € 3,417.1 million and they constitute the 78.1% of the Bank's total DTA and the 6.5% of the corresponding Risk Weighted Assets. According to the current legal framework, the Group's CET I is estimated to be at 16% in 2024 (assuming that the regulatory framework will be applied fully). However, in case that the positive impact of the relevant legislation will not be taken into consideration the aforementioned ratio is estimated to be at 10.7% for the year 2024 in which the transitional period will be ended. In 31 December 2015, the Group's estimated ratios of CET I and capital adequacy are amounted to 16.7% and 16.8%, respectively.

44. Related-party transactions

The Bank and the Group companies enter into a number of transactions with related parties in the normal course of business. These transactions are performed at arms length and are approved by the Bank's committees.

a. The outstanding balances of the Bank's transactions with key management personnel consisting of members of the Bank's Board of Directors and Executive Committee, their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	31.12.2015	31.12.2014
Assets		
Loans and advances to customers	**11,460**	**32,529**
Liabilities		
Due to customers	26,200	46,912
Debt securities in issue		2,370
Employee defined benefit obligatins	453	387
Total	**26,653**	**49,669**
Letters of guarantee and approved limits	**11,689**	**11,917**

	From 1 January to	
	31.12.2015	31.12.2014
Income		
Interest and similar income	242	948
Fee and commission income	147	129
Total	**389**	**1,077**
Expenses		
Interest expense and similar charges	166	1,363
Key management and close family members income	3,469	3,424
Total	**3,635**	**4,787**

b. The outstanding balances with the Bank's subsidiaries, associates and joint ventures as well as the results related to these transactions are as follows:

	31.12.2015	31.12.2014
Assets		
Loans and advances to customers	161,890	171,731
Other Assets	527	391
Total	**162,417**	**172,122**
Liabilities		
Due to customers	21,494	7,265

	From 1 January to	
	31.12.2015	31.12.2014
Income		
Interest and similar income	5,721	5,916
Fee and commission income	4	3
Other income	593	827
Total	**6,318**	**6,746**
Expenses		
Interest expense and similar charges	262	96
General administrative expenses		5,652
Other expenses	2,042	1,993
Total	**2,304**	**7,741**

c. The Supplementary Fund of former Alpha Credit Bank's employees up to 25.8.2015 holds bonds of the subsidiary of the Bank Alpha Credit Group Plc interest of €647, while its deposits with Alpha Bank amount to €4,590 (31.12.2014: €29,876). The interest expense related to deposits amount to €66. Additionally, it holds Alpha Bank's shares of €114 (31.12.2014: €1,075).

d. The Hellenic Financial Stability Fund (HFSF) exercises significant influence on the Bank. In particular, according to Law 3864/2010 and the Relationship Framework Agreement ("RFA") as of 23.11.2015, which replaced the previous of 2013, HFSF has representation in the Board of Directors and in other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Bank.

The outstanding balances of the transactions as well as the results related to these transactions are analyzed as follows:

	31.12.2015	31.12.2014
Income		
Interest and similar income		443
Fee and commission income	49	133
Total	**49**	**576**

45. Auditors' fees

During 2015, the total fees of "KPMG Certified Auditors A.E.", statutory auditor of the Bank, are analyzed below, as stated in paragraphs 2 and 32, article 29 of Codified Law 4308/2014.

	From 1 January to	
	31.12.2015	31.12.2014
Fees for statutory audit	1,527	1,021
Fees for the issuance of tax certificate	351	437
Fees for other audit related services	481	378
Fees for other non-audit services	79	26
Total	**2,438**	**1,862**

46. Acquisitions of companies

In the second quarter of 2015, the Group acquired the control over the company Asmita Gardens SRL acquiring 99,996% of its share capital, through debt to equity transaction amounting to €1.07 million.

Moreover, in the fourth quarter, the Group acquired the control over the companies Ashhtom Residents SRL, Cubic Center Development SA and Anaplasi Plagias AE, acquiring total number of shares by paying the amount of €203. The main activity of the four companies is to manage real estate.

These companies have been funded by the Group as part of their activities. Their loan liabilities were settled due to the acquisition, substantially, for purposes of preparation of consolidated financial statements.

The provisional fair values of the main assets and liabilities of four companies recognized in the financial statements are as follows (due to the immaterial figures for the Group, the relevant information is disclosed accumulated to all four companies):

	Provisional fair value
Loans and advances to customers –other claims	2,207
Property, plant and equipment	888
Investment property	90,376
Other assets	4,961
Other liabilities	(860)

According to the provisional fair value of assets and liabilities acquired by the Group, goodwill is not formed.

Finally, it is noted that:

- the amount of income and profit/loss of four companies, after the acquisition date which is included in the consolidated statement of comprehensive income of the period is immaterial
- the income and profit/loss would not be substantially different if these companies had been acquired from the beginning of the year.

On 30.09.2014, the Bank acquired the Retail Banking operations of Citibank, including the company Diners Club Greece A.E.P.P., following the agreement signed on 13.6.2014 between the Bank and Citibank International plc (hereinafter "CIP") and Citibank Overseas Investment Corporation (hereinafter "Sellers") and the receipt of the required regulatory approvals.

An analysis of the above transactions is included in Note 47 of the 2014 Group's financial statements. The valuation process of the fair value of the net assets acquired through the acquisition of the retail banking operations of CIP and Diners, had not been completed as of 31.12.2014, as disclosed in the interim financial statements as at 30.09.2014. Within the first quarter of 2015 the Bank completed the valuation process of the net assets acquired in the context of the above mentioned transactions without any adjustment in the temporary fair values disclosed in the annual financial statements of 31.12.2014.

The following tables present the final fair values as of 30.9.2014 for the assets acquired from the acquisition of the retail banking operations of CIP and Diners, respectively.

It is noted that, on 2.6.2015, the merger via absorption from the Bank of Diners Club of Greece A.E.P.P was completed.

CIP transaction

(Amounts in thousand of Euro)

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	20,279
Loans and advances to customers	227,466
Tangible assets	458
Other intangible assets	60,079
Funding Gap	680,950
Other assets	695
Total Assets	**989,927**
Liabilities	
Due to customers	927,343
Employee defined benefit obligations	2,936
Other liabilities and provisions	12,948
Total Liabilities	**943,227**
Net Assets	**46,700**
Consideration	(46,700)
Goodwill	

Diners Club Greece

(Amounts in thousand of Euro)

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	1,455
Loans and advances to customers	147,924
Other intangible assets	25,085
Other assets	181
Total Assets	**174,645**
Liabilities	
Due to customers	107,794
Employee defined benefit obligations	5,398
Deferred tax liabilities	6,522
Other liabilities and provisions	13,207
Total Liabilities	**132,921**
Net Assets	**41,724**
Consideration	(1,437)
Negative goodwill	**40,287**

47. Disclosures of Law 4151/2013

According to Article 6 of Law 4151/2013, the amounts from dormant deposit accounts will be used by the Greek State to cover government needs, after the write off of the rights of depositors or their legal heirs.

According to Law 3601/2007, dormant deposit account to credit Institution is an account on which no transaction by depositors has been recorded for a period of 20 years from the day following the last transaction. The crediting or capitalizing of interest to an account will not constitute a transaction and do not interrupt the prescription.

Following the expiry of the 20-year period, the credit institutions in Greece are obliged to: a) transfer to the State the aggregate balance of dormant deposit accounts, including any interest, by the end of April of each year by depositing the relevant amount in a special account in the Bank of Greece b) notify the General

Accounting Office (GAO) and the General Directorate of Public Property to fulfill the obligations arising from the Law 4151/2013, and c) to provide information to beneficiaries and heirs after the lapse of twenty years for the transfer of the respective amounts, if asked. The abovementioned amounts will be recorded as income in the Annual State Budget.

The auditors in the notes to the published annual financial statements of credit institutions will confirm whether or not they complied with the provisions of the law on dormant deposits indicating the amount that was transferred to the State.

The Bank must return until the end of April of 2016 the remaining dormant deposits based on the combined provisions of paragraph 6 of Article 1 from 18.7.2015 PNP as amended and currently in force and ratified by the Law no. 4350/2015 and the corresponding Articles 7 & 8 of Law. 4151/2013 (A'103). More precisely, it needs to return the ones that they complete 20 years until Friday 17th of June, 2015. After this date the deadline of Articles 7 and 8 of that Law is suspended.

In the context of fulfillment of the above Bank's obligations, the estimated payable amount of dormant deposits accounts for the financial year 2015 amounts to €0.7 million and corresponds to 3,813 deposit accounts (2014: €1.1 million, number of deposit accounts 4,232).

48. Assets held for sale and discontinued operations

Bank's branch in Bulgaria

On 17.7.2015, the Bank and Eurobank, with joint referred communication, notified their agreement, in main terms, for the transfer of operations of the Bank's Branch in Bulgaria to Eurobank's subsidiary in Bulgaria (PostBank). On 6.11.2015 the Bank and Postbank by signing the respective contract, finalized the terms of the transfer that was completed on 1.3.2016.

From 30.6.2015 the assets of Bulgaria Branch, and direct related liabilities, meet the qualification requirements as "Held for sale" in accordance with IFRS 5, as at that date the management had decided to sell the unit and was already in the process of negotiations with the prospective buyer. Simultaneously, the Bulgaria Branch is a distinct geographical area of operations for the Bank which consists in the Southeast Europe for information purposes per operating segment. After the characterization of the Bulgaria Branch, which is the only company in the banking sector through which the Bank operates in Bulgaria, as asset held for sale, its activities are classified as "discontinued operations" for the Group.

Therefore, for the purpose of preparation of the Group's financial statements, the Bank valued the assets and liabilities of the Bulgaria Branch at the lowest price between the book value and fair value less selling costs recognizing the difference which was amounted to €89,007 as "Loss after tax income from discontinued operations" in the Income Statement.

After the above valuation, the assets of the Branch as at 31.12.2015 amount to €387,947 and are presented in the Balance Sheet as ''Assets held for sale''. Liabilities of the Branch which amount €277,675 are presented in the Balance Sheet as liabilities related to ''assets held for sale''.

The above figures of Bulgaria Branch are analyzed in the below table:

BALANCE SHEET

(Amounts in thousand of Euro)

	31.12.2015
ASSETS	
Cash and balances with Central Banks	152,860
Due from banks	15,591
Loans and advances to customers	296,180
Investment securities	
-Available for sale	6
Investment property	1,240
Property, plant and equipment	4,514
Goodwill and other intangible assets	2,994
Other assets	2,751
	476,136
Valuation at fair value	(88,189)
Assets held for sale	**387,947**
LIABILITIES	
Due to customers (including debt securities in issue)	274,639
Liabilities for current income tax and other taxes	158
Other liabilities	2,333
Provisions	545
Liabilities related to assets hed for sale	**277,675**

Income Statement and Total Comprehensive Income

The results and cash flows from the Bulgarian Branch presented as coming from "discontinued operations" in the Income Statement, with a corresponding restatement of comparative period 1.1.2014 to 31.12.2014 and in the cash flow statement with a restatement of comparative period 1.1.2014 to 31.12.2014. The following table analyzes the amounts presented in the Income Statement.

(Amounts in thousand of Euro)

	From 1 January to 31.12.2015	From 1 January to 31.12.2014
Interest and similar income	22,273	29,675
Interest expense and similar charges	(5,943)	(14,127)
Net interest income	16,330	15,548
Fee and commission income	6,183	6,605
Commission expense	(397)	(469)
Net fee and commission income	5,786	6,136
Dividend income	2	3
Gains less losses on financial transactions	604	641
Other income	844	445
Total income	**23,566**	**22,773**
Staff costs	(9,626)	(10,116)
General administrative expenses	(12,324)	(15,691)
Depreciation and amortization	(2,803)	(3,164)
Other expenses	(37)	(195)
Total expenses	**(24,790)**	**(29,166)**
Impairment losses and provisions to cover credit risk	(5,303)	(6,953)
Profit/(loss) before income tax	**(6,527)**	**(13,346)**
Income tax		
Profit/ (loss) after income tax	(6,527)	(13,346)
Difference due to valuation at fair value	(89,007)	
Profit/(loss) after income tax from discontinued operations	**(95,534)**	**(13,346)**

Investment in subsidiary Alpha Bank AD Skopje

The Bank, during the fourth quarter of 2015, began the process of selling its subsidiary Alpha Bank Skopje (ABS), under the approved restructuring plan and the fulfillment of the relevant commitment. This plan concerned the deleveraging of its assets in its international activities. The ABS Group is the smallest subsidiary in the Balkans and it has a small presence in the local market in Skopje (market share <2%). As part of this process, investors, which were shortlisted from a broader investor list, were invited to submit their bids on the acquisition of the 100% of the ABS shares and on the 100% of the hybrid instrument (subordinated loan) which were allocated to the ABS from the parent company (both of them were combined with the "Perimeter Transaction").

On 31.12.2015 ABS assets and the hybrid instrument satisfy the conditions for classification as "held for sale" in accordance with IFRS 5 while its operations is a distinct geographical area for the Group as part of the Southern Eastern European operations and for segment information purposes has been classified as discounting operations.

Therefore, for the preparation of 31.12.2015 financial statements the participation in the subsidiary company was value at the lower of book and fair value less cost of sale, recognizing the difference amounted to €14,414 as a loss in the income statement in "Net profit / (loss) after income tax from discontinued operations". The fair value was determined based on the financial bids which were received from the potential investors for the Perimeter of the Transaction and the Bank's estimate for the final price. After the above valuation, the assets of Alpha Bank AD Skopje on 31.12.2015 are amounted to €84,470, its liabilities to €80,714, while the amounts recognized directly in equity as gains are amounted to €8,334. It has to be noted that the amount which is recognized directly in equity, it will be reclassified to profit and loss on sale of the subsidiary.

The figures of the subsidiary are presented on the table below:

BALANCE SHEET

(amounts in thousand euro)

	31.12.2015
ASSETS	
Cash and balances with Central Banks	16,172
Due from banks	7,003
Loans and advances to customers	62,133
Investment securities	
-Available for sale	10,456
Property, plant and equipment	1,854
Goodwill and other intangible assets	826
Other assets	226
	98,670
Assets held for sale	214
Valuation at fair value	(14,414)
Assets held for sale	**84,470**
LIABILITIES	
Due to customers (including debt securities in issue)	79,470
Liabilities for current income tax and other taxes	102
Deferred tax liabilities	690
Other liabilities	452
Liabilities related to assets hed for sale	**80,714**
Other comprehensive income recognized directly in Equity (assets for sale)	**8,334**

Income Statement and Total Income Statement

The results and cash flows from the Alpha Bank AD Sk presented as coming from "discontinued operations" in the Income Statement, with a corresponding restatement of comparative period 1.1.2014 to 31.12.2014 in the updated total income statement of the period from 1.1.2014 to 31.12.2014 and in the cash flow statement with a restatement of comparative period 1.1.2014 to 31.12.2014. The following table analyzes the amounts presented in the Income Statement.

(amounts in thousand euro)

	From 1 January to 31.12.2015	From 1 January to 31.12.2014
Interest and similar income	4,964	5,596
Interest expense and similar charges	(1,013)	(2,039)
Net interest income	3,951	3,557
Fee and commission income	1,136	1,217
Commission expense	(619)	(504)
Net fee and commission income	517	713
Dividend income	14	18
Gains less losses on financial transactions	401	287
Other income	125	108
Total income	**5,008**	**4,683**
Staff costs	(2,812)	(2,864)
General administrative expenses	(2,495)	(2,710)
Depreciation and amortization	(409)	(448)
Other expenses	(159)	(1)
Total expenses	**(5,875)**	**(6,023)**
Impairment losses and provisions to cover credit risk	(1,170)	785
Profit/(losses) before income tax	**(2,037)**	**(555)**
Income tax	199	(886)
Profit/(losses) after income tax	**(1,838)**	**(1,441)**
Difference due to valuation at fair value	(14,414)	
Profit /(losses) after income tax, from discontinued operations	**(16,252)**	**(1,441)**
Exchange differences on translatin and hedging the net investment in foreign operations	47	(34)
Amounts that may be reclassified in the Income Statement from discontinued operations	**47**	**(34)**
Total Profits and Losses after income tax	**(16,205)**	**(1,475)**

Ionian Hotel Enterprises AE

During the preparation of 31.12.2015 financial statements the assets of Ionian Hotel Enterprises AE and the liabilities which are directly connected with them, meet the requirements to classify them as “held for sale” in accordance with IFRS 5. In this context, the Group, on 17.02.2016 announced its intention to sale the company through an Invitation for Expressing Interest. Consequently, for reporting purposes for the consolidated financial statements of 31.12.2015, the Group proceed to an estimation of the fair value of Ionian Hotel Enterprises AE assets and liabilities. These fair values were not lower that the book values. Assets of Ionian Hotel Enterprises AE amounted to €185,701 and liabilities amounted to €8,392. Because the company is not a separate material business segment for the Group, the requirements in order to be classified as discontinued operation are not met. The company is included in “Other” in segment analysis.
The table below presents the analysis of assets, liabilities and equity of Ionian Hotel Enterprises AE, after intercompany eliminations.

BALANCE SHEET (amounts in thousand euro)

	31.12.2015
ASSETS	
Cash and balances with Central Banks	85
Due from banks	112
Loans and advances to customers	1,122
Property, plant and equipment	168,777
Goodwill and other intangible assets	302
Deferred tax assets	13,692
Other assets	1,611
Assets held for sale	**185,701**
LIABILITIES	
Liabilities to current income tax and other taxes	314
Defined benefit obligations	2,294
Other liabilities	5,730
Provisions	54
Total liabilities related to assets held for sale	**8,392**

Alpha Insurance Ltd

During the period of 2014, the assets of Alpha Insurance Ltd and the directly associated with its liabilities were classified in the assets held for sale as of 11.12.2014 due to the agreement of the sale of the subsidiary. In this context, for the preparation of the consolidated financial statements as at 31.12.2014, the Group valuated the assets and liabilities of Alpha Insurance Ltd at the lower value of their carrying amount and fair value less the selling costs, by recognizing the difference of €5.3 million, as a loss in the net trading income. After the above valuation, the assets of the Alpha Insurance Ltd on 31.12.2014 amounted to €46,114, its liabilities to €58,994 while the amounts recognized directly in the equity in losses amounted to €25.
It has to be noted that due to the limited size of the company in comparison to the Group, the classification conditions were not met as a discontinued operation. The company was classified in Southern Eastern European countries for information purposes in each functional sector. The sale of the company was completed on 16.1.2015.

Other asset held for sale

Assets held for sale include also other assets of the Group of €4.9 million (31.12.2014: €7.9 million) resulting to a total amount of €663,063. Assets held for sale for the Group on 31.12.2015 (31.12.2014: €53,971).

It is noted that the sale of Branch in Bulgaria, Alpha Bank Skopje, Ionian Hotel Enterprises AE and of Alpha Insurance Ltd are integrated into the context of the commitments undertaken by the Bank to implement on the approved by the European Commission Restructuring Plan (note 42).

The Group assesses at each reporting date of the financial statements, the actions undertaken within the context of the restructuring plan's implementation in order, where criteria of IFRS 5 are met (listed in note 1.17) the assets and liabilities that are directly associated with them, are classified as held for sale.

49. Corporate events

a. On 16.1.2015 the sale of the Bank's participation in the insurance subsidiary "Alpha Insurance Ltd" in Cyprus was completed, as stated in note 48.

b. On 23.1.2015 the Bank proceeded to the sale of the total number of shares of the joint venture Management and Electronic Trading Network Operation "Cardlink". From the transaction a gain of €6.8 million incurred and was recognized in "Gain Less Losses from financial transactions".

c. On 3.2.2015, the Group's subsidiary AGI-SRE Ariadni Ltd acquired the total number of shares of AGI–SRE Ariadni DOO based in Serbia for a total amount of €1.

d. On 6.2.2015, the Group's subsidiary, AGI-Cypre Arsinoe Ltd was renamed AGI-RRE Arsinoe Ltd.

e. On 16.2.2015 the Bank's Board of Directors approved the initiation of the procedures to merge and absorb Diners Club Greece A.E.P.P., by absorption from the Bank, in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 18(a) and (d) (1) of Law 2515/1997 and also in accordance with article 54 of Law 4172/2013, that was completed on 2.6.2015.

f. On 17.3.2015 the Bank respect, according to the relevant restructuring agreement of the debt obligations of the company SELONDA AEGE, acquired 23.01% of its shares (note 19).

g. On 27.3.2015 the merger of Alpha Bank Cyprus Ltd and Emporiki Bank Cyprus Ltd was completed through absorption of the second from the first.

h. On 16.4.2015 the subsidiary of the Bank, Alpha Group Investments Ltd founded the company Alpha Investment Property Kefalari SA for an amount of €24 thousand.

i. On 30.4.2015, the Group's subsidiary, AGI-RRE Participations 1 Ltd acquired the 99.996% of the shares of Asmita Gardens Srl based in Romania, for the amount of €1.07 million.

j. On 7.5.2015 the Group's subsidiary, AGI-RRE POSEIDON LTD acquired the 2.97% of the minority interests of Romfelt Real Estate SA and therefore the Group holds the 98.86%

k. On 20.7.2015 the Bank participated in the share capital increase of the joint venture "APE Investment Property SA" by contributing €11.8 million.

l. On 29.7.2015 the subsidiary of the Bank, Emporiki Development and Real Estate Management SA sold all the shares held in the company "Marina Zea SA Lease Operations and Tourist Port Zea".

m. On 2.9.2015 and on 30.10.2015 the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd, by contributing €28.15 million and €6.85 million, respectively.

n. On 2.9.2015 the subsidiary of the Bank, Alpha Group Investments Ltd, participated in the capital increase of the Group's subsidiaries, AEP Amarousion I, AEP Amarousion II, AEP Chalandriou, AEP Nea Kifissia and AEP Kallirois by €10 million €4.05 million, €12 million, €1.4 million and €0.7 million respectively.

o. On 23.9.2015 the subsidiary of the Bank, Alpha Group Investments Ltd, founded the Alpha Bank Debt Notification Services S.A. company for an amount of €350 thousand.

p. On 30.9.2015 the process of liquidation of the subsidiary company of the Bank, Emporiki Media Advertising EPE was completed.

q. On 7.10.2015 the Bank in respect according to the relevant loan restructuring agreement of the company Nireus AEGE, acquired a percentage of the shares of the Company that on 31.12.2015 reached 20.72% (note 19).

r. On 8.10.2015 the subsidiaries of the Group AGI RRE Artemis Ltd and Alpha Group Investments Ltd acquired the 100% of shares of Ashtrom Residents Srl for € 99 and € 1 respectively.

s. On 30.10.2015 the subsidiary company of the Bank, Alpha Group Investments Ltd, participated in the share capital increase of its subsidiaries AEP Attikis and AEP Attikis II with the amount of €0.35 million and €6.5 million, respectively.

t. On 30.10.2015 the subsidiary company of the Group, AGI-BRE Participations 5 Ltd founded AGI-BRE Participations 5 EOOD company based in Bulgaria for the amount of €1.1 thousand.

u. On 10.11.2015 the subsidiary company of the Bank, Alpha Group Investments Ltd founded the company Alpha Investment New Erithrea SA Property for an amount of €24 thousand.

v. On 8.12.2015, the subsidiaries of the Group AGI-RRE Arsinoe Ltd and AGI-RRE Cleopatra Ltd acquired the 100% of the shares of Cubic Center Development S.A. based on Romania for €100 and €2 respectively.

w. On 24.12.2015, Bank's subsidiary Alpha Group Investments Ltd acquired the 100% of Anaplasis Plagias A.E. for €1.

x. In December 2015 Visa Europe informed its members about the forthcoming sale of 100% of its share capital to Visa Inc. The sale, which is subject to the required regulatory approvals, is expected to be completed in the second quarter of 2016. The calculation of the transaction price is based on the net income of Visa Europe which each member has contributed for a specific period of time. The transaction price was set at €16.5 billion, out of which €11.5 billion will be paid in cash and €5 billion in preference shares. The Group will recognize an amount based on its contribution to the net income of Visa Europe, on the completion of the transaction in 2016. Furthermore it is noted that within four years from the completion of the transaction, the members are expected to receive a total amount of €4.7 billion depending on the net income which each member will contribute during the period.

50. Restatement of financial statements

During the current period the Group modified the way of disclosing legal fees which, according to loan agreements, were charged to the loan customer accounts. These expenses, which up to now were included in general administrative expenses are offset, for disclosure purposes, with the relevant income arising from charging the loan accounts, which is included in fee and commission income.

The modification of the presentation of legal fees and the relevant income was chosen because the substance of the transaction is reflected better in this way, as expenses no longer include amounts that in substance have no impact on the Group, but only on the borrower and the corresponding amounts of income do not include any amounts since in substance no service is provided. As a result of this change, some figures of the income statement of the comparative period were reformed without changing the result.

Below are presented the restated statements of income and cash flows for the year ended 31.12.2014: a) after the change of the presentation of legal and related revenues, b) the classification of Bulgaria Branch and Alpha Bank Skopje as discontinued operations. Additionally, the adjustment at basic and diluted earnings/(loss) per share that resulted from the above is presented in note 12.

	From 1 January to 31.12.2014				
	Published Amounts	**Restatements due to changes in the presentation of Legal Expenses**	**Restated Amounts**	**Discontinued operations**	**Continuing operations**
Interest and similar income	3,282,288		3,282,288	35,271	3,247,017
Interest expense and similar charges	(1,343,757)		(1,343,757)	(16,166)	(1,327,591)
Net interest income	1,938,531		1,938,531	19,105	1,919,426
Fee and commission income	455,220	(56,076)	399,144	7,822	391,322
Commission expense	(58,081)		(58,081)	(973)	(57,108)
Net fee and commission income	397,139	(56,076)	341,063	6,849	334,214
Dividend income	1,573		1,573	21	1,552
Gains less losses on financial transactions	41,289		41,289	928	40,361
Other income	64,995		64,995	553	64,442
	107,857	-	107,857	1,502	106,355
Total income	**2,443,527**	**(56,076)**	**2,387,451**	**27,456**	**2,359,995**
Staff costs	(662,601)		(662,601)	(12,980)	(649,621)
Cost of Voluntary Separation Scheme	(200,800)		(200,800)	0	(200,800)
General administrative expenses	(614,506)	56,076	(558,430)	(18,401)	(540,029)
Depreciation and amortization expenses	(97,953)		(97,953)	(3,612)	(94,341)
Other expenses	(69,251)		(69,251)	(196)	(69,055)
Total expenses	**(1,645,111)**	**56,076**	**(1,589,035)**	**(35,189)**	**(1,553,846)**
Impairment losses and provisions to cover credit risk	(1,853,205)		(1,853,205)	(6,168)	(1,847,037)
Netagive goodwill from acquisitions	40,287		40,287	0	40,287
Share of profit/(loss) of associates and joint ventures	(10,759)		(10,759)	0	(10,759)
Profit/(losses) before income tax	**(1,025,261)**	**-**	**(1,025,261)**	**(13,901)**	**(1,011,360)**
Income tax	695,553		695,553	(886)	696,439
Profit/(losses) after income tax	**(329,708)**	-	**(329,708)**	**(14,787)**	**(314,921)**
Profit/(losses) attributable to:	-				
Equity owners of the Bank	**(329,708)**		**(329,708)**	**(14,787)**	**(315,022)**
Non-controlling interests	101		101		101
Profit/(losses) per share:					
Basic and diluted (€ per share)	(0.03)		(1.34)	(0.060)	(1.28)

	From 1 January to 31.12.2014		
	Published amounts	Restated amounts from Discontinued operations	Restated amount from Continuing operations
Cash flows from continuing operating activities			
Profit / (loss) before income tax	(1,025,261)	13,901	(1,011,360)
Adjustments for gain/(losses) before income tax for:			
Depreciation/Impairment of fixed assets	116,180	(2,985)	113,195
Amortization/Impairment of intangible assets	35,222	(816)	34,406
Impairment losses from loans, provisions and staff leaving indemnity	1,916,767	(6,540)	1,910,227
(Gains)/losses from investing activities	(154,054)		(154,054)
(Gains)/losses from financing activities	149,770		149,770
Share of (profit)/loss from associates and joint ventures	10,759		10,759
Negative goodwill from acquisitions	(40,287)		(40,287)
Other adjustments	8,250		8,250
	1,017,346	**3,560**	**1,020,906**
Net (increase)/decrease in assets relating to continuing operating activities:			
Due from banks	(315,235)	1,775	(313,460)
Trading securities and derivative financial assets	(346,436)	3,753	(342,683)
Loans and advances to customers	537,723	42,104	579,827
Other assets	95,627	(87)	95,540
Net increase /(decrease) in liabilities relating to continuing operating activities:			
Due to banks	(1,892,410)	(2,572)	(1,894,982)
Derivative financial liabilities	350,701	28	350,729
Due to customers	(713,645)	(46,899)	(760,544)
Other liabilities	(40,207)	2,199	(38,008)
Net cash flows from continuing operating activities before taxes	**(1,306,536)**	**3,861**	**(1,302,675)**
Income taxes and other taxes paid	(15,312)	191	(15,121)
Net cash flows from continuing operating activities	**(1,321,848)**	**4,052**	**(1,317,796)**
Net cash flows from discontinued operating activities			**(4,052)**
Cash flows from continuing investing activities			
Investments in subsidiaries and associates	148		148
Acquisitions during the period	645,396		645,396
Income from subsidiary disposal	60		60
Dividends received	1,573		1,573
Purchases of fixed and intangible assets	(83,863)	4,306	(79,557)
Disposals of fixed and intangible assets	3,127	(1,154)	1,973
Net (increase)/decrease in investement securities	(50,547)	(3,027)	(53,574)
Net cash flows from continuing investing activities	**515,894**	**125**	**516,019**
Net cash flows from discontinued investing activities			**(125)**
Cash flows from continuing financing activities			
Dividents paid	(604)		(604)
Receipts of debt securities in issue and other borrowed funds	926,265		926,265
Repayments of debt securities in issue and other borrowed funds	(115,146)		(115,146)

	From 1 January to 31.12.2014		
	Published amounts	Restated amounts from Discontinued operations	Restated amount from Continuing operations
(Purchases)/sales of hybrid securities	(236)		(236)
Share capital increase	1,200,000		1,200,000
Redemptions of preference shares	(940,000)		(940,000)
Share capital increase expenses	(48,329)		(48,329)
Net cash flows from financing activities	**1,021,950**		**1,021,950**
Effect of exchange rate differences on cash and cash equivalents	5,081		5,081
Net increase/(decrease) in cash flows – continuing activities	**221,077**	**4,177**	**225,254**
Net increase/(decrease) in cash flows – discontinued activities			**(4,177)**
Cash and cash equivalents at the beginning of the year	**973,167**		**973,167**
Cash and cash equivalents at the end of the year	**1,194,244**		**1,194,244**

51. Events after the balance sheet date

a. On 26.1.2016 the Bank participated with 45% in Aktua Hellas Holding SA establishment, which is based in Greece and share capital is €25 thousand.

b. On 18.2.2016 the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd with the amount of €57.82 million.

c. On 18.2.2016 the legislation “Deposit Guarantee Schemes, Deposit and Investment Guarantee Fund and other provisions" of the Ministry of Finance was submitted to the Parliament. With this law the Directive 2014/49 / EU of the European Parliament and of its Council as of 16 April 2014 on deposit guarantee schemes (DGSD) is incorporated in our legislation, whereas the provisions of law 3746/2009 for Deposit Guarantee Schemes (DGS) are replaced and abolished. The Directive 2014/49 / EU establishes common rules for all DGSD’s, in order to provide a uniform level of protection for depositors throughout the EU, and ensuring the same level of stability for the DGSDs.

d. On 19.2.2016 the subsidiary of the Bank, Alpha Group Investments Ltd, participated in the share capital increase of Group subsidiaries, AEP Amarousioun I, AEP Amarousion II, AEP Chalandriou, AEP Neas Kifisias and AEP Kallirois for €19.99 million, €13.19 million, €22.64 million, €1 million and €1 million, respectively.

e. On 1.3.2016 the transfer of Alpha Bank Bulgaria Branch operations in Eurobank Bulgaria AD, a subsidiary of Eurobank Ergasias AE was completed (note 48).

Athens, 3 March 2016

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS **ID No AI 666242**	**DEMETRIOS P. MANTZOUNIS** **ID No I 166670**	**VASILEIOS E. PSALTIS** **ID No AI 666591**	**MARIANNA D. ANTONIOU** **ID No X 694507**

Independent Auditors' Report

To the Shareholders of
ALPHA BANK A.E.

Audit Report on the Financial Statements

We have audited the accompanying financial statements of ALPHA BANK A.E. (the "Bank") which comprise the balance sheet as of 31 December 2015 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the financial position of ALPHA BANK A.E. as of 31 December 2015 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.29.1 to the financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could affect the going concern assumption.

Athens, 4 March 2016

KPMG Certified Auditors A.E.
AM SOEL 114

Nikolaos Vouniseas
Certified Auditor Accountant
AM SOEL 18701

Ioannis Achilas
Certified Auditor Accountant
AM SOEL 12831

Bank Financial Statements as at 31.12.2015

Income Statement

(Amounts in thousands of Euro)

		From 1 January to	
	Note	**31.12.2015**	**31.12.2014***
Interest and similar income	2	2,647,094	2,756,481
Interest expense and similar charges	2	(1,037,928)	(1,231,606)
Net interest income	2	1,609,166	1,524,875
Fee and commission income		315,702	318,217
Commission expense		(59,348)	(46,434)
Net fee and commission income	3	256,354	271,783
Dividend income	4	35,465	52,023
Gains less losses on financial transactions	5	(91,280)	15,504
Other income	6	16,868	17,725
		(38,947)	85,252
Total income		**1,826,573**	**1,881,910**
Staff costs	7	(401,781)	(518,226)
Cost/Provision for voluntary separation scheme	7	(64,300)	(200,800)
General administrative expenses	8	(443,556)	(424,558)
Depreciation and amortization	20, 21, 22	(71,336)	(59,554)
Other expenses	9	(7,057)	(16,757)
Total expenses		**(988,030)**	**(1,219,895)**
Impairment losses and provisions to cover credit risk	10	(2,699,237)	(1,386,598)
Negative goodwill from the acquisition of Diners	43	48,237	-
Profit/(loss) before income tax		**(1,812,457)**	**(724,583)**
Income tax	11	823,105	677,122
Profit/(loss) after income tax, from continuing operations		**(989,352)**	**(47,461)**
Profit/(loss) after income tax, from discontinued operations		(42,924)	(11,068)
Profit/(loss) after income tax		**(1,032,276)**	**(58,529)**
Earnings/(losses) per share:			
Basic and diluted(€ per share)	12	(2.68)	(0.24)
Basic and diluted from continuing operations (€ per share)	12	(2.57)	(0.19)
Basic and diluted from discontinued operations (€ per share)	12	(0.11)	(0.04)

* *The figures for the comparative period for the Income Statement have been restated due to modification of the presentation of legal expenses and the presentation of the Bank's Branch in Bulgaria as held for sale (notes 47).*

The attached notes (pages 198-328) form an integral part of the financial statements

Balance Sheet

(Amounts in thousands of Euro)

	Note	31.12.2015	31.12.2014
ASSETS			
Cash and balances with central banks	13	698,730	1,265,442
Due from banks	14	3,406,859	4,714,551
Trading securities	15	1,888	1,729
Derivative financial assets	16	794,471	1,153,944
Loans and advances to customers	17	41,558,014	43,475,910
Investment securities			
- Available for sale	18a	4,890,891	4,638,825
- Held to maturity	18b	2,823	93,817
- Loans and receivables	18c	4,289,482	4,299,101
Investments in subsidiares, associates and joint ventures	19	2,087,386	2,072,689
Investment property	20	28,813	31,939
Property, plant and equipment	21	691,847	729,585
Goodwill and other intangible assets	22	299,821	261,351
Deferred tax assets	23	4,372,486	3,604,079
Other assets	24	1,421,770	1,289,764
		64,545,281	**67,632,726**
Assets held for sale	44	447,601	1,831
Total Assets		**64,992,882**	**67,634,557**
LIABILITIES			
Due to banks	25	25,170,637	17,558,462
Derivative financial liabilities	16	1,556,555	1,946,401
Due to customers	26	27,733,679	37,817,447
Debt securities in issue and other borrowed funds	27	406,231	2,021,165
Liabilities of current income tax and other taxes	28	21,108	47,819
Employee defined benefit obligations	29	105,816	94,683
Other liabilities	30	831,557	993,887
Provisions	31	410,446	333,520
		56,236,029	**60,813,384**
Liabilities related to assets held for sale	44	338,820	-
Total Liabilities		**56,574,849**	**60,813,384**
EQUITY			
Share capital	32	461,064	3,830,718
Share premium	33	10,790,870	4,858,216
Reserves	34	153,631	53,351
Retained earnings	35	(2,987,532)	(1,921,112)
Total Equity		**8,418,033**	**6,821,173**
Total Liabilities and Equity		**64,992,882**	**67,634,557**

The attached notes (pages 198-328) form an integral part of the financial statements

Statement of Comprehensive Income

(Amounts in thousands of Euro)

		From 1 January to	
	Note	**31.12.2015**	**31.12.2014**
Profit/ (loss), after income tax, recognized in the Income Statement		**(1,032,276)**	**(58,529)**
Other comprehensive income recognized directly in equity:			
Amounts that may be reclassified in the Income Statement			
Net change in available for sale securities reserve		67,378	(400,381)
Net change in cash flow hedge reserve		52,408	(227,861)
Income tax		(19,506)	164,034
Total amounts that may be reclassified to the income statement	11	**100,280**	**(464,208)**
Total amounts that will not be reclassified to the income statement			
Net change in actuarial gains/(losses) of defined benefit obligations		1,025	(37,341)
Income tax		2,076	9,709
		3,101	**(27,632)**
Total of other comprehensive income recognized directly in equity, after income tax	11	**103,381**	**(491,840)**
Total comprehensive income for the period, after income tax		**(928,895)**	**(550,369)**
Total comprehensive income for the period after income tax attributable to:			
Equity owners of the Bank			
- from continuing operations		(885,971)	(539,301)
- from discontinued operations		(42,924)	(11,068)

The attached notes (pages 198-328) form an integral part of the financial statements

Statement of Changes in Equity

(Amounts in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2014		**4,216,872**	**4,212,062**	**517,559**	**(1,799,187)**	**7,147,306**
Changes for the period 1.1 - 31.12.2014						
Profit for the year, after income tax					(58,529)	(58,529)
Other comprehensive income recognized directly in equity, after income tax	11			(464,208)	(27,632)	(491,840)
Total comprehensive income for the period, after income tax		**-**	**-**	**(464,208)**	**(86,161)**	**(550,369)**
Share capital increase	32, 33	553,846	646,154			1,200,000
Redemption of preference shares	32	(940,000)				(940,000)
Share capital increase expenses, after income tax	35				(35,764)	(35,764)
Balance 31.12.2014		**3,830,718**	**4,858,216**	**53,351**	**(1,921,112)**	**6,821,173**

(Amounts in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2015		**3,830,718**	**4,858,216**	**53,351**	**(1,921,112)**	**6,821,173**
Changes for the period 1.1 - 31.12.2015						
Profit for the year, after income tax					(1,032,276)	(1,032,276)
Other comprehensive income recognized directly in equity, after income tax	11			100,280	3,101	103,381
Total comprehensive income for the period, after income tax		**-**	**-**	**100,280**	**(1,029,175)**	**(928,895)**
Decrease of common shares nominal value	32, 33	(3,754,104)	3,754,104			-
Share capital increase paid in cash	32, 33	232,825	1,319,344			1,552,169
Share capital increase through capitalization of monetary claims	27, 33	151,625	859,206			1,010,831
Share capital increase expenses, after income tax					(43,506)	(43,506)
Effect due to change of the income tax rate for share capital increase expenses					6,261	6,261
Balance 31.12.2015		**461,064**	**10,790,870**	**153,631**	**(2,987,532)**	**8,418,033**

The attached notes (pages 198-328) form an integral part of the financial statements

Statement of Cash Flows

(Amounts in thousands of Euro)

		From 1 January to	
	Note	**31.12.2015**	**31.12.2014***
Cash flows from continuing operating activities			
Profit/(loss) before income tax		(1,812,457)	(724,583)
Adjustments for gain/(losses) before income tax for:			
Depreciation/impairment of fixed assets	20,21	34,752	41,418
Amortization of intangible assets	22	38,191	27,079
Impairment losses from loans, provisions and staff leaving indemnity		2,790,974	1,412,967
Impairment of investments		25,553	42,334
Negative goodwill from the acquisition of Diners Club Greece A.E.P.P.	43	(48,237)	
(Gains)/losses from investing activities		(47,664)	(162,215)
(Gains)/losses from financing activities		156,968	151,292
		1,138,080	**788,292**
Net (increase)/decrease in assets relating to continuing operating activities:			
Due from banks		1,274,513	544,807
Trading securities and derivative financial assets		359,314	(337,008)
Loans and advances to customers		(1,249,681)	(289,068))
Other assets		53,757	116,376
Net increase/(decrease) in liabilities relating to continuing operating activities:			
Due to banks		7,616,240	(1,799,450)
Derivative financial liabilities		(337,439)	344,308
Due to customers		(10,239,781)	(894,672)
Other liabilities		(283,609)	(161,853)
Net cash flows from continuing operating activities before taxes		**(1,668,606)**	**(1,688,268)**
Income taxes and other taxes paid		(26,563)	(76)
Net cash flows from continuing operating activities		**(1,695,169)**	**(1,688,344)**
Net cash flows from discontinued operating activities		**15,340**	**(1,412)**
Cash flows from continuing investing activities			
Investments in subsidiaries, associates and joint ventures		(40,032)	(38,945)
Acquisitions of the Retail Banking operations of Citibank	43	10,046	643,941
Dividends received		35,751	52,027
Acquisitions of fixed and intangible assets		(76,678)	(54,444)
Disposals of fixed and intangible assets		3,163	(3,259)
Net (increase)/decrease in investment securities		(74,503)	518,678
Net cash flows from continuing investing activities		**(142,253)**	**1,117,998**
Net cash flows from discontinued investing activities		**(460)**	**897**
Cash flows from continuing financing activities			
Share capital increase	32	1,552,169	1,200,000
Repayment of preference shares			(940,000)
Share capital increase expenses		(61,276)	(48,329)
Dividends paid to ordinary shareholders			(604)
Proceeds from the issuance of debt securities in issue and other borrowed funds			913,343
Repayments of debt securities in issue and other borrowed funds		(128,262)	(81,367)
Net cash flows from continuing financing activities		**1,362,631**	**1,043,043**
Effect of exchange rate differences on cash and cash equivalents		2,130	1,848
Net increase/(decrease) in cash flows from continuing activities		**(472,661)**	**474,545**
Net increase/(decrease) in cash flows from discontinued activities		**14,880**	**(515)**
Cash and cash equivalents at the beginning of the year		**1,223,029**	**748,999**
Cash and cash equivalents at the end of the year	13	**765,248**	**1,223,029**

** The figures of the Cash Flow Statement for the comparative period have been restated due to the presentation of Bank's Branch in Bulgaria as a discontinued operation (note 47).*

The attached notes (pages 198-328) form an integral part of the financial statements

Notes to the Financial Statements

GENERAL INFORMATION

The Bank A.E. operates under the brand name of Alpha Bank A.E. using the sign of ALPHA BANK.The Bank's registered office is 40 Stadiou Street, Athens and is listed in the General Commercial Register with registration number 223701000 (ex societe anonyme registration number 6066/06/B/86/05).The Bank's duration is until 2100 but may be extended by the General Meeting of Shareholders.

In accordance with article 4 of the Articles of Incorporation, the Bank's objective is to engage, on its own account or on behalf of third parties, in Greece and abroad, independently or collectively, including joint ventures with third parties, in any and all (main and secondary) operations, activities, transactions and services allowed to credit institutions, in conformity with whatever rules and regulations (domestic, community, foreign) may be in force each time. In order to serve this objective, the Bank may perform any kind of action, operation or transaction which, directly or indirectly, is pertinent, complementary or auxiliary to the purposes mentioned above.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders on 27.6.2014 expires in 2018.

The Board of Directors as at December 31, 2015, consists of:

CHAIRMAN (Non Executive Member)

Vasileios Th. Rapanos

VICE CHAIRMAN (Non Executive Independent Member)

Minas G. Tanes */***/****

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos (COO)

Artemis Ch. Theodoridis

George K. Aronis

NON-EXECUTIVE MEMBERS

Efthymios O. Vidalis

Ioanna E. Papadopoulou ****

NON-EXECUTIVE INDEPENDENT MEMBERS

Paul A. Apostolidis **/****

Evangelos J. Kaloussis */***

Ioannis K. Lyras */**

Ibrahim S.Dabdoub **

Shahzad A.Shahbaz ***

NON-EXECUTIVE MEMBER

(in accordance with the requirements of Law 3723/2008)

Marica S. Ioannou - Fragkakis (on 17.3.2015 replaced Mr Sarantis – Evangelos G. Lolos)

* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** Member of the Risk Management Committee

**** Member of Corporate Governance and Nominations Committee

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3864/2010)

Panagiota S. Iplixian */**/***/****

SECRETARY

Georgios P. Triantafyllidis

The Ordinary General Meeting of Shareholders of 26.6.2015 has appointed for the fiscal year of 2015, KPMG Certified Auditors AE as certified auditors of the Bank by the following persons:

a. Principal Auditors:	Nikolaos E. Vouniseas John A. Achilas
b. Substitute Auditors:	Michael A. Kokkinos Anastasios E. Panayides

The Bank's shares are listed in the Athens Stock Exchange since 1925 and are ranked among the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as MSCI Emerging Markets Index, the FTSE All World, the Stoxx Europe 600 and FTSE Med 100.

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

As a result of the Bank's share capital increase by abolition of the preemption rights of the existing share holders which took place in November 2015, the total number of ordinary shares amounted to 1,536,881,200.

1,367,706,054 ordinary shares of the Bank are traded in the Athens Stock Exchange while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 169,175,146 ordinary, registered, voting, paperless shares or percentage equal to 11.01% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

In addition, on the Athens Stock Exchange there are 1,141,734,167 warrants that are traded each one incorporating the right of the holder to purchase 0.148173663047785 new shares owned by the HFSF.

During the year 2015, the average daily volume per session for shares was €14,400,270 and for warrants €682,022.

The credit rating of the Bank performed by three international credit rating agencies is as follows:

- Moody's: Caa3
- Fitch Ratings: RD
- Standard & Poor's: SD

The financial statements have been approved by the Board of Directors on 3 March 2016.

* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** Member of the Risk Management Committee

**** Member of Corporate Governance and Nominations Committee

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These financial statements relate to the fiscal year 1.1 – 31.12.2015 and they have been prepared:

a) 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 and

b) on the historical cost basis. As an exception, some assets and liabilities are measured at fair value. Those assets are mainly the following:

- Trading securities
- Derivative financial instruments
- Available-for-sale securities
- The convertible bond issued by the Bank which is included in "Debt securities in issue and other borrowed funds".

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Bank to the years 2014 and 2015, after taking into account the following amendments to standards which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2015:

- **Amendment to International Accounting Standard 19** "Employee Benefits": Defined Benefit Plans: Employee Contributions (Regulation 2015/29/17.12.2014)

On 21.11.2013 the International Accounting Standards Board amended the requirements of IAS 19 for the accounting of employee contributions that are linked to service but are independent of the number of years of service. Examples of contributions that are independent of the number of years of service include those that are a fixed percentage of the employee's salary, a fixed amount throughout the service period or dependent on the employee's age. In accordance with this amendment, the entity is permitted to recognise such contributions either as a reduction of service cost in the period in which the related service is rendered (as if a short term employee benefit is recognised) or to continue to attribute them to periods of service.

The adoption of the above amendment had no impact on the financial statements of the Bank.

- **Improvements to International Accounting Standards:**
  - **cycle 2010-2012** (Regulation 2015/28/17.12.2014)
  - **cycle 2011-2013** (Regulation 1361/18.12.2014)

As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2013, non - urgent but necessary amendments to various standards.

The adoption of the above amendments had no impact on the financial statements of the Bank.

Except for the standards mentioned above, the European Union has adopted the following amendments to standards which are effective for annual periods beginning after 1.1.2015 and have not been early adopted by the Bank.

- **Amendment to International Financial Reporting Standard 11** "Joint Arrangements": Accounting for acquisition of interests in joint operations (Regulation 2015/2173/24.11.2015)

Effective for annual periods beginning on or after 1.1.2016

On 6.5.2014 the International Accounting Standards Board issued an amendment to IFRS 11 with which it is clarified that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business (as defined in IFRS 3), it shall apply all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in IFRS 11. In addition, it shall disclose the information required by IFRS 3 and other related standards. This applies both when acquiring the initial interest in the joint operation that constitutes a business and when acquiring an additional interest.

The above amendment is not expected to have any impact on the financial statements of the Bank.

- **Amendment to International Accounting Standard 1** "Presentation of Financial Statements": Disclosure Initiative (Regulation 2015/2406/18.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 18.12.2014 the International Accounting Standards Board issued an amendment to IAS 1 in the context of the project it has undertaken to analyze the possibilities for improving the disclosures in IFRS financial reporting. The main amendments are summarized below:

- the restriction to disclose only a summary of significant accounting policies is removed;
- it is clarified that even when other standards require specific disclosures as minimum requirements, an entity may not provide them if this is considered immaterial. In addition, in case the disclosures required by the IFRS are insufficient to enable users to understand the impact of particular transactions, the entity shall consider whether to provide additional disclosures;

- it is clarified that the line items that IFRS require to be presented in the balance sheet and the statements of profit or loss and other comprehensive income are not restrictive and that the entity may present additional line items, headings and subtotals;
- it is clarified that in the Statement of Comprehensive Income the share of other comprehensive income of associates and joint ventures accounted for using the equity method shall be separated into:
  - amounts that will not be reclassified subsequently to profit or loss and
  - amounts that will be reclassified subsequently to profit or loss;
- it is clarified that the standard does not specify the presentation order of the notes and that each entity shall determine a systematic manner of presentation taking into account the understandability and comparability of its financial statements.

The Bank is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 16** “Property, Plant and Equipment” and **to International Accounting Standard 38** “Intangible Assets”: Clarification of Acceptable Methods of Depreciation and Amortization (Regulation 2015/2231/2.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 12.5.2014 the International Accounting Standards Board issued an amendment to IAS 16 and IAS 38 with which it expressly prohibits the use of revenue as a basis for the depreciation and amortization method of property, plant and equipment and intangible assets respectively. An exception is provided only for intangible assets and only when the following conditions are met:

- when the intangible asset is expressed as a measure of revenue, i.e. when the right over the use of the intangible asset is expressed as a function of revenue to be generated in such a way that the generation of a specific amount of revenue determines the end of the right of use, or
- when it can be demonstrated that the revenue and the consumption of the economic benefits are highly correlated.

The Bank is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 16** “Property, Plant and Equipment” and **to International Accounting Standard 41** “Agriculture”: Bearer Plants (Regulation 2015/2113/23.11.2015)

Effective for annual periods beginning on or after 1.1.2016

On 30.6.2014 the International Accounting Standards Board issued an amendment to IAS 16 and IAS 41 with which it clarified that bearer plants, which are living plants that:

a) are used in the production or supply of agricultural produce;

b) are expected to bear produce for more than one period; and

c) have remote likelihood of being sold as agricultural produce, except for incidental scrap sales,

shall be accounted for based on IAS 16 instead of IAS 41.

The above amendment does not apply to the activities of the Bank.

- **Amendment to International Accounting Standard 27** “Separate Financial Statements”: Equity Method in Separate Financial Statements (Regulation 2015/2441/18.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 12.8.2014 the International Accounting Standards Board issued an amendment to IAS 27 with which it provides the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements. In addition, with the above amendment it is clarified that the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures, which under IAS 28 are accounted for with the equity method, do not constitute separate financial statements.

The Bank is examining the impact from the adoption of the above amendment on its financial statements.

- **Improvements to International Accounting Standards – cycle 2012-2014** (Regulation 2015/2343/15.12.2015)

Effective for annual periods beginning on or after 1.1.2016

As part of the annual improvements project, the International Accounting Standards Board issued, on 25.9.2014, non- urgent but necessary amendments to various standards.

The Bank is evaluating the impact from the adoption of the above amendments on its financial statements.

In addition, the International Accounting Standards Board has issued the following standards and amendments to standards which have not yet been adopted by the European Union and they have not been early applied by the Bank.

- **International Financial Reporting Standard 9** “Financial Instruments”

Effective for annual periods beginning on or after 1.1.2018

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9: Financial Instruments, which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, at initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets and

ii. The contractual cash flow characteristics of the financial assets.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to the existing IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, 12-month expected credit losses shall be recognized.

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The Bank, in order to ensure proper application of IFRS 9 from 1.1.2018, has undertaken a relative project. Through this project it aims to determine the classification of its financial instruments based on the new criteria, to develop methodologies for the calculation of expected impairment losses, to define the criteria for the classification of the instruments that are in the scope of the new impairment requirements into the three stages provided by the standard and to examine the possibilities of identifying new hedging relationships using the new rules that are more aligned with risk management. As part of this project, the impact from the adoption of IFRS 9 on the Bank's financial statements is expected to be determined.

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements", **to International Financial Reporting Standard 12** "Disclosure of Interests in Other Entities" and **to International Accounting Standard 28** "Investments in Associates and Joint Ventures": Investment Entities: Applying the Consolidation Exception

Effective for annual periods beginning on or after 1.1.2016

On 18.12.2014, the International Accounting Standards Board issued an amendment to the above standards with which it clarified that the exception provided in IFRS 10 and IAS 28, for the preparation of consolidated financial statements and the application of the equity method respectively, applies also to a parent entity that it is a subsidiary of an investment entity which measures all of its subsidiaries at fair value according to IFRS 10. In addition, with the aforementioned amendment it was clarified that the disclosure requirements of IFRS 12 apply to the investment entities which measure all of their subsidiaries at fair value through profit or loss.

The adoption of the above amendment by the Bank is not expected to have any impact on its financial statements.

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements" and **to International Accounting Standard 28** "Investments in Associates and Joint Ventures": Sale or contribution of assets between an investor and its associate or joint venture

Effective date: To be determined

On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognise to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognises the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognised.

On 17.12.2015, the International Accounting Standards Board deferred the effective date for the application of the amendment that had been initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

The Bank is examining the impact from the adoption of the above amendment on its financial statements.

- **International Financial Reporting Standard 14** "Regulatory deferral accounts"

Effective for annual periods beginning on or after 1.1.2016

On 30.1.2014 the International Accounting Standards Board issued IFRS 14. The new standard addresses the accounting treatment and the disclosures required for regulatory deferral accounts that are maintained in accordance with local legislation when an entity provides rate-regulated goods or services. The scope of this standard is limited to first-time adopters that recognized regulatory deferral accounts in their financial statements in accordance with their previous GAAP. IFRS 14 permits these entities to capitalize expenditure that non-rate-regulated entities would recognize as expense.

The above standard does not apply to the financial statements of the Bank.

- **International Financial Reporting Standard 15** "Revenue from Contracts with Customers"

Effective for annual periods beginning on or after 1.1.2018

IFRS 15 "Revenue from Contracts with Customers" was issued on 28.5.2014 by the International Accounting Standards Board. The new standard is the outcome of a joint project by the IASB and the Financial Accounting Standards Board (FASB) to develop common requirements as far as the revenue recognition principles are concerned.

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced, by applying the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

(a) IAS 11 "Construction Contracts";

(b) IAS 18 "Revenue";

(c) IFRIC 13 "Customer Loyalty Programmes";

(d) IFRIC 15 "Agreements for the Construction of Real Estate";

(e) IFRIC 18 "Transfers of Assets from Customers";and

(f) SIC-31 "Revenue—Barter Transactions Involving Advertising Services".

The Bank is examining the impact from the adoption of IFRS 15 on its financial statements.

- **International Financial Reporting Standard 16** "Leases"

Effective for annual periods beginning on or after 1.1.2019

On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

- IAS 17 " Leases"
- IFRIC 4 "Determining whether an arrangement contains a lease"
- SIC 15 "Operating Leases – Incentives" and
- SIC 27 "Evaluating the substance of transactions involving the legal form of a lease".

The new standard significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the right-of-use asset as well as the corresponding obligation to pay the lease payments. The above treatment is not required when the asset is of low value.

The Bank is examining the impact from the adoption of IFRS 16 on its financial statements.

- **Amendment to International Accounting Standard 7** "Statement of Cash Flows": Disclosure Initiative

Effective for annual periods beginning on or after 1.1.2017

On 29.1.2016 the International Accounting Standards Board issued an amendment to IAS 7 according to which an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities for which cash flows are classified in the statement of cash flows as cash flows from financing activities. The changes that shall be disclosed, which may arise both from cash flows and non-cash changes, include:

– changes from financing cash flows,

– changes arising from obtaining or losing control of subsidiaries or other businesses,

– the effect of changes in foreign exchange rates,

– changes in fair values and

– other changes.

The Bank is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 12** "Income Taxes": Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1.1.2017

On 19.1.2016 the International Accounting Standards Board issued an amendment to IAS 12 with which the following were clarified:

- Unrealised losses on debt instruments measured at fair value for accounting purposes and at cost for tax purposes may give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the asset by sale or by use.
- The recoverability of a deferred tax asset is assessed in combination with other deferred tax assets. However, if tax law offsets specific types of losses only against a particular type of income, the relative deferred tax asset shall be assessed in combination with other deferred tax assets of the same type.
- During the deferred tax asset recoverability assessment, an entity compares the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences.
- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The Bank is examining the impact from the adoption of the above amendment on its financial statements.

1.2 Operating Segments

Operating segments are determined and measured based on the information provided to the Executive Committee of the Bank, which is the body responsible for the allocation of resourses between the Bank's operating segments and the assessment of their performance.

Based on the above, as well as the Bank's administrative structure and activities, the following operating segments have been determined:

– Retail Banking
– Corporate Banking
– Asset Management and Insurance
– Investment Banking and Treasury
– South Eastern Europe
– Other

Since the Bank operates in various geographical areas, apart from the operating segments identified above, the financial statements contain information based on the below distinction:

– Greece
– Other Countries

It is noted that the methods used to measure operating segments for the purpose of reporting to the Executive Committee are not different from those required by the International Financial Reporting Standards.

Detailed information relating to operating segments is provided in note 37.

1.3 Transactions in foreign currency and translation of foreign operations

a. Transactions in foreign currency

The financial statements are presented in Euro, which is the functional currency and the currency of the Bank's country of incorporation.

Items included in the financial statements of each of the foreign branches are measured at the functional currency which is the currency of the country of incorporation in which the branch operates or the currency used in the majority of the transactions held.

Transactions in foreign currencies are translated into the functional currency 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 into 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 non-monetary items denominated in foreign currencies that are measured 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 foreign branches that have a functional currency that is different from the presentation currency of the Bank's financial statements are translated as follows:

i. Assets and liabilities 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 are translated to Euro at average exchange rates applicable for each period presented.

The resulting exchange differences from the above translation and those arising from other monetary items designated as a part of the net investment in a foreign entity are recorded in equity. These translation differences are reclassified to the income statement when a foreign branch is sold.

1.4 Cash and cash equivalents

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

a. Cash on hand

b. Non-restricted placements with Central Banks and

c. Short-term balances due from banks and Reverse Repo agreements

Short-term balances due from banks are amounts that mature within three months of the balance sheet date.

1.5 Classification and measurement of financial instruments

Initial recognition

The Bank recognises financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Upon initial recognition the Bank measures financial assets and liabilities at fair values. Financial instruments not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs and minus income or fees that are directly attributable to the acquisition or issue of the financial instrument.

Subsequent measurement of financial assets

The Bank classifies its financial assets as:

- 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 categories the following apply:

a) Loans and receivables

Non derivative financial assets, with fixed or determinable payments, that are not quoted in an active market and for which the Bank does not expect not to recover substantially its investment, other than because of credit deterioration of the issuer, can be classified as loans and receivables. The Bank has classified the following as loans and receivables:

i. loans to customers,

ii. amounts paid to acquire a portion or the total of series of bonds that are not quoted in an active market,

iii. all receivables from customers, banks etc.,

iv. bonds with fixed or determinable payments that are not quoted in an active market.

This category is measured at amortized cost using the effective interest rate method and is periodically tested for impairment based on the procedures described in note 1.13.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or expense during the relative period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the contractual life of a financial instrument or the next repricing date.

b) Held-to-maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold until maturity can be classified as Held to maturity investments.

The Bank has classified bonds and other debt securities in this category.

Held to maturity investments are measured at amortized cost using the effective interest rate method and are tested for impairment at each reporting date. In cases when objective evidence exists that an impairment loss has occurred, the carrying amount of the financial asset is reduced to the recoverable amount, and the difference is recognised in profit and loss.

c) Financial assets at fair value through profit or loss

Financial assets included in this category are:

i. Financial assets which are acquired principally for the purpose of selling in the near term to obtain short term profit (held for trading).

   The Bank has included in this category bonds, treasury bills and a limited number of shares.

ii. Financial assets the Bank designated, at initial recognition, as at fair value through profit and loss.

This classification is used in the following circumstances:

- When management monitors and manages the financial instruments on a fair value basis in accordance with a documented risk management or investment strategy.
- When the designation eliminates an accounting mismatch which 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).
- When a financial instrument contains an embedded derivative that significantly modifies the cash flows, or the separation of these derivatives from the main financial instruments is not prohibited.

As at the reporting date, the Bank had not designated, at initial recognition, any financial assets as at fair value through profit and loss.

d) Available-for-sale investments

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

The Bank has included in this category bonds, treasury bills, debt securities, shares and mutual fund units.

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is sold, where upon, the cumulative gains and losses previously recognized in equity are recognized in 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. For investments in shares, in particular, a significant or prolonged decline in their fair value below their acquisition cost is considered as an objective evidence of impairment. The Bank considers as “significant” a decrease of over 20% compared to the cost of the investment. Respectively, “prolonged” is a decrease in the fair value below amortised cost for a continuous period exceeding one year. The above criteria are assessed in conjunction with the general market conditions.

In case of impairment, the cumulative loss already recognised in equity is reclassified in profit and loss. When a subsequent event causes the amount of impairment loss recognised on an available-for-sale bond or debt security to decrease, the impairment loss is reversed through profit or loss, if it can objectively be related to an event occurring after the impairment loss was recognized. However, impairment losses recognised for investments in shares and mutual funds are not reversed through profit and loss.

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 1.6 apply.

Reclassification of financial assets

Reclassification of non-derivative financial assets is permitted as follows:

i. Reclassification out of the “held-for-trading” category to the “loans and receivables” category, “investments held to maturity” category or “available-for-sale” category is permitted only when there are rare circumstances and the financial assets are no longer held for sale in the foreseeable future.

ii. Reclassification out of the “held-for-trading” category to either “loans and receivables”, or “available-for-sale” is permitted, even when there are no rare circumstances, only if the financial assets meet the definition of loans and receivables and there is the intention to hold them for the foreseeable future or until maturity.

iii. Reclassification out of the “available-for-sale” category to the “loans and receivables” category is permitted for financial assets that would have met the definition of loans and receivables and the entity has the intent to hold the financial asset for the foreseeable future or until maturity.

iv. Reclassification out of the “available-for-sale” category to the “held to maturity” category is permitted for financial assets that meet the relevant characteristics and the entity has the intent and ability to hold them until maturity.

v. Reclassification out of the “held-to-maturity” category to the “available-for-sale” category occurs when the entity has no longer the intention or the ability to hold these instruments until maturity.

It is noted that in case of a sale or reclassification of a significant amount of held-to-maturity investments, the remaining investments in this category are mandatorily transferred to the available-for-sale category. This would prohibit the classification of any securities as held-for-maturity for the current and the following two financial years. Exceptions apply in cases of sales and reclassifications of investments that:

i. are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;

ii. occur after the Bank has collected substantially all of the financial asset’s original principal through scheduled payments or prepayments; or

iii. are attributable to an isolated, nonrecurring event that is beyond the Bank’s control.

Derecognition of financial assets

The Bank derecognizes financial assets when:

- the cash flows from the financial assets expire,
- the contractual right to receive the cash flows of the financial assets is transferred and at the same time both risks and rewards of ownership are transferred,
- loans or investments in securities are no longer recoverable and consequently are written off.

In case of transactions, where despite the transfer of the contractual right to recover the cash flows from financial assets both the risk and rewards remain with the Bank, no derecognition of these financial assets occurs. The amount received by the transfer is recognized as a financial liability. The accounting practices followed by the Bank in such transactions are analysed further in notes 1.20 and 1.21.

In case of transactions whereby the Bank neither retains or transfers risks and rewards of the financial assets, but retains control over them, the financial assets are recognized to the extent of the Bank’s continuing involvement. If the Bank does not retain control of the assets then they are derecognised, and in their position the Bank recognizes, distinctively, the assets and liabilities which are created or retained during the transfer. No such transactions occurred upon balance sheet date.

Subsequent measurement of financial liabilities

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

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

i. This category includes financial liabilities held for trading, that is:

- financial liabilities acquired or incurred principally with the intention of selling or repurchasing in the near term for short term profit, or
- derivatives not used for hedging purposes. Liabilities arising from either derivatives held for trading or derivatives used for hedging purposes are presented as “derivative financial liabilities” and are measurement according to the principles set out in note 1.6.

ii. this category also includes financial liabilities which are designated by the Bank as at fair value through profit or loss upon initial recognition, according to the principles set out above for financial assets (point cii).

In the context of the acquisition of Emporiki Bank, the Bank issued a bond which was classified in the above mentioned category.

b) Financial liabilities carried at amortized cost

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

Liabilities to credit institutions and customers, debt securities issued by the Bank and other loan liabilities are classified in this category.

In cases when financial liabilities included in this category are designated as the hedged item in a hedge relationship, the accounting principles applied are those set out in note 1.6.

c) Liabilities arising from financial guarantees and commitments to provide loans at a below market interest rate

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment.

The financial guarantee contracts and the commitments to provide loans at a below market interest rate are initially recognized at fair value, and measured subsequently at the higher of:

– the amount of the provision (determined in accordance with IAS 37) when an outflow of resources is considered probable and a reliable estimate of this outflow is possible,

– the amount initially recognised less cumulative amortization.

Derecognition of financial liabilities

The Bank derecognizes a financial liability (or part thereof) when its contractual obligations are discharged or cancelled or expire.

In cases that a financial liability is exchanged with another one with substantially different terms, the exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new one. The same applies in cases of a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor). The terms are considered substantially different if the discounted present value of the cash flows under the new terms (including any fees paid net of any fees received), discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability.

In cases of derecognition, the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the balance sheet, only in cases when the Bank has both the legal right and the intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

1.6 Derivative financial instruments and hedge accounting

Derivative financial instruments

Derivatives are financial instruments that upon inception have a minimal or zero value that subsequently changes 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 when derivatives are embedded in other financial instruments, such as bonds, loans, deposits, borrowed funds etc. and the host contract is not itself carried at fair value through profit or loss, then they are accounted for as separate derivatives when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. These embedded derivatives are measured at fair value and are recognized as derivative assets or liabilities.

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

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

In addition the Bank uses derivatives for trading purposes to exploit short-term market fluctuations, within the Bank 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 Bank uses derivatives for hedging purposes it ensures that appropriate documentation exists on inception of the transaction. The effectiveness of the hedge is monitored on inception and on an ongoing basis at each balance sheet date.

We emphasize the following:

a. Synthetic Swaps

The 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 or other currency with a simultaneous forward purchase of the related currency to cover the foreign exchange exposure.

The result arising from the forward transaction is recognized as interest expense, which is included in deposits' 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 and foreign exchange differences, in order to match with the interest element and foreign exchange differences resulting from the deposits and loans, and as other gains less losses on financial transactions.

Hedge accounting

Hedge accounting establishes the valuation rules to offset the gain or loss of 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 hedging relationship upon inception and of the effectiveness of the hedge on an on-going basis are the basic requirements for the adoption of hedge accounting.

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

a. Fair value hedges

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 hedging relationship no longer exists, the hedged items continue to be measured based on the classification and valuation principles set out in note 1.5. Specifically any adjustment, due to the fair value change of a hedged item for which the effective interest rate method is used up to the point that the hedging relationship ceases to be effective, is amortized to interest income or expense based on a recalculated effective interest rate, over its remaining life.

The Bank uses interest rate swaps (IRS's, caps) to hedge risks relating to borrowings, bonds and loans. It also uses foreign exchange derivatives to hedge the foreign exchange risk of 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.

When the hedging relationship is discontinued, the amount recognized in equity remains there separately until the cash flows or the future transaction occur. When the cash flows or the future transaction occur the following apply:

- If the result is the recognition of a financial asset or a financial liability, the amount is reclassified to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss.
- If the result is the recognition of a non-financial asset or a non-financial liability or a firm commitment for which fair value hedge accounting is applied, the amount recognized in equity either is reclassified to profit or loss in the same periods during which the asset or the liability affect profit or loss or adjusts the carrying amount of the asset or the liability.

If the expected cash flows or the transaction are no longer expected to occur, the amount is reclassified to profit or loss.

The Bank applies cash flow hedge accounting for specific groups of term deposits as well as for the currency risk of specific assets. The amount that has been recognized in equity, as a result of revoked cash flow hedging relationships for term deposits, is linearly amortized in the periods during which the hedged cash flows from the aforementioned term deposits affect profit or loss.

c. Hedges of net investment in a foreign operation

Hedge accounting of net investment in a foreign operation is similar to cash flow hedge accounting. The cumulative gain or loss recognized in equity is reversed and recognized in profit or loss, at the time that the disposal of the foreign operation takes place.

1.7 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Bank measures the fair value of assets and liabilities traded in active markets based on available quoted market prices. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Especially, for the measurement of securities, the Bank uses a particular range of prices, within the bid-ask spread, in order to characterize the prices as prices of an active market.

The fair value of financial instruments that are not traded in an active market is determined by the use of valuation techniques, appropriate in the circumstances, and for which sufficient data to measure fair value are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If observable inputs are not available, other model inputs are used which are based on estimations and assumptions such as the determination of expected future cash flows, discount rates, probability of counterparty default and prepayments. In all cases, the Bank uses the assumptions that 'market participants' would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Assets and liabilities which are measured at fair value or for which - fair value is disclosed-, are categorized according to the inputs used to measure their fair value as follows:

Level 1 inputs: quoted market prices (unadjusted) in active markets,

Level 2 inputs: directly or indirectly observable inputs,

Level 3 inputs: unobservable inputs used by the Bank, to the extent that relevant observable inputs are not available.

In particular, the Bank applies the following:

Financial instruments

For financial instruments the best evidence of fair value at initial recognition is the transaction price, unless the fair value can be derived by other observable market transactions relating to the same instrument, or by a valuation technique using only observable inputs. In these cases, if the fair value differs from the transaction price, the difference is recognized in the statement of comprehensive income. In all other cases, fair value is adjusted to defer the difference with the transaction price. After initial recognition, the deferred difference is recognized as a gain or loss only to the extent that it arises from a change in a factor that market participants would take into account when pricing the instrument.

When measuring fair value, the Bank takes into consideration the effect of credit risk. Specifically, for derivative contracts, the Bank estimates the credit risk of both counterparties (bilateral credit valuation adjustments).

The Bank measures fair value for all assets and liabilities separately. Regarding derivative exposures, however, that the Bank manages as a group on a counterparty basis and for which it provides information to the key management personnel, the fair value measurement for credit risk is performed based on the net risk exposure per counterparty. Credit valuation adjustments arising from the aforementioned process are allocated to either assets or liabilities, depending on whether the net exposure to the counterparty is long or short respectively.

Furthermore, the fair value of deposit accounts with a demand feature (such as saving deposits) is no less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The principal inputs to the valuation techniques used by the Bank are:

- Bond prices - quoted prices available for government bonds and certain corporate securities.
- Credit spreads - these are derived from active market prices, prices of credit default swaps or other credit based instruments, such as debt. Values between and beyond available data points are obtained by interpolation and extrapolation.
- Interest rates - these are principally benchmark interest rates such as the LIBOR, OIS and other quoted interest rates in the swap, bond and futures markets. Values between and beyond available data points are obtained by interpolation and extrapolation.
- Foreign currency exchange rates - observable markets both for spot and forward contracts and futures.
- Equity and equity index prices - quoted prices are generally readily available for equity shares listed on stock exchanges and for major indices on such shares.
- Price volatilities and correlations - Volatility and correlation values are obtained from pricing services or derived from option prices.
- Unlisted equities - financial information specific to the company or industry sector comparables.
- Mutual Funds- for open-ended investments funds listed on a stock exchange the published daily quotations of their net asset values (NAVs).

Non financial assets and liabilities

The most important category of non financial assets for which fair value is estimated is real estate property.

The process, mainly, followed for the determination of the fair value is summarized below:

- Assignment to the engineer- valuer
- Case study- Setting of additional data
- Autopsy - Inspection
- Data processing - Calculations
- Preparation of the valuation report

To derive the fair value of the real estate property, the valuer chooses among the three following valuation techniques:

- Market approach (or sales comparison approach), which measures the fair value by comparing the property to other identical ones for which information on transactions is available.
- Income approach, which capitalizes future cash flows arising from the property using an appropriate discount rate.
- Cost approach, which reflects the amount that would be required currently to replace the asset with another asset with similar specifications, after taking into account the required adjustment for impairment.

Examples of inputs used to determine the fair value of properties and which are analysed to the individual valuations, are the following:

- Commercial property: price per square meter, rent growth per annum, long-term vacancy rate, discount rate, expense rate of return, lease term, rate of non leased properties/units for rent.
- Residential property: Net return, reversionary yield, net rental per square meter, rate of continually non leased properties/units, expected rent value per square meter, discount rate, expense rate of return, lease term etc.
- General assumptions such as the age of the building, residual useful life, square meter per building etc. are also included in the analysis of the individual valuation assessments.

It is noted that the fair value measurement of a property takes into account a market's participant ability to generate economic benefits by using the asset in it's highest and best use or by selling it to another market participant that would use the asset in it's highest and best use.

1.8 Investments in subsidiaries, associates and joint ventures

This caption includes Bank's investments in subsidiaries, associates and joint ventures.

Investments in subsidiaries, associates and joint ventures are carried at cost, plus any expenses directly attributable to their acquisition less impairment losses.

Dividends received by the Bank from the above investments are recognised in the income statement when the dividend distribution is approved by the appropriate body of the company that the Bank has invested in.

In case of absorption of a subsidiary, the Bank applies the provisions of IFRS 3 for business combinations, as described in more detail in note 1.2 of the consolidated financial statements as at 31.12.2015.

1.9 Property, plant and equipment

This caption includes: land, buildings used by the branches or for administrative purposes, additions and improvements of leased property and equipment.

Property, plant and equipment are initially recognised at cost which includes any expenditure directly attributable to the acquisition of the asset.

Subsequently, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized on the 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 and it is calculated on the asset's cost minus residual value.

The estimated useful lives are as follows:

- Buildings: up to 40 years.
- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 5 to 33 years.

Land is not depreciated but it tested for impairment.

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.

1.10 Investment property

The Bank includes in this category buildings or portions of buildings together with their respective portion of land that are held to earn rental income.

Investment property is initially recognised at cost which includes any expenditure directly attributable to the acquisition of the asset.

Subsequently, investment property is measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized on the carrying amount of the item when it increases future economic benefit.

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.

In case of a change in the Bank's intention regarding the use of property, reclassifications to or from the "Investment Property" category occur. In particular, property is reclassified to "Property, plant and equipment" if the Bank's intention is to use the asset in its own business operations, whereas in case the Bank decides to sell the property, it is reclassified to the "Assets held-for-sale" category, provided that all conditions mentioned in paragraph 1.16 are met. Conversely, property not classified as "Investment Property" is transferred to this category in case a decision for its lease is made.

1.11 Goodwill and other intangible assets

The Bank has included in this caption:

a) Intangible assets which are recognized from business combinations in accordance with IFRS 3 or which were individually acquired. The intangible assets are carried at cost less accumulated amortization and impairment losses.

Intangible assets include the value attributed to the acquired customer relationships as well as to the acquired deposit bases. Their useful life has been determined from 2 to 9 years

b) Software, which is measured at cost less accumulated amortization and impairment losses. The cost of separately acquired software comprises of its purchase price and any directly attributable cost of preparing the software for its intended use, including employee benefits or professional fees. The cost of internally generated software comprises of expenditure incurred during the development phase, including employee benefits arising from the generation of the software. Amortization is charged over the estimated useful life of the software, which the Bank has estimated up to 15 years. Expenditure incurred to maintain software programs is recognized in the income statement as incurred. Software that is considered to be an integral part of hardware (hardware cannot operate without the use of the specific software) is classified in property, plant and equipment.

c) Brand names and banking rights which are measured at cost less accumulated amortization and impairment losses. Amortization is charged over the estimated useful life, which the Bank has estimated up to 7 years.

Intangible assets are amortised using the straight line method, excluding those with indefinite useful life, which are not amortized. All intangible assets are tested for impairment.

No residual value is estimated for intangible assets.

1.12 Leases

The Bank 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 Bank is the lessor

i. Finance leases:

For finance leases where the Bank 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 receivables 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 Bank 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 Bank is the lessee

i. Finance leases:

For finance leases, where the Bank 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 Bank's borrowing rate for similar financing.

Subsequent to initial recognition the 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 Bank is not expected to obtain ownership at 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 Bank as a lessee does not recognize the leased asset but charges in general administrative expenses the lease payments on an accrual basis.

1.13 Impairment losses on loans and advances

The Bank 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. The criteria of assessment on an individual or collective basis

The Bank assesses for impairment on an individual basis the loans that it considers individually significant. Significant are the loans of the wholesale sector as well as specific loans of the retail sector. For the remaining loans impairment test is performed on a collective basis.

The Bank has determined the criteria that consist trigger events for the assessment of impairment.

Loans which are individually assessed for impairment and found not impaired are included in groups, based on similar credit risk characteristics, and assessed for impairment collectively.

The Bank groups the portfolio into homogenous populations, based on common risk characteristics, and has a strong historical statistical basis, in which it performs an analysis with which it captures and defines impairment testing, by segment population.

In addition, as part of the collective assessment, the Bank recognizes impairment for loss events that have been incurred but not reported (IBNR). The calculation of the impairment loss in these cases takes into account the period between the occurance of a specific event and the date it becomes known (Loss Identification Period).

A detailed analysis of the loans that belong to the wholesale and retail sectors, of the trigger events for impairment as well as of the characteristics used for the determination of the groups for the collective assessment is included in note 38.1.

b. Methodology in determining future cash flows from impaired loans

The Bank has accumulated a significant amount of historical data, 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.

Based on the above, the amount of the recoverable amount of each loan is determined after taking into account the time value of money. The cash flows are discounted at the loans' original effective interest rate.

An impairment loss is recognized to the extent that the recoverable amount of the loan is less than its carrying amount.

c. 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.

d. Impairment recognition – Write-offs

Amounts of impaired loans are recognized on allowance accounts until the Bank decides to write them down/write them off.

The policy of the Bank regarding write downs/write offs is presented in detail in note 38.1.

e. Recoveries

If in a subsequent period, after the recognition of the impairment loss, events occur which require the 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 impairment losses and provisions to cover credit risk.

1.14 Impairment losses on non-financial assets

The Bank assess as at each balance sheet date non-financial assets for impairment, particularly property, plant and equipment, investment property, goodwill and other intangible assets as well as its investment in subsidiaries, associates and joint ventures.

In assessing whether there is an indication that an asset may be impaired both external and internal sources of information are considered, of which the following are indicatively mentioned:

- The asset's market value has declined significantly, more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect have taken place during the period or will take place in the near future, in the technological, economic or legal environment in which the entity operates or in the market to which the asset is dedicated.
- Significant unfavorable changes in foreign exchange rates.
- Market interest rates or other rates of return of investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use.
- The carrying amount of the net assets of the entity is more that its market capitalization.
- Evidence is available of obsolescence or physical damage of an asset.

In addition, collection of dividends from subsidiaries, associates and joint ventures is considered as a possible impairment indicator when investments are tested for impairment at each reporting date.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is the amount received from the sale of an asset (less the cost of disposal) in an orderly transaction between market participants.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash –generating unit through their use and not from their disposal.

For the valuation of property, plant and equipment, value in use incorporates the value of the asset as well as all the improvements which render the asset perfectly suitable for its use by the Bank.

1.15 Income tax

Income tax consists of current and deferred tax.

Current tax for a period includes the expected amount of income tax payable in respect of the taxable profit for the current reporting period, based on the tax rates enacted at the balance sheet date.

Deferred tax is the tax that will be paid or for which relief will be obtained in future periods due to the different period that certain items are recognized for financial reporting purposes and for taxation purposes. It is calculated based on the 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 calculated using the tax rates that are expected to apply when the temporary difference reverses, based on the tax rates (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.

Income tax, both current and deferred, is recognized in profit or loss except when it relates to items recognized directly in equity. In such cases, the respective income tax is also recognized in equity.

1.16 Non-current assets held for sale

Non-current assets or disposal groups that are expected to be recovered principally through a sale transaction, along with the related liabilities, are classified as held-for-sale.

The above classification is used if the asset is available for immediate sale in its present condition and its sale is highly probable. The sale is considered highly probable when it has been decided by Management, an active programme to locate a buyer has been initiated, the asset is actively marketed for sale at a price which is reasonable in relation to its current fair value, and the sale is expected to be completed within one year. Non-current assets that are acquired exclusively with a view to their subsequent disposal are classified as held for sale at the acquisition date when the one-year requirement is met and it is highly probable that the remaining criteria will be met within a short period following the acquisition (usually within three months).

Non-current assets held for sale mainly consist of assets acquired through the enforcement of security over customer loans and advances.

Before their classification as held for sale, the assets are remeasured in accordance with the respective accounting standard.

Assets held for sale are initially recognised and subsequently remeasured at each balance sheet date at the lower of their carrying amount and fair value less cost to sell.

Any loss arising from the above measurement is recorded in profit or loss and can be reversed in the future. When the loss relates to a disposal group it is allocated to assets within the disposal group with the exception of specific assets that are not within the scope of IFRS 5. The impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis.

Assets in this category are not depreciated.

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

Non-current assets that are acquired through enforcement procedures but are not available for immediate sale or are not expected to be sold within a year are included in Other Assets and are measured at the lower of cost (or carrying amount) and fair value. Non-current assets held for sale, that the Bank subsequently decides either to use or to lease, are reclassified to the categories of property, plant and equipment or investment property respectively. During their reclassification, they are measured at the lower of their recoverable amount and their carrying amount before they were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the assets not been classified as held for sale.

1.17 Employee benefits

The Bank has both defined benefit and defined contribution plans.

A defined contribution plan is where the Bank pays fixed contributions into a separate entity and the Bank 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 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.

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 Bank.

The defined benefit obligation is calculated, separately for each plan, based on an actuarial valuation performed by independent actuaries using the projected unit credit method.

The net liability recognized in the financial statements is the present value of the defined benefit obligation (which is the expected future payments required to settle the obligation resulting from employee service in the current and prior periods) less the fair value of plan assets. The amount determined by the above comparison may be negative, an asset. The amount of the asset recognised in the financial statements cannot exceed the total of the present value of any economic benefits available to the Bank in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligation is calculated based on the return of high quality corporate bonds with a corresponding maturity to that of the obligation, or based on the return of government bonds in cases when there is no deep market in corporate bonds.

Interest on the net defined benefit liability (asset), which is recognised in profit or loss, is determined by multiplying the net defined benefit liability (asset) by the discount rate used to discount post-employment benefit obligation, as determined at the start of the annual reporting period, taking into account any changes in the net defined benefit liability (asset).

Service cost, which is also recognised in profit or loss, consists of:

- Current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- Past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or withdrawal of, or changes to, a defined benefit plan or a curtailment (a significant reduction by the entity in the number of employees covered by a plan) and
- Any gain or loss on settlement.

Before determining past service cost or a gain or loss on settlement, the Bank remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan before that plan amendment, curtailment or settlement.

Past service cost, in particular, is directly recognized to profit or loss at the earliest of the following dates:

- When the plan amendment or curtailment occurs; and
- When the Bank recognizes related restructuring costs (according to IAS 37) or termination benefits.

Likewise, the Bank recognises a gain or loss on the settlement when the settlement occurs.

Remeasurements of the net defined benefit liability (asset) which comprise:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- any change in the effect of the limitation in the asset recognition, excluding amounts included in net interest on the net defined benefit liability (asset),

are recognized directly in other comprehensive income and are not reclassified in profit or loss in a subsequent period.

Finally, when the Bank decides to terminate the employment before retirement or the employee accepts the Bank’s offer of benefits in exchange for termination of employment, the liability and the relative expense for termination benefits are recognized at the earlier of the following dates:

- when the Bank can no longer withdraw the offer of those benefits; and
- when the Bank recognizes restructuring costs which involve the payment of termination benefits.

1.18 Share options granted to employees

The granting of share options to the employees, their exact number, the price and the exercise date are decided by the Board of Directors in accordance with Shareholders’ Meeting approvals and after taking into account the current legal framework.

The fair value calculated at grant date is recognized over the period from the grant date to the 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 on the exercise date increases the share capital of the Bank and the reserve in equity from the previously recognized fair value of the exercised options is transferred to share premium.

1.19 Provisions and contingent liabilities

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

Provisions are, also, recognized in cases of restructuring plans with which management attempts either to change the subject of a corporate activity or the manner in which it is conducted (e.g. close down business locations). The recognition of provision is accompanied with the relevant, authorized by the Management, program and with the suitable actions of disclosure.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision is equal to the present value of the expenditures expected to settle the obligation.

Amounts paid for the settlement of an obligation are set against the original provisions for these obligations. Provisions are reviewed at the end of each reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Additionally, 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 amount recognized for the reimbursement does exceed the amount of the provision. The expense recognized in profit or loss relating to the provision is presented net of the amount of the reimbursement.

The Bank does not recognize in the statement of financial position contingent liabilities which relate to:

- possible obligations resulting from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or

- present obligations resulting from past events for which:
  - it is not probable that an outflow of resources will be required, or
  - the amount of liability cannot be measured reliably.

The Bank provides disclosures for contingent liabilities taking into consideration their materiality.

1.20 Sale and repurchase agreements and securities lending

The Bank 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 as investments.

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 balance sheet and are measured in accordance with the accounting policy of the category that they have been classified in 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 by the Bank under securities lending agreements are not recognized in the balance sheet except when they have been sold to third parties whereby the liability to deliver the security is recognized and measured at fair value.

1.21 Securitization

The Bank securitises financial assets, by transferring these assets to special purpose entities, which in turn issue bonds.

In each securitization of financial assets the Bank considers the contractual terms and the economic substance of transactions, in order to decide whether the Bank should proceed with the derecognition of the securitized assets, as referred in note 1.5.

1.22 Equity

Distinction between debt and equity

Financial instruments issued by the Bank to obtain funding are classified as equity when, based on the substance of the transaction, the Bank does not undertake a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under conditions that are potentially unfavorable to the issuer.

In cases when the Bank is required to issue equity instruments in exchange for the funding obtained, the number of equity instruments must be fixed and determined on the initial contract, in order for the obligation to be classified as 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 retained earnings.

Share premium

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

It also includes the difference between the nominal value of the shares issued and their market value, in cases of exchanges of shares as consideration for the acquisition of a business by the Bank.

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, are recognized directly in retained earnings.

Retained earnings

Dividends are deducted from retained earnings and recorded as a liability in the period that the dividend is approved by the Shareholders' General Meeting.

1.23 Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial assets and liabilities.

Interest income and expense is recognised on an accrual basis and measured using the effective interest rate method. Interest on impaired financial assets is determined on their balance after impairment using the effective interest rate.

Borrowing costs that are directly attributable to assets that require a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the asset. Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

1.24 Fee and commission income

Fee and commission income is recognized in the income statement on an accrual basis when the relevant service has been provided.

Transaction revenues relating to the recognition of a financial instrument not measured at fair value through profit and loss are capitalized and amortised in the income statement using the effective interest rate method over the life of the financial instrument.

1.25 Gains less losses on financial transactions

Gains less losses on financial transactions include the fair value changes of financial assets and liabilities, gains or losses on their disposal and the exchange differences arising from the translation of financial instruments denominated in foreign currencies. Impairment losses on bonds, shares and other securities of variable return are also included in gains less losses on financial transactions.

Differences that may arise between the carrying amount of financial liabilities settled or transferred and the consideration paid are also recognised in gains less losses on financial transactions.

1.26 Discontinued operations

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

- a major line of the Bank's business; or
- a geographical area of operations.

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

Any cumulative income or expense recognized directly in equity relating to a discontinued operation is 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.

1.27 Related parties definition

According to IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements. For the Bank, in particular, related parties are considered:

a) An entity that constitutes for the Bank:

i) a subsidiary,

ii) a joint venture,

iii) an associate and

iv) a Post-Employment Benefit Plan, in this case the Supplementary Fund of former Alpha Credit Bank's employees.

b) A person or an entity that have control, or joint control, or significant influence over the Bank.

This category includes Hellenic Financial Stability Fund and its subsidiaries, because, in the context of the L.3864/2010, the HFSF participates in the Board of Directors and in significant committees of the Bank and as a result is considered to have significant influence over it.

c) A person and his close family members, if that person is a member of the key management personnel.

The Bank considers as key management personnel all the members of the Bank's Board of Directors and of the Bank's Executive Committee while as their close family members it considers their children and spouses or domestic partners and their dependants and the dependants of their spouses or domestic partners.

Moreover, the Bank discloses all transactions and outstanding balances with entities which are controlled or jointly controlled by the above mentioned persons. This disclosure concerns participations of the above persons in entities that exceed 20%.

1.28 Comparatives

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

1.29 Estimates, decision making criteria and significant sources of uncertainty

The Bank, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Fair value of assets and liabilities

For assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. In all other cases the determination of fair value is based on valuation techniques that use observable market data to the greatest extent possible. In cases where there is no observable market data, the fair value is determined using data that are based on internal estimates and assumptions eg. determination of expected cash flows, discount rates, prepayment probabilities or potential counterparty default.

Impairment losses of financial assets

The Bank, when performing impairment tests on loans and advances to customers, makes estimates regarding the amount and timing of future cash flows. Given that these estimates are affected by a number of factors such as the financial position of the borrower, the net realizable value of any collateral or the historical loss ratios per portfolio, actual results may differ from those estimated. Similar estimates are used in the assessment of impairment losses of securities classified as available for sale or held to maturity.

Impairment losses of non – financial assets

The Bank, at each year end balance sheet date, assesses for impairment non – financial assets, and in particular property, plant and equipment, investment property, goodwill and other intangible assets, as well as its investments in subsidiaries, associates and joint ventures. Internal estimates are used to a significant degree to determine the recoverable amount of the assets, i.e. the higher between the fair value less costs to sell and the value in use.

Income Tax

The Bank recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning the amounts expected to be paid to or recovered from tax authorities in the current and future periods. Estimates are affected by factors such as the practical implementation of the relevant legislation, the expectations regarding the existence of future taxable profit and the settlement of disputes that might exist with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised may result in the adjustment of the amount of assets and liabilities for current and deferred tax and in tax payments other than those recognized in the financial statements of the Bank. Any adjustments are recognized within the year that they become final.

Employee defined benefit obligations

Defined benefit obligations are estimated based on actuarial valuations that incorporate assumptions regarding discount rates, future changes in salaries and pensions, as well as the return on any plan assets. Any change in these assumptions will affect the amount of obligations recognized.

Provisions and contingent liabilities

The Bank recognises provisions when it estimates that it has a present legal or constructive obligation that can be estimated reliably and it is almost certain that an outflow of economic benefits will be required to settle the obligation. In contrast, when it is probable that an outflow of resources will be required, or when the amount of liability cannot be measured reliably, the Bank does not recognise a provision but it provides disclosures for contingent liabilities, taking into consideration their materiality. The estimation for the probability of the outflow as well as for the amount of the liability are affected by factors which are not controlled by the Bank, such as court decisions, the practical implementation of the relevant legislation and the probability of default of the counterparty, for those cases which are related to the exposure to off-balance sheet items.

The estimates and judgments applied by the Bank in making decisions and in preparing the financial statements are based on historical information and assumptions which at present are considered appropriate. The estimates and judgments are reviewed on an ongoing basis in order to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised.

1.29.1 Going concern principle

The Bank applied the going concern principle for the preparation of the financial statements as at 31.12.2015. For the application of this principle, the Bank takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that cause uncertainties regarding the application of this principle relate to the adverse economic environment in Greece, and abroad and to the liquidity levels of the Hellenic Republic and the banking system.

Specifically and as a result of the uncertainties in the internal economic environment, mainly regarding the outcome of the negotiations of the Hellenic Republic with the European Commission, the European Central Bank and the International Monetary Fund, there were significant outflows of deposits early in the year. In addition, following the decision of the European Central Bank, on 4.2.2015, to lift the waiver for securities issued or guaranteed by the Hellenic Republic, based on which these instruments were allowed to be used in Eurosystem monetary policy operations despite the fact that they did not fulfill minimum credit rating requirements, the liquidity needs of the credit institutions can be satisfied by the Emergency Liquidity Mechanisms of the Bank of Greece. The maximum funding amount of the credit institutions by the Bank of Greece is short-term and is determined by the European Central Bank by a decision of its Board of Directors that is periodically reviewed. At the end of the first semester, the significant increase in the rate of outflow of deposits, which for the Bank amounted to € 10.3 billion, in conjunction with the decision of the European Central Bank not to proceed with a corresponding increase in the level of funding from the Emergency Liquidity Mechanisms of the Bank of Greece, as a result of the expiry of the extension of the financial support program of Greece, led to the imposition of capital controls and a bank holiday which was announced on 28.6.2015 and lasted until 19.7.2015. Capital controls remain in place until the date of approval of the financial statements, a fact which contributed to the stabilization of the deposit base, while the detailed provisions for their application are amended where appropriate by the adoption of a legislative act.

The prolonged recession of the Greek economy as well as the high degree of uncertainty within the internal economic environment hindered the growth prospects and resulted in significant deterioration of the creditworthiness of corporates and individuals, which led to the recognition by the Bank of significant impairment losses during the year.

During the third quarter, the negotiations of the Hellenic Republic for the coverage of the financing needs of the Greek economy were completed on the basis of the announcements at the Euro Summit on 12.7.2015 resulting in an agreement for a new financial support by the European Stability Mechanism. The relative agreement with the European Stability Mechanism, that was signed on 19.8.2015, among others, provides for:

- the coverage of the financing needs of the Hellenic Republic for the medium-term period, provided that the economic reforms that are expected to contribute to the economic stability and the sustainable development of the Greek economy will be implemented,
- an amount of € 10 up to € 25 billion available for the coverage of any recapitalization needs and/ or resolution of credit institutions.

In addition, the aforementioned agreement provided for the assessment of the four Greek systemic credit institutions from the Single Supervisory Mechanism, in order to determine the impact from the deterioration of the Greek economy on their financial position as well as any capital needs. The assessment was performed during the third quarter and included both an Asset Quality Review (AQR) and a stress test. Based on the results of the assessment, which were announced on 31.10.2015, the capital needs for the Group were determined to €262.6 million under the base scenario, taking into consideration the Asset Quality Review, and to €2,743 million under the adverse scenario of the stress test, which were subsequently limited to the amount of € 2,563 million since the pre-provision income for the third quarter was taken into account. These capital needs were covered successfully in the fourth quarter through the completion of the liability management exercise of the Bank and the increase of its share capital in cash via a private placement to qualified and other eligible investors, as further described in note 39.

The Bank, taking into account:

- the successful completion of the coverage of the Group's capital needs exclusively from private sources,
- that the medium-term financing of the Hellenic Republic by the European Stability Mechanism ('ESM'), in the context of the aforementioned program, which will contribute to the improvement of the economic environment within the country, has, under conditions, been ensured,
- the fact that the Bank has access to the liquidity mechanisms of the Eurosystem and the decrease of its dependence at the end of the year,
- the gradual restoration of confidence which was expressed by a limited return of deposits in the Greek banking system since the expiry of the bank holiday,

estimates that the conditions for the application of the going concern principle for the preparation of its financial statements are met, noting, however, the negative impact that would have on the application of the going concern principle any significant deterioration of the economic environment, mainly due to adverse developments in the completion of the first evaluation of the program for the financing of the Hellenic Republic and in the satisfaction of the conditions set for its successful completion.

1.29.2 Estimation of the Bank's exposure to the Hellenic Republic

The Bank's total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 38.1. The main uncertainties regarding the estimations for the recoverability of the Bank's total exposure relate to the debt service capacity of the Hellenic Republic, which, in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the levels of liquidity of the Hellenic Republic.

Following the successful outcome of the negotiations of the Hellenic Republic for the coverage of the financing needs of the Greek economy, which were completed with the signing of a relative agreement with the European Stability Mechanism on 19.8.2015, a three-year funding (which could amount to € 86 billion) was ensured, provided that specific commitments that relate to the achievement of specific financial targets and the implementation of reforms in the Greek economy will be respected. The signing of the agreement preceded the granting of a bridge loan which was used for the repayment of the overdue debt to IMF and of other obligations of the Hellenic Republic. The financing agreement with the European Stability Mechanism is expected to cover the financing needs of the Hellenic Republic and in parallel to contribute to the development of the Greek economy. It is also noted that in the context of the negotiations it was agreed that, after the first positive assessment of the program, measures will be taken for the support of the sustainability of the Greek debt including its restructuring. The conditions, however, under which the aforementioned restructuring will be achieved are not known.

Based on the above, the Bank has not recognized impairment losses on the Greek Government securities that held as at 31.12.2015, while, for the loans that relate to the Hellenic Republic, the Bank applies the credit risk policy which is presented in detail in note 38.1. The Bank assesses the developments relating to the Greek Government debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date.

1.29.3 Recoverability of deferred tax assets

The Bank recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, deductible temporary differences and tax losses carried forward can be utilized.

The main categories of deferred tax assets which have been recognized by the Bank relate to tax losses carried forward, to losses from the Greek government bonds exchange program (PSI) and the December 2012 Greek government bond buyback program and to deductible temporary differences arising from loans' impairment.

Deferred tax assets on tax losses carried forward relate to the years 2012-2014. Tax losses can be offset against taxable profits within five years from their formation. The Bank recognized the aforementioned assets since, according to its estimated future taxable profits, for the coming years until the expiry of the right to set-off tax losses, these are recoverable even after the deduction of the temporary differences that are expected to occur within these years. The estimation of future taxable profits was based on forecasts for the development of the accounting results, as these are reflected in the updated business plan of the Bank, which was the basis for the stress test conducted during the third quarter. The existence of significant tax profits in the last decade, with the exception of the years from 2012 to 2014, because of the unexpected major recession of the Greek economy and the loss from the PSI, was also taken into account.

Deferred tax assets associated with tax losses incurred by the PSI and the participation of the Bank in the December 2012 Greek government bond buyback program were recognized as a “debit difference” according to Law 4046/14.2.2012, Law 4110/23.1.2013 and a respective legal opinion. According to Law 4110/23.1.2013 the “debit difference” is deductible for tax purposes, gradually in equal installments, within 30 years, a fact which, according to the Bank's estimation, provides a sufficient time period for its gradual utilization against taxable profits.

Regarding the temporary differences arising from loans' impairment, there are no time constraints concerning their recovery, as it also applies to the other deferred tax assets categories. The Bank assessed their recoverability based on estimates for future taxable profits, as these are estimated to be formed on the basis of the aforementioned business plan, after extending the period of estimation for a limited number of years compared to the business plan.

The Bank, based on the above, estimates that the total deferred tax assets it has recognized and that has been derived both from temporary differences and from tax losses carried forward is recoverable.

In addition, and regardless of the assessment of the recoverability of deferred tax assets that it is carried out based on what is mentioned above, Law 4303/2014 provides that in case that the after tax accounting result for the period is a loss, deferred tax assets arising from the PSI debit difference and from the accumulated provisions and other general losses due to credit risk are eligible to be converted into a final and settled claim against the Greek State, as described in detail in note 11.

The main uncertainties concerning the estimations for the recoverability of the deferred tax assets relate to the achievement of the goals set in the Bank's business plan, which is affected by the general macroeconomic environment in Greece and internationally. At each balance sheet date, the Bank reassesses its estimation regarding the recoverability of deferred tax assets in conjunction with the development of the factors that affect it.

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2015	**31.12.2014**
Interest and similar income		
Due from banks	11,388	23,244
Loans and advances to customers	1,902,312	2,051,751
Securitized loans	288,933	262,590
Trading securities	168	558
Available for sale securities	254,644	180,652
Held to maturity securities	4,675	8,466
Loans and receivables securities	16,068	26,818
Derivative financial instruments	157,772	191,223
Other	11,134	11,179
Total	**2,647,094**	**2,756,481**
Interest expense and similar charges		
Due to banks	(299,669)	(92,590)
Due to customers	(286,691)	(628,992)
Debt securities in issue and other borrowed funds	(180,986)	(194,433)
Derivative financial instruments	(172,725)	(226,716)
Other	(97,857)	(88,875)
Total	**(1,037,928)**	**(1,231,606)**
Net interest income	**1,609,166**	**1,524,875**

During 2015 there was a decrease in interest expenses mainly due to the decrease in customers' deposits interest as a result of the Bank's deposits outflows amounting to €9.6 billion, which was partially offset by an increase in funding costs by the Eurosystem.

3. Net fee and commission income

	From 1 January to	
	31.12.2015	**31.12.2014**
Net fee and commission income		
Loans	29,303	54,750
Letters of guarantee	69,906	67,838
Imports-exports	10,368	11,441
Credit cards	52,689	43,071
Fund Transfers	36,585	40,426
Mutual funds	29,778	17,713
Advisory fees and securities transaction fees	1,031	7,414
Foreign exchange trades	15,568	11,904
Issuance of securities of Law 3723/2008	(11,509)	(10,725)
Other	22,635	27,951
Total	**256,354**	**271,783**

The bonds commissions of nominal value €1.6 billion which were issued by the Greek State under the Pillar III of Law. 3723/2008 framework and were canceled in October 2015 are recorded in category "Issuance of securities of Law 3723/2008". Previous year loans commission have been restated due to the modification of the presentation of the legal expenses as mentioned in note 47.

4. Dividend income

	From 1 January to	
	31.12.2015	31.12.2014
Available for sale securities	747	731
Subsidiaries and associates	34,718	51,292
Total	**35,465**	**52,023**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2015	31.12.2014
Foreign exchange differences	(8,553)	(3,483)
Trading securities		
- Bonds	1,954	1,622
Investment securities:		
- Bonds	(80,713)	109,947
- Shares	(7,591)	(2,626)
- Other securities	(3,499)	5,111
Investments	(24,207)	(38,789)
Derivative financial instruments	87,186	(32,236)
Other financial instruments	(55,857)	(24,042)
Total	**(91,280)**	**15,504**

Gains less losses on financial transactions includes loss of €28,553, concerning the valuation of the subsidiary Alpha Bank Skopje due to the classification in assets held for sale as described in detail in Note 44. Also, is included profit of €5.95 million from the sale of joint venture Cardlink shares (note 46) and €5.7 million loss from the acquisition of Emporiki Bank Cyprus Ltd shares from Alpha Bank Cyprus (note 19).

6. Other income

	From 1 January to	
	31.12.2015	31.12.2014
Rental income	3,283	3,241
Sale of fixed assets	710	332
Insurance indemnities	145	137
Preparation of business plans and financial studies	610	2,087
Other	12,120	11,928
Total	**16,868**	**17,725**

7. Staff costs

	From 1 January to	
	31.12.2015	**31.12.2014**
Wages and salaries	278,994	355,211
Social security contributions	83,822	115,867
Common Insurance Fund of Bank Employees	5,195	7,934
Employee defined benefit obligation (note 29)	4,058	10,387
Bank's employee indemnity provision due to retirement in accordance with Law 2112/1920 (note 29)	4,064	4,272
Other charges	25,648	24,555
Total	**401,781**	**518,226**

Staff costs amounted to €401.8 million for 2015 compared to €518.2 million of 2014, mainly due to the staff reduction, as a result of the voluntary separation scheme completion as described in detail below.

The total number of employees in the Bank as at 31.12.2015 was 9,729 (31.12.2014: 9,648) out of which 9,012 (31.12.2014: 8,869) were employed in Greece and 717 (31.12.2014: 779) were employed abroad, out of whom 694 individuals concern the Bulgaria branch which has been classified as a discontinued operation (note 44).

Defined contribution plans

All the employees of the Bank are insured for their main pension plans by the Social Insurance Fund (IKA). In additional for the Bank's employees, the following also apply:

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

b. Employees of former Ioniki and Popular Bank of Greece and former Emporiki Bank are insured for the lump sum benefit in the "Bank Employee and Companies Common Benefit Plan" (T.A.Y.T.E.K.O.) which is a defined contribution plan with contributions paid only by employees.

c. All employees of the Bank receive medical benefits from the National Organization of Health Care (EOPYY).

d. Employees of former Alpha Credit Bank, which were insured, for supplementary pension in T.A.P. (the Insurance Fund of employees of Alpha Credit Bank), from 1.1.2008, onwards are insured for supplementary pension in E.T.A.T according to article 10, Law 3620/2007. The Bank pays to E.T.A.T. an annual installment that relates to the total cost of joining E.T.A.T. which amounts to €543 million, this was calculated with the reference date being 31.12.2006, in accordance with a special economic study as stipulated by Law 3371/2005. The outstanding balance including accrued interest amounts to €131.9 million as at 31.12.2015, which equals to the last two interest bearing installments of €67.3 million each.

The implementation of Law 3371/2005 for Emporiki Bank was done in accordance with Law 3455/2006. According to this law, the pensioners and members insured by Emporiki Bank, who were also insured for supplementary pension in T.E.A.P.E.T.E. were absorbed by I.K.A-E.T.E.A.M. and E.T.A.T on 31.12.2004. In accordance with a special economic study as stipulated by Law 3371/2005, Emporiki Bank S.A. paid a total amount of specific contribution of €786.6 million for the pensioners to the insurance funds I.K.A-E.T.E.A.M and E.T.A.T. in ten annual interest bearing installments. The repayment of the total amount was completed with the payment of the last installment on January 2014.

In addition, in accordance with the amendments of Law 3455/2006 for the active insured members, who were hired before 31.12.2004 in Emporiki Bank, there additional social contributions paid for the supplementary pension compared to the respective contributions which are stipulated by the Law of E.T.E.A.M.

When E.T.A.T. was absorbed by E.T.E.A. (Joint Supplementary Insurance Fund) :

a) the members of T.E.A.P.E.T.E. and T.A.P. who were insured until 31.12.1992 receive a pre-pension amount from E.T.A.T. (main and supplementary pension until the date of retirement from the Main Pension Fund and E.T.E.A.).

b) the members of T.E.A.P.E.T.E. who were insured until 31.12.1992 receive the difference between the amount of pensions which arose from the calculation of supplementary pension in accordance with the provisions of Article of Association of E.T.E.A. (former E.T.E.A.M) and T.E.A.P.E.T.E..

e. The Bank, in cooperation with AXA Insurance, has created a savings plan for its employees that were hired and insured for the first time on 1.1.1993 and onwards. The plan's effective date is January 1, 2011 and its aim is to provide a lump sum monetary benefit to retiring employees. The plan assets consist of investment from the fixed monthly contributions of the Bank and its employees in low risk mutual funds. For employees hired by the Bank and insured after 1.1.2005 this is a defined contribution plan since the employee receives the savings capital accumulated up to their departure date.

Employee defined benefit obligations

An analysis of liabilities arising from defined benefit plans is set out in note 29.

Voluntary Separation Scheme

The Bank prepared in 2014 a voluntary separation scheme for their employees in Greece, in order to achieve substantial benefits to operating costs, as provided in the Restructuring Plan of the Bank approved by the European Competition Committee. Upon receiving the relevant approvals from the Financial Stability Fund and its Board of Directors, the Bank had set the date for commencement of the Scheme on 15.9.2014 with acceptance period until 3.10.2014.

A total number of 2,193 employees left in 2014 and during the first half of 2015 about 15 employees also retired. In 2014 income statement an amount of €200.8 million was recognized as the cost for the voluntary separation scheme which included the respective provision of € 1.8 million for the retirement of the 15 employees which occurred in 2015.

Moreover, the Bank committed to further reduce its Greek Personnel (including non-financial subsidiaries) in 2015 , in accordance to the framework for implementation of the updated restructuring plan resulting in 9.504 maximum number of employees until 2017.

The reduction of personnel strength will contribute to the achievement of significant gains in the operational costs, achieving the commitment to reduce the overall cost in Greece in specific level.

Following the above commitments, and relevant decisions for their implementation, on 31.12.2015 the Bank recorded provision amounted to € 64.3 million (Note 31). The exact cost of the program will be finalized in 2016, depending on the employee participation.

8. General administrative expenses

	From 1 January to	
	31.12.2015	**31.12.2014**
Rent for buildings	32,918	31,802
Rent and maintenance of EDP equipment	17,323	20,946
EDP expenses	28,985	32,080
Marketing and advertisement expenses	19,331	19,726
Telecommunications and postage	21,537	19,868
Third party fees	31,825	40,823
Consultants fees	5,548	6,800
Contribution to the Deposit guarantee fund - Investment fund and Solvency Fund	65,980	34,391
Insurance	6,910	9,139
Consumables	5,502	4,700
Electricity	10,584	10,743
Taxes (VAT, real estate etc)	66,515	74,980
Building and equipment maintenance	5,768	5,819
Cleaning fees	3,194	3,639
Security	8,690	8,518
Transportation	3,409	3,676
Services from collection agencies	17,985	19,807
Other	91,552	77,101
Total	**443,556**	**424,558**

The above figures include integration expenses of €2.7 million (31.12.2014: €11.3 million) that occurred during 2015 from the acquisition of Emporiki Bank and €3.9 million that occurred from the acquisition of the Citibank retail banking operations (31.12.2014: €2 million).

With Law 4335/2015, the European Directive 2014/59 was incorporated to establish a framework for the recovery and resolution of credit institutions and investment firms. In particular, the Scheme Resolution of Deposit and Investment Guarantee Fund is defined as Resolution National Fund which should gradually, within ten years (until 31 December 2024), create a guaranteed reserve equal to at least 1% of covered deposits by the HDIGF .. For this purpose, financial institutions will make regular contributions, which for 2015 amount to € 24.1 million and are included in "Contribution to the Deposit guarantee fund - Investment fund and Solvency Fund". It is noted that contributions of €24.1 million include contribution that relates to the Bank's proportion in the resolution of a Greek credit institution.

9. Other expenses

	From 1 January to	
	31.12.2015	**31.12.2014**
Losses from write off / impairments on fixed assets	5,896	12,543
Other provisions	1,161	4,214
Total	**7,057**	**16,757**

Losses from write off / impairments on fixed assets as at 31.12.2015 include an amount of €3.4 million (31.12.2014: €8.9 million) which concerns the recognition of impairment loss of investment property, property, plant and equipment and property obtained through auctions, as well as an amount of €2.4 million (31.12.2014: €3.6 million) concerning costs arising from the closing of 44 branches (31.12.2014: 50 branches).

Other provisions as at 31.12.2015 include provisions of €1 million (31.12.2014: €3.1 million) concerning legal cases against the Bank (note 31).

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2015	**31.12.2014**
Impairment losses on loans and advances to customers (note 17)	2,694,001	1,319,531
Impairment losses on credit institutions (note 14)	2,552	
Provisions to cover credit risk relating to off balance sheet items (note 31)	18,886	82,764
Recoveries	(16,202)	(15,697)
Total	**2,699,237**	**1,386,598**

For the preparation of the annual 2015 financial statements, the Bank took into consideration the special conditions that existed in the Greek economy, affecting the macroeconomic environment and led to the recognition of significant impairment losses in the current year and especially after the end of the second quarter (note 38.1)

11. Income tax

In accordance with Article 1 par 4 of Law 4334/2015 "Urgent prerequisites for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)" the corporate income tax rate for legal entities increased from 26% to 29%. The increased rate will apply for profits arising in fiscal years commencing on or after 1 January 2015 on the absence of an explicit definition in the law regarding the retrospective application of income tax rate for profits of fiscal year 2014. The effect of the tax rate adjustment has already been incorporated in the income statement as described in the table below.

In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to Greek Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the entity being audited within 10 days from the submission of the corporate income tax return, as well as, electronically to the Ministry of Finance, no later than ten days following the date of the approval of the financial statements from the Ordinary Shareholders General Meeting.

For fiscal years 2011 up to 2014 the Bank has obtained the relevant tax certificate without any qualifications on the tax issues covered, whereas for year 2015 the tax audit is in progress and no material findings are expected.

The income tax is analyzed as follows:

	From 1 January to	
	31.12.2015	**31.12.2014**
Current	(54,942)	-
Deferred	(768,163)	(677,122)
Total	**(823,105)**	**(677,122)**

Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed in the table below which includes the effects from the tax rate adjustment:

	From 1 January to	
	31.12.2015	**31.12.2014**
Debit difference of Law 4046/2012	(79,891)	39,946
Depreciation and write-offs of fixed assets	17,129	20,863
Valuation/impairment of loans	(687,009)	(548,626)
Valuation of loans due to hedging	(943)	(399)
Employee defined benefit obligations and insurance funds	7,899	19,877
Valuation of derivatives	26,491	(9)
Effective interest rate	(9,970)	(943)
Fair value change of liabilities to credit institutions and other borrowed funds due to fair value hedge	(3,202)	(5,314)
Valuation of investments due to hedging	(9,061)	921
Valuation/impairment of bonds and other securities	(12,942)	7,771
Tax losses carried forward	(12,326)	(193,562)
Other temporary differences	(4,338)	(17,647)
Total	**(768,163)**	**(677,122)**

The Bank, during 2014, has recognized a deferred tax asset of €422,034 arising from impairment/valuation of loans derived from the acquisition of Emporiki Bank that were not recognized on 31.12.2013.

According to Circular No 1102/2015 and Cirular No.1042/2015 the goodwill which arise from the liquidation of units of mutual funds as well as the distributable profits from units of mutual funds are exempted from tax. Therefore, the Bank under the reassessment of deferred tax ceased to recognize deferred tax asset over the above securities.

A reconciliation between the effective and nominal tax rate is provided below:

	From 1 January to			
	31.12.2015		31.12.2014	
	%		%	
Profit/(loss) before income tax		**(1,812,457)**		**(724,583)**
Income tax (nominal tax rate)	29	(525,613)	26	(188,392)
Increase/(decrease) due to:				
Non taxable income	1.28	(23,238)	1.96	(14,177)
Non deductible expenses	(1.18)	21,433	(4.24)	30,703
Debit reserves of Law 4172/2013			10.45	(75,689)
Credit balances of reserves	(5.88)	106,659		
Other temporary differences	0.56	(10,084)	1.04	(7,533)
Total	**23.77**	**(430,843)**	**35.20**	**(255,088)**
Effect of changes of tax rates used for deferred tax on temporary differences as at 31.12.2014	21.64	(392,262)		
Deferred tax asset from impairment/valuation of Emporiki Bank's loans that were not recognized in previous year				(422,034)
Income tax		**(823,105)**		**(677,122)**

According to article 72 of Law 4172/2013 the untaxed reserves, which were recognized according to Law 2238/1944 and have not been distributed or capitalized were taxed during tax year 2014 or mandatory netted against tax losses carrying forward. In addition according to Circular POL 1143/15.5.2014 of Ministry of Finance any debit balance of these reserves reduce the taxable profit for 2014 or in case of losses are added to those. According to the above during 2014, Bank's tax losses carrying forward was increased with this debit reserves resulting to an increase of deferred tax assets by € 84 million.

During 2015 as a result of recent decision by the State Council's, the Bank recognized in current income tax the recovery of tax that was related to prior year untaxed reserves. These reserves of €367.8 million were netted with tax losses carrying forward according to article 72 par 12 and 13 of Law 4172/2013, resulting to the reduction of the related deferred tax assets by € 106.7 million.

According to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions", deferred tax assets of legal entities supervised by the Bank of Greece, under article 26 paragraphs 5, 6 and 7 of Law 4172/2013 that have been or will be recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to existing amounts up to 31 December 2014, are converted into final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, according to the audited and approved financial statements by the Ordinary Shareholders' General Meeting.

The inclusion in the Law is implemented by the General Meeting of Shareholders, related to tax assets from 2016 and onwards, whereas it is envisaged the end of inclusion in the Law with the same procedure and after obtaining relevant approval from the Regulatory Authority.

According to article 4 of Law 4340/1.11.2015 "Recapitalization of financial institutions and other provisions of the Ministry of Finance" the above were amended regarding the time of the application which is postponed for a year. In addition the amount of deferred tax asset for credit risk which is included in the same legislation is limited to the amount related to debit charge of PSI and provisions for credit risk which were accounted until 30 June 2015. Furthermore, it is clarified that in cases of conversion of deferred tax assets into a final and a settled claim against the Greek State the "resolution process" of credit institutions is not included.

In 31.12.2015 the amount of deferred tax assets within the scope of the aforementioned Law amounts to € 3,386,356.

Income tax of other comprehensive income recognized directly in equity

	From 1 January to					
	31.12.2015			31.12.2014		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities reserve	67,378	(19,016)	48,362	(400,381)	104,790	(295,591)
Net change in cash flow hedge reserve	52,408	(15,198)	37,210	(227,861)	59,244	(168,617)
Tax rate adjustments (Law 4334/2015)		14,708	14,708			
Total	**119,786**	**(19,506)**	**100,280**	**(628,242)**	**164,034**	**(464,208)**
Amounts that will not be reclassified to the Income Statement						
Net change in actuarial gains/(losses) of defined benefit obligations	1,025	(78)	947	(37,341)	9,709	(27,632)
Tax rate adjustments (Law 4334/2015)		2,154	2,154			
Total	**120,811**	**(17,430)**	**103,381**	**(665,583)**	**173,743**	**(491,840)**

During 2015 “Retained earnings” includes tax amounting to € 17,770 resulting from the share capital increase expenses which were recognized in the same account and regards the share capital increase which took place during 2015 (note 32).

The respective amount for 2014 was €12,565.

Furthermore in 2015 “Retained earnings” there is a deferred tax liability of € 6,261, referring to the income tax rate adjustment on the share capital increase costs which were recorded in the same account in previous years.

12. Earnings/(losses) per share

a. Basic

Basic earnings/(losses) per share are calculated by dividing the profit/(losses) after income tax attributable to ordinary equity owners of the Bank, by the weighted average number of outstanding ordinary shares, after deducting the weighted average number of treasury shares held by the Bank, during the period.

For the calculation of basic earnings/(losses) per share, profit or loss for the period is adjusted with the deduction of the after-tax amount of dividends of those preference shares that have been classified in equity. The after-tax amount of preference dividends that is deducted is:

i. The after-tax amount of any dividends of preference shares on non-cumulative dividend preference shares declared for distribution during the period.

ii. The after-tax amount of the dividends from preference shares for cumulative dividend preference shares required for the period, whether or not the dividends have been declared.

The Bank has issued non-cumulative dividend preference shares, according to Law 3723/2008 which were repaid on 17.4.2014.

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to the presumed conversion amount of all dilutive potential ordinary shares. The Bank does not have any dilutive potential ordinary shares and in addition, based on the preference shares’ terms of issuance up to 17.4.2014 and the convertible bond loan with Credit Agricole S.A., basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31.12.2015	31.12.2014
Profit/(loss) attributable to equity owners of the Bank	**(1,032,276)**	**(58,529)**
Weighted average number of outstanding ordinary shares	385,286,677	246,681,513
Basic and diluted earnings/(losses) per share (in €)	(2.68)	(0.24)

	From 1 January to	
	31.12.2015	31.12.2014
Profit/(loss) from continuing operations attributable to equity owners of the Bank	**(989,352)**	**(47,461)**
Weighted average number of outstanding ordinary shares	385,286,677	246,681,513
Basic and diluted earnings/(losses) from continuing operations per share (in €)	(2.57)	(0.19)

From 1 January to		
	31.12.2015	31.12.2014
Profit/(loss) from discontinued operations attributable to equity owners of the Bank	**(42,924)**	**(11,068)**
Weighted average number of outstanding ordinary shares	385,286,677	246,681,513
Basic and diluted earnings/(losses) from discontinued operations per share (in €)	(0.11)	(0.04)

The weighted average number of shares as at 31.12.2015 is calculated based on the days during which the ordinary shares are in issue compared to the total number of days of the reporting period, taking into account the new total number of common shares resulting from the share capital increase of Bank on 24.11.2015 and after the decrease of the total number of shares due to the reversed split of 50 voting common shares of old nominal value to 1 voting common share of new nominal value with retrospective application from the beginning of the year (note 32).

The weighted average number of the common shares as at 31.12.2014, has been restated and it has been calculated based on the days on which the common shares are outstanding in relation to the total number of the reporting period days, taking into account the new total number of common shares which derived from the Bank's share capital increase on 28.3.2014 and the decrease of the total number of shares due to merge in proportion of 50 voting common shares of old nominal value to 1 voting common share of new nominal value which took place in November 2015 with retrospective application from the beginning of the year.

ASSETS

13. Cash and balances with Central Banks

	31.12.2015	31.12.2014
Cash	332,305	328,049
Cheques receivable	4,074	14,756
Balances with Central Banks	362,351	922,637
Total	**698,730**	**1,265,442**
Less: Deposits pledged to Central Banks	(277,496)	(506,305)
Balance	**421,234**	**759,137**

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 1% of customer deposits.

These deposits are interest bearing based on the refinancing rate set by the European Central Bank which as at 31.12.2015 was 0.05% (31.12.2014: 0.05%).

Cash and cash equivalents (as presented in the Statement of cash flows)

	31.12.2015	31.12.2014
Cash and balances with Central Banks	421,234	759,137
Short-term placements with other banks	316,673	463,892
	737,907	**1,223,029**
Cash and cash equivalents from discontinuing operations	27,341	
Total	**765,248**	**1,223,029**

14. Due from banks

	31.12.2015	31.12.2014
Placements with other banks	2,334,554	3,203,810
Guarantees for derivative securities coverage (note 36e)	1,067,405	1,497,550
Sale and repurchase agreements (Reverse Repos)	-	109
Loans to credit institutions	13,865	22,047
Less:		
Allowance for impairment losses	(8,965)	(8,965)
Total	**3,406,859**	**4,714,551**

In 2015, the Bank proceeded in the impairment and write off of € 2,552 for a loan to a foreign credit institution.

15. Trading securities

	31.12.2015	31.12.2014
Bonds		
- Greek Government	1,888	1,729
Total	**1,888**	**1,729**

16. Derivative financial instruments (assets and liabilities)

	31.12.2015		
	Contractual	Fair value	
	nominal amount	Assets	Liabilities
<u>**Derivatives held for trading purposes**</u>			
a. Foreign exchange derivatives			
Foreign exchange forwards	177,192	720	4,163
Foreign exchange swaps	1,515,071	6,546	8,382
Cross currency swaps	4,052,181	248,200	435,865
Currency options	113,833	1,078	1,174
Currency options embedded in customer products	1,534	4	51
Total non-listed	**5,859,811**	**256,548**	**449,635**
Futures	-	-	
Total listed	**-**	**-**	
b. Interest rate derivatives			
Interest rate swaps	7,942,561	452,079	506,190
Interest rate options (caps and floors)	462,883	19,538	4,655
Total non-listed	**8,405,444**	**471,617**	**510,845**
Futures	-	-	-
Total listed	**-**	**-**	**-**
c. Commodity derivative			
Commodity swaps	142,415	17,106	16,605
Total non-listed	**142,415**	**17,106**	**16,605**
d. Index derivatives			
OTC options	49,000	176	176
Total non-listed	**49,000**	**176**	**176**
e. Other derivatives			
GDP linked security	1,665,055	6,660	
Total listed	**1,665,055**	**6,660**	
<u>**Derivatives for hedging purposes**</u>			
a. Foreign exchange derivatives			
Cross currency swaps	29,187		4,932
Total non-listed	**29,187**		**4,932**
b. Interest rate derivatives			
Interest rate swaps	1,153,639	42,364	574,362
Interest rate options (caps and floors)	-	-	-
Total non-listed	**1,153,639**	**42,364**	**574,362**
Grand total	**17,304,551**	**794,471**	**1,556,555**

	31.12.2014		
	Contractual	Fair value	
	nominal amount	Assets	Liabilities
Derivatives held for trading purposes			
a. Foreign exchange derivatives			
Foreign exchange forwards	284,031	6,300	11,112
Foreign exchange swaps	3,744,943	47,183	9,500
Cross currency swaps	10,975,173	457,552	578,352
Currency options	182,084	768	1,101
Currency options embedded in customer products	6,664	38	18
Total non-listed	**15,192,895**	**511,841**	**600,083**
Futures	40,806	807	
Total listed	**40,806**	**807**	
b. Interest rate derivatives			
Interest rate swaps	8,973,476	519,582	653,833
Interest rate options (caps and floors)	826,730	24,684	5,271
Total non-listed	**9,800,206**	**544,266**	**659,104**
Futures	1,384,203	263	74
Total listed	**1,384,203**	**263**	**74**
c. Commodity derivative			
Commodity swaps	205,779	29,746	29,162
Total non-listed	**205,779**	**29,746**	**29,162**
d. Index derivatives			
OTC options	49,000	325	325
Total non-listed	**49,000**	**325**	**325**
e. Other derivatives			
GDP linked security	1,667,571	11,289	
Total listed	**1,667,571**	**11,289**	
Derivatives for hedging purposes			
a. Foreign exchange derivatives			
Cross currency swaps	29,187		2,945
Total non-listed	**29,187**		**2,945**
b. Interest rate derivatives			
Interest rate swaps	1,350,511	55,407	654,708
Interest rate options (caps and floors)	1,336		
Total non-listed	**1,351,847**	**55,407**	**654,708**
Grand Total	**29,721,494**	**1,153,944**	**1,946,401**

17. Loans and advances to customers

	31.12.2015	31.12.2014
Individuals		
Mortgages		
- Non-securitized	16,589,955	16,857,072
Consumer:		
- Non-securitized	3,448,236	3,037,977
- Securitized	1,299,934	1,462,066
Credit cards:		
- Non-securitized	653,766	563,560
- Securitized	565,583	579,353
Total	**22,557,474**	**22,500,028**
Companies:		
Corporate loans:		
- Non-securitized	26,275,219	25,529,128
- Securitized	2,126,179	2,084,171
Other receivables	376,383	307,033
	51,335,255	**50,420,360**
Less: Allowance for impairment losses (1)	(9,777,241)	(6,944,450)
Total	**41,558,014**	**43,475,910**

The Bank has proceeded in securitization of consumer, corporate loans and credit cards through special purpose entities controlled by them.

In addition, in 2014, the Bank proceeded in securitizing shipping loans by transferring the loans to the special purpose entity, Alpha Shipping Finance Ltd.

Based on the contractual terms and structure of the above transactions (e.g. allowance of guarantees or/and credit enhancement or due to the Bank owing the bonds issued by the special purpose entities) the Bank retained in all cases the risks and rewards deriving from securitized portfolios.

The Bank has proceeded on 8.7.2015 in the cancelation of amount €3.75 billion of covered bonds that had issued, secured by mortgage loans. As at 31.12.2015, the balance of the covered bonds amounted to €5 million (note 27ii). The value of mortgage loans provided as coverage for these bonds amounted to €18 million.

Loans and advances to customers of 31.12.2015 include loans obtained from the acquisition of Diners Club Greece (note 43b).

(1) *In addition to the allowance of impairment losses regarding loans and advances to customers, a provision of €294,993 (31.12.2014: €276,235) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to €10,072,234 (31.12.2014: €7,220,685).*

Allowance for impairment losses

Balance 1.1.2014	**5,559,391**
Changes for the period 1.1 - 31.12.2014	
Impairment losses for the year from continuing operations (note 10)	1,319,531
Impairment losses for the year from discontinued operations	7,175
Change in present value of the allowance account	447,333
Foreign exchange differences	853
Loans written-off during the year	(389,833)
Balance 31.12.2014	**6,944,450**
Changes for the period 1.1 - 31.12.2015	
Transfer of accumulated provisions to assets held for sale	(102,081)
Impairment losses for the year (note 10)	2,694,001
Change in present value of the allowance account	474,933
Foreign exchange differences	8,897
Loans written-off during the year	(242,959)
Balance 31.12.2015	**9,777,241**

18. Investment securities

a. Available for sale

	31.12.2015	**31.12.2014**
Greek Government:		
- Bonds	1,737,204	1,508,994
- Treasury bills	2,094,275	1,887,502
Other issuers:		
- Listed	917,330	1,199,320
- Non-listed	8,947	4,062
Shares		
- Listed	118,809	18,914
- Non-listed	7,136	10,918
Other variable yield securities	7,190	9,115
Total	**4,890,891**	**4,638,825**

During 2015 the Bank has recognized impairment losses amounting to €11,971 which is analyzed to €5,522 that relates to shares, €3,499 that relates to other variable yield securities and an amount of €2,950 which relates to bonds of other issuers.

In 2014 the Bank has recognized impairment loss amounting to € 2,770 for shares.
These impairment amounts are included in “Gains less losses on financial transactions”.

b. Held to maturity

	31.12.2015	31.12.2014
Other States:		
- Bonds	-	6,107
Other issuers:		
- Listed	2,823	96,110
- Non-listed	-	1,224
	2,823	**103,441**
Less:		
Allowance for impairment losses	-	(9,624)
Total	**2,823**	**93,817**

The variation compared to prior year is mainly due to maturities/redemptions of bonds with a book value of €8.7 million, to sales of bonds under the implementation of the revised restructuring plan of book value €5.2 million and participation to the liability management programs of bonds issued by Greek entities with book value of €38.4 million.

Allowance for impairment losses

Balance 1.1.2014	**156,342**
Change for the period 1.1-31.12.2014	
Reversal of impairment of bonds of other issuers	(204)
Amounts written-off during the period	(146,514)
Balance 31.12.2014	**9,624**
Change for the period 1.1-31.12.2015	
Amounts written-off during the period	(9,624)
Balance 31.12.2015	**-**

During 2015 an amount of € 9,624 was used for the write off of Aspis Bank subordinated bond.

In 2014 an amount of € 146,514 was used for the write off of ATE Bank subordinated bond and the amount of € 204 regards the proceeds from the liquidation of the same bond.

c. Loans and receivables

Loans and receivables include bonds issued by the European Financial Stability Facility (E.F.S.F.) at a nominal value of €3,960,544 received by the Bank as a result of the share capital increase which was completed on 6.6.2013 with a nominal value of €284,628 which were transferred to the Bank from the Hellenic Financial Stability Fund for the undertaking of customer deposits from the former Cooperative Banks of Western Macedonia, Evia and Dodecanese in December 2013. The total carrying amount of these bonds as at 31.12.2015 amounted to €4,289,482 (31.12.2014: €4,299,101).

19. Investments in subsidiaries, associates and joint ventures

	From 1 January to	
	31.12.2015	31.12.2014
Subsidiaries		
Opening balance	**2,015,422**	**1,982,262**
Additions	68,955	43,338
Disposals	(41,113)	(11,890)
Transfer due to reclassification to assets held for sale	(26,753)	(1,831)
Valuation of investments due to fair value hedge [(1)]	1,348	3,543
Closing balance	**2,017,859**	**2,015,422**
Associates		
Opening balance	**631**	**631**
Closing balance	**631**	**631**
Joint ventures		
Opening balance	**56,636**	**87,842**
Additions	12,310	764
Disposals	(50)	(31,970)
Closing balance	**68,896**	**56,636**
Total	**2,087,386**	**2,072,689**

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

Disposals represent: sales of shares, return of capital, proceeds arising from the liquidation of companies, contributions in kind and impairments.

The additions/disposals in subsidiaries amounting to €33,955 and €39,676 respectively, relate to the acquisition of the shares of Emporiki Bank Cyprus from Alpha Bank Cyprus, in the context of which the Bank transferred its shares to Emporiki Bank Cyprus against Alpha Bank Cyprus shares.

From the sale of the shares of Emporiki Bank Cyprus Ltd a loss of €5.7 million incurred which was recorded in “Gains Less Losses from financial transactions”.

In addition an of amount €35,000 relates to participation of the Bank to the Share Capital increase of subsidiary company Alpha Group Investment Ltd (note 46).

In disposals an amount of €1,437 which relates to the merger with absorption of Diners Club Greece A.E.P.P. from the Bank which took place on 2.6.2015 is included (note 43b).

The transfer of subsidiary due to reclassification to assets held for sale amounting to € 26,753 relates to the subsidiary Alpha Bank A.D. Skopje which on 31.12.2015 met the conditions as presented in detail in note 44.

On 9.10.2015, the liquidation process of Bank’s Company Historical Archive-Cultural Contribution of Emporiki Bank’s Non Profit Company on which the investment was fully impaired, was completed.

The additions in joint ventures amounting €516 and €11,794 relate to the Bank’s capital contribution to ALPHA-TANEO AKES and coverage of its share to the Share Capital increase of “APE Investment Property AE”, respectively (note 46).

The disposals of the joint ventures amounting to €0.05 million relate to the sale of the total number of shares of Societé Anonyme of Management & Operation of Electronic Transactions Network Cardlink AE (note 46).

(1) *The Bank uses FX swaps and money market loans to hedge the foreign exchange risk of its investments in subsidiaries abroad.*

Subsidiary financial information

A. SUBSIDIARIES

		Balance 31.12.2015			1.1 - 31.12.2015		
Name	Country	Assets	Equity	Liabilities	Turnover	Profit/ (Loss) before taxes	Bank's ownership interest % 31.12.2015
Banks							
1. Alpha Bank London Ltd	United Kingdom	909,431	69,164	840,267	14,312	4,528	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	2,588,822	441,297	2,147,525	187,761	(41,588)	98.73
3. Emporiki Bank Cyprus Ltd	Cyprus				498	(4,675)	
4. Alpha Bank Romania S.A.	Romania	3,319,252	318,912	3,000,340	142,775	(5,815)	99.92
5. Alpha Bank AD Skopje	FYROM	99,204	12,103	87,101	6,646	(3,128)	100.00
6. Alpha Bank Srbija A.D.	Serbia	668,720	91,650	577,070	52,841	(8,272)	100.00
7. Alpha Bank Albania Sh.A.	Albania	507,560	84,418	423,142	25,198	(1,831)	100.00
Leasing companies							
1. Alpha Leasing A.E.	Greece	881,206	228,919	652,287	23,271	(28,527)	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	41,865	1,242	40,623	2,359	73	99.00
3. ABC Factors A.E.	Greece	588,144	123,165	464,979	46,245	16,434	100.00
4. Diners Club Greece A.E.P.P.	Greece				8,816	1,641	
Investment Banking							
1. Alpha Finance A.E.Π.E.Y.	Greece	70,815	33,056	37,759	9,657	(969)	99.72
2. SSIF Alpha Finance Romania S.A.	Romania	1,544	730	814	209	(191)	99.00
3. Alpha A.E. Ventures	Greece	39,092	38,683	409	(397)	(885)	99.42
4. Emporiki Ventures Capital Developed Markets Ltd	Cyprus	25,594	25,589	5	312	298	100.00
5. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	20,424	20,413	11	930	806	100.00
6. Emporiki Diachirisis A.E.	Greece	3,371	3,246	125	65	(370)	99.65
Asset Management							
1. Alpha Asset Management A.E.D.A.K.	Greece	55,159	50,424	4,735	17,964	2,228	88.40
Insurance							
1. Alpha Insurance Agents A.E.	Greece	7,284	7,194	90	1,157	974	100.00
2. Alphalife A.A.E.Z.	Greece	188,616	17,703	170,913	4,094	2,762	99.90
Real Estate and Hotel							
1. Oceanos A.T.O.E.E.	Greece	23,294	23,069	225	819	231	100.00
2. Emporiki Development and Real Estate Management S.A.	Greece	56,360	55,272	1,088	3,050	2,831	100.00
3. APE Fixed Assets A.E.	Greece	39,995	39,658	337	1	(247)	72.20
Special purpose and holding entities							
1. Alpha Credit Group Plc	United Kingdom	9,693	9,324	369	54,334	6,393	100.00
2. Alpha Group Jersey Ltd	Jersey	16,121	246	15,875	971	(63)	100.00
3. Alpha Group Investments Ltd	Cyprus	330,878	330,135	743	(10,097)	(10,151)	100.00
4. Ionian Holdings A.E.	Greece	406,376	403,902	2,474	5,238	5,153	100.00
5. Ionian Equity Participations Ltd	Cyprus	37,406	36,626	780	(2,810)	(2,834)	100.00
6. Emporiki Group Finance Plc	United Kingdom	1,631	1,559	72	23,901	20	100.00
7. Katanalotika Plc	United Kingdom	1,519,858	69	1,519,789	105,691	6	
8. Epihiro Plc	United Kingdom	1,741,435	46	1,741,389	139,452	4	
9. Pisti 2010-1 Plc	United Kingdom	860,127	35	860,091	78,717	5	
10. Alpha Group Ltd	Cyprus	382,744	382,676	68	33,850	(21,322)	100.00
11. Alpha Shipping Finance Ltd	United Kingdom	668,420	(189)	668,609	13,789	(224)	
Other companies							
1. Kafe Alpha A.E.	Greece	216	168	48	274	22	99.00
2. Alpha Supporting Services A.E.	Greece	79,763	70,665	9,098	13,214	3,003	99.00
3. Evisak A.E.	Greece	4,520	3,670	850	3,094	111	85.71

B. ASSOCIATES

		Balance 31.12.2015			1.1 - 31.12.2015		
Name	Country of incorporation	Assets	Assets	Liabilities	Turnover	Profit/ (Loss) before taxes	Bank's ownership interest % 31.12.2015
1. AEDEP Thessalias and Stereas Ellados	Greece	330	147	183			50.00
2. Bank Infromation Systems SA	Greece	5,790	2,017	3,772	12,386	926	23.77
3. OLGANOS A.E.	Greece	9,853	(189)	10,041	164	(261)	30.44

C. JOINT VENTURES

1. APE Commercial Property A.E.	Greece	55,643	55,622	21	(2,092)	(2,119)	72.20
2. APE Investment Property A.E.	Greece	220,523	(74,972)	295,496	5,010	(8,092)	72.80
3. Alpha TANEO A.K.E.S	Greece	6,334	5,797	537	(432)	(949)	51.00

As at 31.12.2015 the Bank, following the related loans restructuring agreements with the companies, SELONDA A.E.G.E. and NIREUS A.E.G.E., owns 23.01% and 20.72% of their shares, respectively. The Bank intends to transfer these companies in the near future. As a result these companies were classified in assets held for sale at their fair value, which was determined in the amount of €1.

20. Investment property

	Land and Buildings
Balance 1.1.2014	
Cost	41,487
Accumulated depreciation and impairment losses	(13,282)
1.1.2014 - 31.12.2014	
Net book value 1.1.2014	28,205
Impairments	(468)
Reclassification from “Property, plant and equipment”	2,659
Reclassification from “Other Assets”	1,926
Depreciation charge for the year from discontinued operations	(38)
Depreciation charge for the year from continued operations	(345)
Net book value 31.12.2014	**31,939**
Balance 31.12.2014	
Cost	46,149
Accumulated depreciation and impairment losses	(14,210)
1.1.2015 - 31.12.2015	
Net book value 1.1.2015	31,939
Additions	7
Impairments	(546)
Reclassification to “Other Assets”	(939)
Reclassification of assets from discontinued operations to “Assets held for sale”	(1,277)
Depreciation charge for the year from continued operations	(371)
Net book value 31.12.2015	**28,813**
Balance 31.12.2015	
Cost	43,847
Accumulated depreciation and impairment losses	(15,034)

In 2015, an impairment loss of € 546 was recognized (31.12.2014: € 468), in order for the carrying amount of investment property not to exceed their recoverable amount as at 31.12.2015, as estimated by certified appraisers. The impairment amount was recorded in “Other Expenses”.

The fair value of investment property as at 31.12.2015 amounts to €29,828 (31.12.2014: €32,349). The recoverable amount of investment property which was impaired during the current year amounted to €4,993 and it was calculated as the fair value less costs of disposal.

The fair value of investment property is calculated in accordance with the methods mentioned in note 1.7 and are classified, in terms of fair value hierarchy, in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market inputs.

The capitalization rate used ranges between 7.0% and 8.5%.

21. Property, plant and equipment

	Land and buildings	Leasehold	Equipment	Total
Balance 1.1.2014				
Cost	986,066	784	378,803	1,365,653
Accumulated depreciation and impairment losses	(289,284)	(36)	(322,034)	(611,354)
1.1.2014 - 31.12.2014				
Net book value 1.1.2014	696,782	748	56,769	754,299
Additions	13,455		8,313	21,768
Impairments	(2,772)			(2,772)
Disposals/Write offs	(3,613)		(270)	(3,883)
Reclassification to “Investment property”	(2,659)			(2,659)
Reclassification to “Other Assets”	(3,013)			(3,013)
Additions from the acquisition of Citibank (note 43)	37		421	458
Depreciation charge for the year from discontinued operations	(1,442)		(1,041)	(2,483)
Depreciation charge for the year from continued operations	(18,895)	(108)	(13,127)	(32,130)
Net book value 31.12.2014	**677,880**	**640**	**51,065**	**729,585**
Balance 31.12.2014				
Cost	984,065	784	383,690	1,368,539
Accumulated depreciation and impairment losses	(306,185)	(144)	(332,625)	(638,954)
1.1.2015 - 31.12.2015				
Net book value 1.1.2015	677,880	640	51,065	729,585
Additions	5,984		13,590	19,574
Impairments	(1,061)			(1,061)
Disposals/Write offs	(2,429)		(24)	(2,453)
Reclassification to “Other Assets”	(14,106)	(18)	(450)	(14,574)
Reclassification from “Other Assets”			19	19
Reclassification from “Equipment” to “Land and buildings”	5		(5)	-
Reclassification of assets from discontinued operations to “Assets held for sale”	(3,924)		(2,545)	(6,469)
Depreciation charge for the year from continued operations	(18,114)	(107)	(14,553)	(32,774)
Net book value 31.12.2015	**644,235**	**515**	**47,097**	**691,847**
Balance 31.12.2015				
Cost	954,445	752	361,921	1,317,118
Accumulated depreciation and impairment losses	(310,210)	(237)	(314,824)	(625,271)

The carrying amount of owned land and buildings included in the above balances amounts to €614,844 as at 31.12.2015 (31.12.2014: €637,083).

In 2015, an impairment loss of €1,061 was recognized (31.12.2014: €2,772) and was recorded in "Other Expenses".

During the impairment test of property, plant and equipment, the estimation is based on the value in use incorporating the carrying amount of an asset and all the improvements which render it absolutely suitable for use from the Bank.

The recoverable amount of "Property, plant and equipment" which was impaired during the current year amounted to €7,404.

22. Goodwill and other intangible assets

	Software	Banking rights	Others	Total
Balance 1.1.2014				
Cost	352,865	1,785	55,263	409,913
Accumulated amortization and impairment losses	(208,159)	(1,785)	(3,902)	(213,846)
1.1.2014 -31.12.2014				
Ne book value 1.1.2014	144,706	-	51,361	196,067
Additions	32,928			32,928
Additions from the acquisition of CITI			60,079	60,079
Amortization charge for the year from discontinued operations	(635)		(9)	(644)
Amortization charge for the year from continued operations	(12,981)		(14,098)	(27,079)
Net book value 31.12.2014	**164,018**	**-**	**97,333**	**261,351**
Balance 31.12.2014				
Cost	385,793	1,785	115,342	502,920
Accumulated amortization and impairment losses	(221,775)	(1,785)	(18,009)	(241,569)
1.1.2015 - 31.12.2015				
Net book value 1.1.2015	164,018		97,333	261,351
Additions	57,025		72	57,097
Additions from the acquisition of Diners			22,995	22,995
Reclassification of assets from discontinued operations to "Assets held for sale"	(3,431)			(3,431)
Amortization charge for the year from continued operations	(16,589)		(21,602)	(38,191)
Net book value 31.12.2015	**201,023**	**-**	**98,798**	**299,821**
Balance 31.12.2015				
Cost	441,920	1,785	138,339	582,044
Accumulated amortization and impairment losses	(240,897)	(1,785)	(39,541)	(282,223)

The amount reported as "Additions from the acquisition of Diners" in 2015 relates to the recognition of an intangible asset regarding the customer relationships from the acquired operation of credit cards, whose useful life was estimated at 7 years (note 43b).

"Additions from the acquisition of CITIBANK" in the fiscal year of 2014 relate to the recognition of an intangible asset regarding the acquired customer relationships and the deposit base, whose useful life was estimated at 9 and 7 years respectively (note 43a).

23. Deferred tax assets

	31.12.2015	31.12.2014
Assets	4,372,486	3,604,079
Total	**4,372,486**	**3,604,079**

Deferred tax assets and liabilities are analyzed as follows:

	1.1 - 31.12.2015					
		Recognized in				
	Balance 1.1.2015	Income Statement	Equity	Discontinued operations	Acquisition of Diners	Balance 31.12.2015
Debit difference of Law 4046/2012	1,078,533	79,891				1,158,424
Depreciation and fixed assets write-offs	51,287	(17,129)	6,261		(5,979)	34,440
Valuation/impairment of loans	1,611,432	687,009				2,298,441
Valuation of loans due to hedging	(2,097)	943				(1,154)
Valuation of derivatives	187,998	(26,491)	(7,651)			153,856
Employee defined benefit obligations and insurance funds	74,698	(7,899)	2,076			68,875
Tax losses carried forward	441,635	12,326	17,770			471,731
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(39,122)	3,202				(35,920)
Valuation of investments due to hedge	2,013	9,061				11,074
Valuation/impairment of bonds and other securities	132,924	12,942	(11,854)			134,012
Effective interest rate	(4,719)	9,970				5,251
Other temporary differences	69,497	4,338		334	(713)	73,456
Total	**3,604,079**	**768,163**	**6,602**	**334**	**(6,692)**	**4,372,486**

The amount of € 17,770 which is recognized in Equity in the category “Tax losses carried forward” relates to share capital increase expenses which according to Law.4308/14 (Greek Accounting Standards) are recognized in the tax results of the year.

	1.1 - 31.12.2014					
		Recognized in				
	Balance 1.1.2014	Income Statement	Equity	Discontinued operations	Acquisition of Citibank	Balance 31.12.2014
Debit difference of Law 4046/2012	1,118,479	(39,946)				1,078,533
Depreciation and fixed assets write-offs	63,173	(20,863)	12,565		(3,588)	51,287
Valuation/impairment of loans	1,060,775	548,626			2,031	1,611,432
Valuation of loans due to hedging	(2,496)	399				(2,097)
Valuation of derivatives	128,745	9	59,244			187,998
Other temporary differences	51,056	17,647			794	69,497
Employee defined benefit obligations and insurance funds	84,103	(19,877)	9,709		763	74,698
Tax losses carried forward	248,073	193,562				441,635
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(44,436)	5,314				(39,122)
Valuation of investments due to hedge	2,934	(921)				2,013
Valuation/impairment of bonds and other securities	35,905	(7,771)	104,790			132,924
Effective interest rate	(5,662)	943				(4,719)
Total	**2,740,649**	**677,122**	**186,308**		**-**	**3,604,079**

24. Other assets

	31.12.2015	31.12.2014
Tax advances and withholding taxes	378,879	293,204
Deposit and Investment Guarantee Fund	613,377	603,396
Assets obtained from auctions	195,746	185,405
Prepaid expenses	35,362	31,560
Employee advances	8,321	6,289
Accrued income	3,707	8,309
Other	186,378	161,601
Total	**1,421,770**	**1,289,764**

In accordance with article 9 of Law 3746/16.2.2009 concerning the "Hellenic Deposit and Investment Guarantee Fund (HDIGF)" deposits guaranteed by the deposit guarantee scheme increased from €20 thousand to €100 thousand per customer. The percentages used for calculating the contribution paid by banks to the Deposit Guarantee Fund increased respectively.

Law 3746/16.2.2009 provides that the amount contributed relating to investment coverage and the difference between the regular annual contribution of credit institutions resulting from the application of article 6 of Law 3714/2008, will be included in a special group of assets, along with the proportion of each participant in the credit institutions.

On 31.12.2015 the Bank measured its fixed assets classified in other assets at the lowest value between the carrying amount and its fair value. In cases where the fair value was less than the carrying amount, an impairment loss was recognized which amounted to €1.8 million in total and is included in "Other expenses" of the Income Statement. On 31.12.2014, the relevant impairment loss amounted to €5.9 million. The fair value of fixed assets acquired from auction are calculated in accordance with the methods mentioned in note 1.7 and are classified in terms of fair value hierarchy in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market inputs. The capitalization rate used was between 7% and 8.5%.

LIABILITIES

25. Due to banks

	31.12.2015	31.12.2014
Deposits:		
- Current accounts	126,267	115,207
- Term deposits:		
Central Banks	24,404,828	14,819,325
Other credit institutions	62,821	495,852
Cash collateral for derivative margin account	56,960	193,064
Sale and repurchase agreements (Repos)	269,292	1,681,959
Borrowing funds	250,469	253,055
Total	**25,170,637**	**17,558,462**

The increase funding from the Eurosystem was a result of the Bank's deposits' outflow, which was partially off set by the Bank's share capital increase of €1,552 million in cash.

26. Due to customers

	31.12.2015	31.12.2014
Deposits:		
- Current accounts	7,293,215	6,662,192
- Saving accounts	9,790,672	8,771,195
- Term deposits:		
Synthetic swaps	157	89
Other	10,539,977	22,220,773
Sale and repurchase agreements (Repos)	46,140	46,000
	27,670,161	**37,700,249**
Cheques payable	63,518	117,198
Total	**27,733,679**	**37,817,447**

27. Debt securities in issue and other borrowed funds

In the fourth quarter of 2015 the Bank proceeded to an exchange of senior, subordinated and hybrid securities issued by Alpha Credit Group Plc, Emporiki Group Finance and Alpha Group Jersey Ltd, with non-transferable receipts issued by the Bank in the context of the Tender Offer of 28.10.2015 as amended on 6.11.2015. The exchange offer aimed to cover the capital needs which arise from the comprehensive assessment conducted by the Single Supervisory Mechanism (SSM). The non-transferable receipts represent the holders' rights to receive the exchange of their securities in shares or the amount of the resale of the shares in cash in case that the holders cannot receive shares (non eligible shareholders).

Senior securities with a nominal value of € 984.9 million as well as subordinated securities and hybrid securities with a total nominal value of € 100.9 million were included in the exchange offer.

Under the terms of the offer the securities are exchanged for shares of a value equal to 100% of nominal amount for senior, 85% of nominal amount for subordinated and 50% of nominal amount for hybrid securities, including the accrued interest for each security and excluding the non-innovative hybrid title.

Before the completion of the exchange on 11.11.2015, the Bank substituted the initial issuer for each security which was included in the exchange offer excluding the non-innovative hybrid title (CMS Linked) which had been issued by Alpha Group Jersey.

The final result of the exchange was the increase of the Banks' capital base by €1,011 million.

i. Issues guaranteed by the Greek State (Law 3723/2008)

Under the programme for the enhancement of the Greek's economy liquidity, according to Law 3723/2008, during 2015, the Bank proceeded to the issuance of senior debt securities of a nominal value of €15.28 billion with a floating interest rate of six month Euribor plus a spread of 6% (31.12.2014: 12%), while the maturities for the same period amounted to €15.89 billion.

The total balance of senior debt securities guaranteed by the Greek State as at 31.12.2015 amounts to €9.22 billion (31.12.2014: €9.83 billion).

These securities are not included in the "Debt securities in issue and other borrowed funds", as they are held by the Bank.

The current balance of the Bank's issued bonds guaranteed by the Greek government (Pillar II N. 3723/2008) amounts to €6.5 billion. This amount is a result of the early termination of issue with nominal value of €0.9 billion on 25.01.2016 and the early partial termination of €1.8 billion of an issue with total nominal value of € 3,6 billion on 23.02.2016.

ii. Covered bonds [1]

Covered bonds are not included in caption "Debt securities in issue and other borrowed funds" as the corresponding securities are held by the Bank. The Bank proceeded on 8.7.2015 to the cancellation of an amount of €3.75 billion of covered bonds. After the above cancellations the total outstanding amount of covered bonds amounts to €5 million at 31.12.2015.

iii. Short term securities

Balance 1.1.2015	**26,341**
Changes for the period 1.1 - 31.12.2015	
Maturities/Repayments	(29,894)
Accrued interest	109
Foreign exchange differences	3,444
Balance 31.12.2015	**-**

iv. Senior debt securities

Balance 1.1.2015	**1,444,249**
Changes for the period 1.1 - 31.12.2015	
Maturities/Repayments	(1,429,670)
Fair value change	923
Accrued interest	13,954
Foreign exchange differences	286
Balance 31.12.2015	**29,742**

From the total amount of maturities, an amount of € 951.9 million concerns the participation in the exchange offer.

[1] *Financial disclosures regarding covered bond issues, as determined by the 2620/28.8.2009 Act of the Bank of Greece, have been published on the Bank's website.*

v. Liabilities from the securitization of mortgage loans

Balance 1.1.2015	**365,577**
Changes for the period 1.1 - 31.12.2015	
Maturities/Repayments	(112,899)
Accrued interest	10,247
Foreign exchange differences	47,343
Balance 31.12.2015	**310,268**

The Bank proceeded to a shipping loan securitization transaction, transferring them to the fully consolidated Special Purpose Entity, Alpha Shipping Finance Ltd, which in turn raised funding from third parties. The liability of the Group on 31.12.2015 which relates with the securitized shipping loans amounts to €310.3 million.

vi. Liabilities from the securitization of other loans

Additional liabilities arising from the securitisation of consumer loans, corporate loans and credit cards are not included in “Debt securities in issue and other borrowed funds” since these securities of nominal value €3.7 billion have been issued by special purpose entities and held by the Bank.

vii. Subordinated debt

Balance 1.1.2015	**88,602**
Changes for the period 1.1 - 31.12.2015	
Maturities/Repayments	(62,044)
Accrued interest	(176)
Balance 31.12.2015	**26,382**

From the total amount of maturities, an amount of € 44.1 concerns the participation in the exchange offer.

viii. Hybrid securities

Balance 1.1.2015	**31,796**
Changes for the period 1.1 - 31.12.2015	
Maturities/Repayments	(16,888)
Accrued interest	331
Balance 31.12.2015	**15,239**

From the total amount of maturities, an amount of € 14.9 concerns the participation in the exchange offer.

ix. Convertible bond loan

Balance 1.1.2015	**64,600**
Changes for the period 1.1 - 31.12.2015	
Fair value change	(40,000)
Balance 31.12.2015	**24,600**

The convertible bond concerns bond issue with nominal value €150 million issued by the Bank on 1.2.2013 under an agreement with Credit Agricole SA for the acquisition of former Emporiki Bank. The decrease in the liability from the convertible bond at the amount of €40 million was recognized in Gains less losses on financial transactions.

Total of Debt securities in issue and other borrowed funds, not held by the Bank, as at 31.12.2015	**406,231**

28. Liabilities for current income tax and other taxes

	31.12.2015	31.12.2014
Other taxes	21,108	47,819
Total	**21,108**	**47,819**

29. Employee defined benefit obligations

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

	Balance Sheet - Liabilities	
	31.12.2015	**31.12.2014**
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	70,643	64,906
TAP – Lump sum benefit	27,445	29,230
Savings program guarantee	2,556	547
Plans for Diners (pension and health care)	5,172	
Total Liabilities	**105,816**	**94,683**

	Income Statement Expenses/(Income) From 1 January to	
	31.12.2015	**31.12.2014**
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920 (note 7)	4,064	4,272
TAP – Lump sum benefit	3,987	10,379
Savings program guarantee	41	8
Plans for Diners (pension and health care)	30	
Total	**8,122**	**14,659**

Balance Sheet item and Income Statement amounts are analyzed per fund and type of benefit as follows:

a. Employee indemnity due to retirement in accordance with Law 2112/1920

The employment contracts of the employees that mature at the age limit or when the retirement conditions have been met are considered open term employee contracts and when cancelled, the provisions of Law 2112/1920 and 3198/1955 apply, as amended by Law 4093/2012, which provide a lump sum benefit payment.

The amounts recognized in the balance sheet are as follows:

	31.12.2015	31.12.2014
Present value of defined obligations	70,643	64,906
Liability	**70,643**	**64,906**

The amounts recognized in the income statement are as follows:

	From 1 January to	
	31.12.2015	31.12.2014
Current service cost	1,962	859
Net interest cost resulted from net asset/liability	1,294	2,691
Settlement/Curtailment/Termination (gain)/loss	808	722
Total (included in staff costs)	**4,064**	**4,272**

The movement in the present value of defined obligation is as follows:

	2015	2014
Opening balance	**64,906**	**70,029**
Liability from the acquisition of the Retail Banking operations of Citibank	-	2,936
Liability from the acquisition of Diners	121	-
Current service cost	1,962	859
Interest cost	1,294	2,691
Benefits paid	(1,600)	(1,833)
(Settlement/Curtailment/Termination (gain)/loss	808	722
Actuarial (gain)/loss - financial assumptions	3,576	17,375
Actuarial (gain)/loss – experience adjustments	(424)	(1,321)
Amounts paid to employees left in the context of Voluntary Separation Scheme	-	(26,552)
Closing balance	**70,643**	**64,906**

The amounts recognized in equity during the year are analyzed as follows:

	31.12.2015	31.12.2014
Change in liability gain/(loss) due to changes in financial and demographic assumptions	(3,576)	(17,375)
Change in liability gain/(loss) due to experience adjustments	424	1,321
Total actuarial gain/(loss) recognized in Equity	**(3,152)**	**(16,054)**

The movement in the obligation in the balance sheet is as follows:

	2015	2014
Opening balance	**64,906**	**70,029**
Liability from the acquisition of Diners	121	-
Liability from the acquisition of the Retail Banking operations of Citibank	-	2,936
Benefits paid	(1,600)	(1,833)
Loss /(Gain) recognized in Income Statement	4,064	4,272
Loss/(Gain) recognized in Equity	3,152	16,054
Amounts paid to employees left in the context of Voluntary Separation Scheme	-	(26,552)
Closing balance	**70,643**	**64,906**

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

The obligation to the Supplementary Pension Fund (TAP) of former Alpha Credit Bank employees, after it was absorbed by the Common Insurance Fund of Bank Employees for the supplementary pension (Article 10, Law 3620/2007) is restricted to paying a lump sum benefit to retiring employees, which is guaranteed by the Bank. On 18.11.2013 the Bank signed a new operational agreement with the Association of Personnel, whereby the amount paid by the Supplementary Pension Fund, will not exceed the difference between the amount corresponding to the overall lump sum provision, according to the statute of the Supplementary Pension Fund (TAP), and the amount of compensation that the Bank must pay, according to the current labor legislation, on the termination of employment contracts. This adjustment is not affected by a potential reduction of the compensation amount in the future.

The amounts included in the balance sheet are as follows:

	31.12.2015	31.12.2014
Present value of defined obligation	62,947	82,475
Fair value of plan assets	(35,502)	(53,245)
Liability	**27,445**	**29,230**

The amounts included in the income statement are as follows:

	From 1 January to	
	31.12.2015	**31.12.2014**
Current service cost	2,651	2,819
Net interest cost resulted from net asset/liability	354	166
General expenses	5	12
Total of current service cost	**3,010**	**2,997**
Past service cost	-	(117)
Settlement/Curtailment/Termination (gain)/loss	977	7,499
Total (included in staff costs)	**3,987**	**10,379**

The movement in the present value of the defined benefit obligations is as follows:

	2015	2014
Opening balance	**82,475**	**78,835**
Current service cost	2,651	2,819
Interest cost	1,179	2,880
Employee contributions	366	338
Benefits paid	(26,357)	(18,566)
Contributions paid directly by the Bank	(230)	(3,220)
Settlement/Curtailment/Termination (gain)/loss	977	7,499
Past service cost	-	(117)
Actuarial (gain)/loss - financial assumptions	1,983	12,429
Actuarial (gain)/loss - demographic assumptions	-	(3,336)
Actuarial (gain)/loss – experience adjustments	(97)	2,914
Closing balance	**62,947**	**82,475**

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

	2015	2014
Opening balance	**53,245**	**74,383**
Expected return	825	2,714
Employee contributions	366	338
Bank's contributions	-	3,222
Benefits paid	(26,357)	(18,566)
Expenses	(5)	(12)
Actuarial losses	7,428	(8,834)
Closing balance	**35,502**	**53,245**

The plan assets include bonds issued by the Greek State amounting to €29.6 million, deposits with Alpha Bank of €4.6 million, Alpha Bank's shares and warrants of €0.1 million, and other receivables of €1.2 million.

The amounts recognized directly in equity during the year are analyzed as follows:

	2015	2014
Change in liability due to financial and demographic assumptions	(1,983)	(9,093)
Change in liability due to experience adjustments	97	(2,914)
Return on plan assets excluding amounts included in Income Statement	7,427	(8,834)
Total actuarial gain/(loss) recognized in equity	**5,542**	**(20,841)**

The movement of the liability in the balance sheet is as follows:

	2015	2014
Opening balance	**29,230**	**4,452**
Benefits paid directly by the Bank	(230)	(3,220)
Bank's contributions	-	(3,222)
Loss/(Gain) recognized in Income Statement	3,987	10,379
Loss/(Gain) recognized in Equity	(5,542)	20,841
Closing balance	**27,445**	**29,230**

c. Guarantee of the minimum benefit for newly insured employees (after 1993) that were hired up to 31.12.2004 and joined the new Bank's savings plan

For employees hired by the Bank and insured from 1.1.1993 until 31.12.2004 the final amount to be received upon retirement has, according to the provisions of the insurance plan, as minimum limit the benefit as defined in Law 2084/1992 and the Cabinet Act 2/39350/0022/2.3.99.

The amounts included in the balance sheet are analyzed as follows:

	31.12.2015	31.12.2014
Present value of defined obligation	2,556	547
Liability	**2,556**	**547**

The amounts included in the income statement are analyzed as follows:

	From 1 January to	
	31.12.2015	31.12.2014
Current service cost	30	5
Net interest cost resulted from the net asset/liability	11	3
Total (included in staff costs)	**41**	**8**

The movement in the present value of defined benefit obligation is as follows:

	2015	2014
Opening balance	**547**	**93**
Current service cost	30	5
Interest cost	11	3
Actuarial (gain)/loss - financial assumptions	1,947	401
Actuarial (gain)/loss – experience adjustments	21	45
Closing balance	**2,556**	**547**

The amounts recognized directly in equity during the year are analyzed as follows:

	2015	2014
Change in liability gain/(loss) due to financial and geographical assumption	(1,947)	(401)
Change in liability gain/(loss) due to experience adjustments	(21)	(45)
Total actuarial gain/(loss) recognized in Equity	**(1,968)**	**(446)**

The movement in the obligation is as follows:

	2015	2014
Opening balance	**547**	**93**
Loss/(Gain) recognized in Income Statement	41	8
Loss/(Gain) recognized in Equity	1,968	446
Closing balance	**2,556**	**547**

d. Supplementary Pension Fund and Healthcare of Diners

The Bank guarantees from 30.9.2014, date of acquisition of Diners Club Greece A.E. the Supplementary Pension Fund and Health Care Plan of the Company, which is managed by an independent insurance company.

On 2.6.2015, the merger via absorption of the company was completed. These plans cover the pensioners and those who have retired and have the right to receive supplementary pension in the future.

The amounts included in the balance sheet are analyzed as follows:

	31.12.2015
Present value of defined obligation	8,941
Fair value of plan assets	(3,769)
Liability	**5,172**

The amounts included in the income statement are analyzed as follows:

	From 1 January to 31.12.2015
Net interest cost resulted from net asset/liability	30
Total (included in staff costs)	**30**

The movement in the present value of defined benefit obligation is as follows:

	2015
Opening balance	**-**
Merger via absorption of Diners	9,726
Interest cost	104
Benefits paid directly by the Bank	(11)
Benefits paid by the plan	(200)
Actuarial (gain)/loss - financial assumptions	(825)
Actuarial (gain)/loss – experience adjustments	147
Closing balance	**8,941**

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

	2015
Opening balance	**-**
Merger via absorption of Diners	3,970
Expected return	74
Benefits paid	(200)
Actuarial losses	(75)
Closing balance	**3,769**

The amounts recognized directly in equity during the year are analyzed as follows:

	2015
Change in liability gain/(loss) due to financial and demographic assumptions	825
Change in liability gain/(loss) due to experience adjustments	(147)
Return on plan assets excluding amounts included in income statement	(75)
Closing balance	**603**

The movement in the obligation is as follows:

	2015
Opening balance	**-**
Merger via absorption of Diners	5,756
Benefits paid directly by the Bank	(11)
(Gain)/ Loss recognized in Income Statement	30
(Gain)/ Loss recognized in Equity	(603)
Closing balance	**5,172**

The results of the abovementioned valuations are based on the assumptions of the actuarial studies.

The principal actuarial assumptions used are as follows:

	31.12.2015	31.12.2014
Discount rate	2.5%	2.0%
Inflation rate	1.75%	1.5%
Future salary growth	1.8%	1.0%
Future pension growth	0.0%	0.0%

The discount rate was based on the iBoxx Euro Corporate AA+ adopted to the characteristics of the programs.

The average duration per program is depicted in the table below:

	31.12.2015	31.12.2014
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	17.9	17.8
TAP – Lump sum benefit	13.0	14.4
Savings program guarantee	20.0	16.8
Pension plan for Diners	17.1	-
Health care plan for Diners	15.8	-

The table below presents the sensitivity of the obligations of the above programs on the financial assumptions:

	Percentage variation in liability (%)
Increase in discount rate by 0,5%	(7.3)
Decrease in discount rate by 0.5%	8.0
Increase in future salary growth rate by 0.5%	7.9
Decrease in future salary growth rate by 0.5%	(7.2)

30. Other liabilities

	31.12.2015	31.12.2014
Suppliers	38,080	51,988
Deferred income	7,664	8,980
Accrued expenses	54,203	50,650
Liabilities to third parties	68,681	99,696
Liabilities to Insurance Funds (E.T.A.T., I.K.A. – E.T.E.A.M.) (note 7)	131,911	193,997
Liabilities from credit cards	307,390	226,277
Other	223,628	362,299
Total	**831,557**	**993,887**

On 23 December 2015 the Bank paid to Credit Agricole an amount of €164 million in the context of the acquisition of Emporiki Bank. The transfer of the total share capital of Emporiki Bank to the Bank from Credit Agricole S.A. was completed on 1st February 2013 resulting in a negative goodwill amounting to € 3,283,052 that was recognized in 2013 income statement. The amount of € 164 million which under conditions had to be paid to Credit Agricole S.A. has already been recognized in the Bank's income statement and equity.

31. Provisions

Balance 1.1.2014	**258,945**
Changes for the period 1.1 - 31.12.2014	
Other provisions (note 9)	3,146
Other provisions used during the period	(3,559)
Reclassification to “Other liabilities”	(9,807)
Provisions to cover credit risk relating to off-balance sheet items from continued operations (note10)	82,764
Provisions to cover credit risk relating to off-balance sheet items from discontinued operations	128
Provision for Voluntary Separation Scheme (note 7)	1,786
Other provisions from the acquisition of Citibank	117
Balance 31.12.2014	**333,520**
Changes for the period 1.1 - 31.12.2015	
Transfer of provisions of Bulgaria Branch to “Liabilities related to assets held for sale"	(780)
Other provisions (note 9)	7,225
Reversal of other provisions (note 9)	(6,048)
Other provisions used during the period	(6,657)
Provision for Voluntary Separation Scheme (note 7)	64,300
Provisions to cover credit risk relating to off-balance sheet items (note 10)	18,886
Balance 31.12.2015	**410,446**

The amounts of other provisions charged to profit and loss account are included in “Other Expenses” of the income statement. On 31.12.2015 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to €295.0 million (31.12.2014: €276.2 million) and other provisions to €115,4 million (31.12.2014: €57.3 million) out of which, €26.8 million (31.12.2014: €29.6 million) relates to pending legal cases and €64,3 million relates to provision of voluntary Separation Scheme (note7).

EQUITY

32. Share capital

The Bank's share capital as at 31.12.2015 is analyzed as follows:

	Opening balance of shares as at 1.1.2015	Changes for the period from 1.1. to 31.12.2015 (units)				Balance of shares as at 31.12.2015	Paid-in capital as at 31.12.2015
		Reverse split	Capitalization of special reserve	Share capital increase	Share capital increase through capitalization of monetary claims		
a. Ordinary shares							
Number of ordinary shares	12,769,059,858.00	(12,513,678,660.84)	2.84			255,381,200.00	76,614
Share capital increase				776,084,586.00	505,415,414.00	1,281,500,000.00	384,450
Total	**12,769,059,858.00**	**(12,513,678,660.84)**	**2.84**	**776,084,586.00**	**505,415,414.00**	**1,536,881,200.00**	**461,064**

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held in 15.6.2015, 13,800 warrants were exercised by the common shareholders which corresponded to 102,239 ordinary shares.

On 24 November, 2015 the following took place:

a) Increase the nominal value of each ordinary, registered, with voting rights, non-paper share issued by the Bank from € 0.30 to € 15.00, by reverse split, with a respective decrease of the total number of shares at a ratio of 50 old shares to 1 new ordinary, with voting rights share. .

b) Increase of share capital of the Bank, with capitalization of part of special reserve of the Bank with an amount of € 42.6 by the virtue of the paragraph 4a of the article 4 of the codified law 2190/1920, in order to create an integer number of shares.

c) decrease, by the virtue of the paragraph 4a of the article 4 of the Law 2190/1920, of the share capital of the Bank by an amount of € 3,754,103,640 as a result of the decrease of the nominal value of each ordinary, non-paper , registered, with voting rights share issued by the Bank from €15.00 to €0.30 with a respective increase of special reserve of the Bank, by virtue of the paragraph 4a of the article 4 of the codified law 2190/1920, and

d) increase of the share capital of the Bank for an amount €1,010,830,828.00 through capitalization of the monetary claims in the context of the voluntary exchange of securities that participated in the liability management exercise and payment in cash of an amount of €1,552,169,172.00 via a private placement.

Following the above, the Bank's share capital as at 31.12.2015 amounts to €461,064,360.00 divided to 1,536,881,200 ordinary, registered, with voting rights shares with nominal value of € 0.30 and a share premium of €10,790,869,872.46.

The increase of the share capital aimed to the coverage in full of its total recapitalization requirement under the adverse scenario of the Single Supervisory Mechanism comprehensive assessment.

As a result of the above, the number of the ordinary shares that the Hellenic Financial Stability Fund held at 31.12.2015 was 169,175,146.

On 28.3.2014 the share capital increase of the Bank was completed through payment in cash, cancelation of pre-emption rights of existing ordinary and preference shares and distribution of all new shares through a private placement to qualified investors, as specified in article 2 paragraph 1 of Law 3401/2005. An amount of €1.2 billion was raised through the increase while the share capital increased by €553.8 million. A total amount of 1,846,153,846 new ordinary shares with voting right were registered and issued of per value €0.30 and a offer price of €0.65 each.

The share capital increase intended, among other things, to create the conditions for satisfaction of the terms of Law 3723/2008 for the repayment of preference shares issued by the Bank and owned by the Hellenic Republic and its replacement with high quality capital.

On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares of €940 million, issued to the latter by the Bank.

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held in 16.6.2014, 60,899,318 warrants were exercised by the common shareholders which corresponded to 451,179,721 ordinary shares and on 15.12.2014, 2,055,556 warrants which corresponded to 15,228,481 ordinary shares resulting in the increase of issued shares.

Thus, on 31.12.2014 the Bank's share capital amounts to €3,830,718, divided to 12,769,059,858 shares, out of which:

a) 4,310,200,279 ordinary, registered, voting, non-paper shares of nominal value of €0.30 each and

b) 8,458,859,579 ordinary, registered, voting, pursuant to restrictions of the article 7a of Law 3864/2010, non paper shares owned by the Hellenic Financial Stability Fund of nominal value of €0.30 each.

33. Share premium

Opening balance 1.1.2014	**4,212,062**
Share capital increase - share premium on issuance of ordinary shares	646,154
Balance 31.12.2014	**4,858,216**
Changes for the period 1.1 - 31.12.2015	
Decrease of nominal value of ordinary shares from €15 to €0,30	3,754,104
Share capital increase - share premium on issuance of ordinary shares	2,178,550
Balance 31.12.2015	**10,790,870**

As at 24.11.2015 following the share capital increase and the issuance of 1,281,500,000 new ordinary shares with a nominal amount of €0.30 and an offer price of €2, the total difference of €2,178.5 million between the nominal value and the shares' offer price increased the caption "Share Premium".

At 28.3.2014 after the share capital increase and the issuance of 1,846,153,846 new ordinary shares with a nominal amount of €0.30 and an offer price of €0.65, the total difference of €646.2 between the nominal value and the shares' offer price increased the caption "Share Premium".

34. Reserves

Reserves are analyzed as follows:

a. Statutory reserve

	31.12.2015	31.12.2014
Statutory reserve	420,425	420,425

According to the Bank's article of association (article 26), the Bank is required to transfer 5% of its annual profit after tax to a statutory reserve, until this reserve amounts to one third of its share capital. This reserve can only be used to offset losses according to article 44 of Codified Law 2190/1920.

b. Available for sale securities reserve

	2015		2014	
Opening balance 1.1		**(180,652)**		**114,939**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	38,882		(149,891)	
Net change in fair value of available for sale securities transferred to profit and loss	16,641		(145,700)	
Total		**55,523**		**(295,591)**
Balance 31.12		**(125,129)**		**(180,652)**

c. Other reserves

	2015	2014
Opening balance 1.1	**(186,422)**	**(17,805)**
Changes for the period 1.1 - 31.12		
Cash flow hedge reserve after income tax	44,757	(168,617)
Total 31.12	**(141,665)**	**(186,422)**
Total reserves (a+b+c)	**153,631**	**53,351**

35. Retained earnings

a. Due to the Bank's accumulated losses for the year 2014 and after taking into account article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders on 26.6.2015 decided:

- the non distribution of dividend to ordinary shareholders of the Bank for 2014 and
- the non payment to the Greek State of the respective return for 2014 under article 1 paragraph 3 of Law 3723/2008 on its preference shares issued by the Bank and owned by the Greek State up to 17.4.2014

b. Since the above are valid for 2015 the Bank's Board of Directors will suggest the non - distribution of dividend to the ordinary shareholders of the Bank.

c. The caption "Retained Earnings" as of 31.12.2015 includes expenses concerning the share capital increase, amounting to €43.5 million net of income tax.

ADDITIONAL INFORMATION

36. 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. According to the estimations of the legal department, the ultimate settlement of these matters is not expected to have a material effect on the financial position or the operations of the Bank. The Bank on 31.12.2015 has recorded a provision for pending legal cases amounting to €26.8 million which is included in "Provisions" in Balance Sheet.

b) Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2009. For the years 2011 up to 2014 it has obtained a tax certificate with no qualifications. Former Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. For the years 2011 up to 2013 it has obtained a tax certificate with no qualifications.

The Bank's branches in London and Bulgaria have been audited by the tax authorities for the years 2013 and 2007 respectively. From 5.1.2016 in Bulgaria Branch a tax audit is in progress for the years 2009 up to 2015. Emporiki Bank's Cyprus branch has not been audited by the tax authorities since the commencement of its operations (year 2011), until its deletion from department of Registrar of companies of Cyprus (August 2015), meanwhile it has ceased its operations from September of 2014.

On 30.9.2014, the acquisition of Retail Banking operations of Citibank International Plc (CIP) in Greece was completed. The acquisition does not affect the tax liabilities of the Bank since any obligations against the State until the date of acquisition remain with CIP.

On 2.6.2015, the merger via absorption of Diners Club of Greece A.E.P.P was completed. Diners Club of Greece A.E.P.P. has been audited by the tax authorities for the years up to and including 2010. For the years 2011 up to 2013 it has obtained a tax certificate with no qualifications.

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities.

c) Operating leases

The Bank as lessee

The Bank has various obligations with respect to leases of buildings which are used as branches or for administrative purposes.

The duration of the lease agreements is initially for twelve years with a renewal or extension option according to the lease agreements. The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	31.12.2015	31.12.2014*
Less than one year	32,553	33,316
Between one and five years	84,840	92,228
More than five years	86,496	92,927
Total	**203,889**	**218,471**

The total lease expenses in 2015 relating to rental of buildings amounted to €32,918 (31.12.2014*: €31,802) and are included in "General administrative expenses".

The Bank as a lessor

The Bank's receivables from leases relate to leases from buildings either to group companies or third parties.

* *In the comparative figures the Bulgarian Branch is not included because it is presented as a discontinued operation.*

The minimum future lease revenues are:

	31.12.2015	31.12.2014*
Less than one year	3,394	3,258
Between one and five years	7,770	7,308
More than five years	6,717	7,408
Total	**17,881**	**17,974**

The lease revenues for the year 2015 amounted to €3,283 (31.12.2014*: €3,241) and are included in “Other income”.

d) Off balance sheet liabilities

The Bank pursuant to its normal operations, is bound by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits, as well as guarantees provided for bonds issued by subsidiaries and other guarantees to subsidiaries.

In addition, contingent liabilities for the Bank arise from undrawn loan commitments and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

The outstanding balances are as follows:

	31.12.2015	31.12.2014
Letters of credit	21,938	38,087
Letters of guarantee and other guarantees	4,525,710	4,897,126
Guarantees relating to bonds issued by subsidiaries of the Bank	15,542	1,759,966

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods domestically or abroad, by undertaking the direct payment the third party bound by the agreement on behalf of the Bank’s client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Bank for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The liability from limits that can not be recalled (committed) in case where counterparties fail to meet their contractual obligations as at 31.12.2015 amounts to €211.2 million (31.12.2014: €292.4 million) and are included in the calculation of risk weighted assets.

* *In the comparative figures the Bulgarian Branch is not included because it is presented as a discontinued operation.*

e) Assets pledged

Assets pledged, as at 31.12.2015 are analyzed as follows:

- Deposits pledged amounting to €0.3 billion concerning the Bank's obligation to maintain deposits in the Bank of Greece, corresponding to 1% of total customer deposits.
- Deposits pledged amounting to €0.2 billion concerning guarantees provided on behalf of the Greek State.
- Deposits pledged to credit institutions amounting to €1.1 billion which have been provided as guarantee for derivative transactions.
- Deposits pledged to credit institutions amounting to € 0.04 billion, that were given as letters of credit or guarantee letters issued by the Bank in order to facilitate the clients imports.
- Due from banks:
  - i. amount of €1.1 billion pledged to central banks for liquidity purposes.
  - ii. amount of €0.4 billion given to foreign subsidiaries as collateral for credit risk.
- Loans and advances to customers:
  - i. amount of nominal value of €22.9 billion pledged to Central Banks for liquidity purposes.
  - ii. a carrying amount of € 3 billion, which relates to corporate, consumer loans and credit cards, has been securitized for the issuance of Special Purpose Entities' bonds of a nominal value of € 3.7 billion, which are held by the Bank and pledged to Central Banks for liquidity purposes.
  - iii. a carrying amount of €0.6 billion, which relates to shipping loans, has been securitized for the issuance of securities for the purpose of financing the Bank through a Special Purpose Entity, which amounts to €0.3 billion at 31.12.2015.
  - iv. an amount of nominal value of €0.2 billion has been pledged for other loan facilities.
- Securities held for trading and investment securities portfolio out of which:
  - iv. an amount of nominal value of €3.53 billion of Greek government securities, of which a nominal amount of €3.49 billion has been pledged to central banks for liquidity purposes, while Greek State securities of a nominal amount of €0.04 billion has been pledged for other loan facilities.
  - v. an amount of nominal value of €4.3 billion relates to securities issued by the European Financial Stability Facility (EFSF), received from the Bank by the HFSF in the context of:

    a) its participation to the share capital increase that was completed on 6.6.2013, and, b) due to the coverage of the difference between the values of assets and liabilities transferred from Cooperative Banks; this amount is pledged as collateral to Central Banks for participation in main refinancing operations.
  - iii. An amount of nominal value of €0.5 billion relates to bonds issued from the securitization of receivables of finance leases of a Group's entity, has been pledged to Central Banks in order for the Bank to participate in main refinancing operations.
  - iv. The amount of €0.4 billion has been given as a collateral of the repo.

In addition an amount of nominal value of €9.2 billion that relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Bank, are pledged as collateral to Central Banks for liquidity purposes.

37. Operating segments

a. Analysis of operating segment

(In millions of Euro)

	1.1 - 31.12.2015						
	Retail	**Corporate Banking**	**Asset Management/ Insurance**	**Investment Banking/ Treasury**	**South-Eastern Europe**	**Other**	**Total**
Net interest income	1,017.1	714.4	2.4	(146.0)		21.3	1,609.2
Net fee and commission income	105.9	125.7	34.7	(9.9)			256.4
Other income	6.6	4.9	3.2	77.4		(131.1)	(39.0)
Total income	**1,129.6**	**845.0**	**40.3**	**(78.5)**	**-**	**(109.8)**	**1,826.6**
Total expenses	**(670.3)**	**(119.8)**	**(16.1)**	**(16.1)**		**(101.4)**	**(923.7)**
Impairment losses	(1,328.3)	(1,370.9)					(2,699.2)
Provision for Voluntary Separation Scheme						(64.3)	(64.3)
Negative goodwill from acquisitions						48.2	48.2
Profit/(losses) before income tax	**(869.0)**	**(645.7)**	**24.2**	**(94.6)**	**-**	**(227.3)**	**(1,812.5)**
Income tax							823.1
Profit / (losses) after income tax from continuing operations							**(989.4)**
Profit/(losses) after income tax from discontinued operations					(42.9)		(42.9)
Profit/(losses) after income tax							**(1,032,3)**
Assets 31.12.2015	24,753.6	19,187.6	63.6	13,421.4	444,6	7,122.1	64,992.9
Liabilities 31.12.2015	22,575.7	5,818.7	522.2	27,070.1	338,8	249.3	56,574.8
Capital expenditure	58.7	12.0	0.9	0.8		4.3	76.7
Depreciation and Amortization	(54.4)	(11.2)	(0.9)	(0.8)		(4.0)	(71.3)

(In millions of Euro)

	1.1 - 31.12.2014						
	Retail	**Corporate Banking**	**Asset Management/Insurance**	**Investment Banking/ Treasury**	**South-Eastern Europe**	**Other**	**Total**
Net interest income	814.0	681.0	1.9	28.1	-	(0.1)	1,524.9
Net fee and commission income	102.8	141.1	28.2	(0.3)	-	-	271.8
Other income	5.9	6.4	1.1	96.0	-	(24.2)	85.2
Total income	**922.7**	**828.5**	**31.2**	**123.8**	**-**	**(24.3)**	**1,881.9**
Total expenses	**(755.1)**	**(135.1)**	**(19.7)**	**(18.9)**	**-**	**(90.3)**	**(1,019.1)**
Impairment losses	(705.5)	(681.1)	-	-	-	-	(1,386.6)
Voluntary Separation Scheme cost						(200.8)	(200.8)
Profit/(losses) before income tax	**(537.9)**	**12.3**	**11.5**	**104.9**	**-**	**(315.4)**	**(724.5)**
Income tax							677.1
Profit / (Losses) after income tax from continuing operations							**(47.4)**
Profit/(losses) after income tax from discontinued operations					(11.1)		(11.1)
Profit/(losses) after income tax							**(58.5)**
Assets 31.12.2014	25,271.0	20,189.2	108.6	14,925.6	757.8	6,382.4	67,634.6
Liabilities 31.12.2014	29,973.2	7,478.9	1,353.1	21,120.2	517.0	371.0	60,813.4
Capital expenditure	41.3	8.3	0.5	0.5		3.8	54.4
Depreciation and Amortization	(45.0)	(9.0)	(0.6)	(0.5)	-	(4.5)	(59.6)

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies, except from those whose relationship management is performed by the branches abroad (South-Eastern Europe).

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

ii. Corporate Banking

Includes all medium-sized and large companies, with international activities, corporations managed by the Corporate Banking Division and shipping corporations. The Bank offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations.

iii. Asset Management/Insurance

Consists of a wide range of asset management services offered through the Bank's private banking units. In addition, a wide range of insurance products to individuals and companies is provided.

iv. Investment Banking/Treasury

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

v. South Eastern Europe

The Bank's branch in Bulgaria, included in this segment, is presented in "Profit/(losses) from discontinued operations".

vi. Other

This segment consists of administration departments of the Bank and income and expenses that are not related to its operating activities or are non recurring and are due to external factors.

b. Analysis by geographical segment

(In millions of Euro)

	1.1 - 31.12.2015		
	Greece	**Other Countries**	**Total**
Net interest income	1,599,2	10.0	1,609.2
Net fee and commission income	253,6	2.8	256.4
Other income	(40,4)	1.4	(39.0)
Total income	**1,812,4**	**14.2**	**1,826.6**
Total expenses	**(917,6)**	**(6.1)**	**(923.7)**
Impairment losses	(2,699,2)		(2,699.2)
Voluntary Separation Scheme cost	(64.3)		(64.3)
Negative goodwill from acquisition	48.2		48.2
Profit/(Losses) before income tax	**(1,820,5)**	**8.1**	**(1,812.5)**
Income tax			823.1
Profit/(Losses) after income tax from continuing operations			**(989.4)**
Profit/(losses) after income tax from discontinued operations		(42.9)	(42.9)
Profit/(losses) after income tax			**(1,032.3)**
Assets 31.12.2015	64,425.3	567.6	64,992.9

(In millions of Euro)

	1.1 - 31.12.2014		
	Greece	**Other Countries**	**Total**
Net interest income	1,517.0	7.9	1,524.9
Net fee and commission income	267.1	4.7	271.8
Other income	85.0	0.2	85.2
Total income	**1,869.1**	**12.8**	**1,881.9**
Total expenses	**(1,014.6)**	**(4.5)**	**(1,019.1)**
Impairment losses	(1,386.6)		(1,386.6)
Voluntary Separation Scheme cost	(200.8)		(200.8)
Profit/(Losses) before income tax	**(732.9)**	**8.3**	**(724.5)**
Income tax			677.1
Profit /(Losses) after income tax from continuing operations			**(47.4)**
Profit/(losses) after income tax from discontinued operations		(11.1)	(11.1)
Profit/(losses) after income tax			**(58.5)**
Assets 31.12.2014	66,626.8	1,007.8	67,634.6

38. Risk management

The Bank has established a comprehensive risk management framework which has evolved over time, and takes into account the common European legislation and the banking system rules, the regulatory principles and supervisory guidance and the best international practices. This risk management framework is implemented in the course of the day-to-day business enabling corporate governance to remain effective.

The Bank's focus in 2015 was to maintain the highest operating standards, ensure compliance with regulatory risk rules and retain confidence in the conduct of its business activities through sound provision of sustainable financial services.

38.1 Credit Risk Management

RISK MANAGEMENT ORGANIZATION

Board of Directors

The Board of Directors supervises the overall operations of the Risk Management Unit. Regarding Risk Management, the Board of Directors is supported by the Risk Management Committee. The Risk Management Committee through monthly meetings reports to the Board of Directors issues regarding the Group's risk-taking strategy and capital management. It is responsible for the implementation and monitoring compliance of risk management policies.

The Bank re-assesses the effectiveness of the risk management framework on a regular basis in order to ensure compliance with international best practices.

For a more comprehensive and effective identification and monitoring of all risk types, Management Committees have been established: the Assets and Liabilities Management Committee, the Operational Risk Committee and the Credit Risk Committee.

Risk Management Committee

The General Manager and Group Chief Risk Officer supervises the Risk Management Divisions and report on a regular as well as ad hoc basis to the Management Committees, the Risk Management Committee and to the Board of Directors. With respect to credit risk the reporting to the abovementioned committees covers the following areas:

- The portfolio risk profile by rating grade
- The transition among rating grades (migration matrix)
- The estimation of the relevant risk parameters by rating grade, group of clients, etc.
- The trends of basic rating criteria.
- The changes in the rating process, the criteria or in each specific parameter.
- The concentration risk (by risk type, sector, country, collateral and portolio etc.)

Organizational Structure of Risk Management Divisions

Under the supervision of the General Manager and Group Chief Risk Officer the following Risk Management Divisions operate within the Bank and have been given the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee:

- Market and Operational Risk Division
- Wholesale Banking Credit Risk Division
  - Wholesale Banking Credit Risk Methodologies Development Division
  - Wholesale Banking Credit Risk Analysis Division
- Retail Banking Credit Risk Division
  - Retail Banking Credit Risk Methodologies Development Division
  - Retail Banking Credit Risk Analysis Division
- Wholesale Credit Division - Greece
- Wholesale Credit Division - International
- Retail Credit Division

For credit risk management purposes the facilities are separated into Wholesale and Retail.

WHOLESALE BANKING PORTFOLIO

Wholesale Banking credit facilities

The Wholesale Banking credit facilities are included in the following categories depending on the characteristics of the credit facility and the obligor, as shown in the table below:

	Portfolio	Characteristics
Obligors under the competence of Wholesale Banking	Corporate	Companies with turnover > Euro 50m. Includes financing in shipping companies, as well as, obligors under the management of the Investment Banking Division
	SME	Euro 2,5m. < Companies with turnover < Euro 50m. or companies with credit limit > Euro 1m.

1. Credit Risk Approval Process

The limits of the Wholesale Banking Credit Committees are determined in accordance to **Total Credit Exposure**, defined as the sum of all credit facilities of the obligor (single company or group of associated companies) which can be approved by the Bank and include the following:

- Total credit requested exposure.
- Working Capital limits.
- Withdrawal limits from unclear deposits.
- Letters of Credit/Letters of Guarantee limits.
- Factoring limits.
- Credit Cards prepayment limit.
- Derivative transaction limits.
- Corporate Cards limits.
- Medium and long-term loans (current outstanding/exposure for facilities that have been fully drawn or limit amount of undrawn facilities).
- Leasing Facilities (current outstanding/exposure for leasing facilities that have been fully drawn or limit amount for undrawn/unused facilities).
- Special credit limits or loans, or any form of personal financing to the company's business owners (mortgage loans, consumer loans, shares' purchase, credit cards etc.).

Credit Approval Limits Wholesale Banking Credit Committees

Credit Committees Structure:

- General Management Credit Committee
- Wholesale Banking Credit Committees
  - Under the General Managers
  - Under the Divisions Managers
  - Under the Divisions Assistant Managers
  - Commercial Centers Credit Committee

Credit Limit Expiry/Renewal date

The credit limits' expiry/renewal date is determined by the relevant Wholesale Banking Credit Committees. The basic factor for the determination of the credit limit expiry is the obligor's credit rating, which is not a standalone approval or rejection criterion, but the basis for determining the minimum security/collateral required and the respective pricing. As a rule, for obligors that have been rated in the Low, Medium and Acceptable credit risk zones, reviews are carried out on an **annual basis**, for obligors rated in the Moderate Watchlist zone, on a **semi-annual basis,** while obligors that have been rated in the High Risk zone are reviewed on a **quarterly basis**. Deviations from the above rule are not allowed, except when the request by the responsible Business Units is approved by the competent Credit Committee.

2. Credit Risk Measurement and Internal Ratings

The assessment of the borrowers creditworthiness and their rating in credit risk scales is established through rating systems.

The rating of the Bank's borrowers with the use of credit risk rating systems constitutes a basic tool for:

- The decision-making process of Credit Committees for the approval/ renewal of credit limits and the implementation of the appropriate pricing policy (interest rate spreads etc.);
- The estimation of the future behavior of borrowers which belong to a group with similar characteristics;
- The early recognition of potential troubled facilities (early alert mechanism) and the prompt, effective action for the minimization of the expected loss for the Bank; and
- The assessment of the quality of the Bank's loan portfolio and the credit risk undertaken.

The aim of the credit risk rating systems is the estimation of the probability that the borrowers will not meet their contractual obligations to the Bank.

The rating systems employed by the Bank are the Alpha Bank Rating System (ABRS) and the Moody's Risk Advisor (MRA) which incorporate different credit rating models.

All current and future clients of the Bank are assessed based on the appropriate credit risk rating model and within specified time frames.

For the estimation of the probability of default of the obligors of the Bank and the Group's Entities the credit risk rating models evaluate a series of parameters, which can be grouped as follows:

- Financial Analysis: the obligor's financial ability (liquidity ratios, debt to income etc.);
- Peers' Analysis: the obligor's comparative position in the market in which it operates, mostly compared to its peers;
- Behavioral status and history of the obligor with the Bank and to third parties (debt in arrears, adverse transaction records, etc); and
- Obligor's qualitative characteristics (solid and healthy administration, management succession, appropriate infrastructure and equipment etc.).

The credit rating models which are currently employed by the Bank are differentiated according to:

- The turnover of the company;
- The level of the total credit exposure.;
- The credit facility's specific characteristics; and

- The available information for the obligor's assessment -specifically, for financial analysis the type of local accounting standards and the International Financial Reporting Standards.

For each of the credit rating models, different parameters may be used, each of which contributes in a specific manner to the relevant assessment.

The statistical validation of the credit risk rating models is reviewed regularly in order to ensure the maximum predictive ability according to the best international practices.

Obligors Rating Scale

Borrowers are rated in the following rating scales:

AA, A+, A, A-, BB+, BB, BB-, B+, B, B-, CC+, CC, CC-, C, D, D0, D1,D2, E.

For presentation purposes of the table "Analysis of neither past due nor impaired Loans and Advances to customers", the "strong" rating includes the rating scales AA, A+, A, A- and BB+, "satisfactory" rating includes the rating scales BB, BB-, B, B-, CC+ and CC and "watch list" (higher risk) includes the rating scales CC- and lower than CC-.

Facility Rating Model

In the context of the alignment with the current Basel II supervisory requirements and the reinforcement of credit risk management processes, the Bank has developed a risk rating model that incorporates the transaction characteristics (facility rating), in case of a customer's default.

The model is complementary to the existing models of credit risk assessment, calibrating separately each credit facility based on the collateral. The specific assessments of existing and proposed credit facilities are weighted, yielding the final classification of the expected loss at the level of the overall credit risk exposure of the borrower,

The grading scales of the facility rating system consist of 6 grades for covered credit facilities plus 1 grade for the uncovered credit facilities: 1, 2, 3, 4, 5, 6, 7.

3. Impairment Policy

The Bank has defined as "significant for individual assessment" all loans to customers that are managed by the Wholesale Banking Unit.

The assessment for impairment is performed on a quarterly basis, as follows:

The Bank assesses whether objective evidence for individual assessment for impairment exists. The process for identifying loans for impairment and estimating their impairment allowance consists of the following steps:

1. Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that an impairment loss has occurred;
2. Impairment calculation on an individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the carrying amount of the loan; and
3. In cases where the impairment allowance under individual assessment was zero, these loans will be assessed for impairment on a collective basis, based on similar credit risk characteristics. For example, groups of loans are created per collateral coverage, days in arrears, credit rating etc, where the corresponding impairment factor will be applied.

The individual assessment for impairment is performed by the Wholesale Banking Unit and is approved by the Wholesale Banking Credit Division.

Significant loans are assessed individually if one of the following conditions are met:

- Clients with credit risk rating D, D0,D1,D2 and E;
- Clients with credit risk rating CC- and C;
- Significant deterioration in the industry outlook in which the borrower operates;
- Negative items (e.g. payment orders, bounced cheques, auctions, bankruptcies, overdue payments to the State, to Social Security Funds, or to employees);
- Occurrence of unexpected, extreme events such as natural disasters, fraud, etc.;
- Interventions and actions by regulatory bodies/local authorities against the borrower (e.g. Athens Stock Exchange, Hellenic Capital Market Commission);
- Breach of contractual terms and conditions;
- Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems;
- Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit, etc. and
- Significant deterioration of financial ratios of the obligor (Reduction of equity due to losses, debt ratio etc) and of estimated future cash flows of the obligor.

Collective Assessment for Impairment

A collective assessment should be performed for exposures as follows:

- Exposures that have been individually assessed and were found not to be impaired on an individual basis - the impairment allowance estimated was zero- are subsequently assessed for impairment on a collective basis, after they are grouped in pools based on common credit risk characteristics; and

- Exposures with no impairment triggers are assessed collectively in pools formed based on similar credit risk characteristics.

  The future cash flows of a group of exposures that are collectively evaluated for impairment are calculated based on the estimated contractual cash flows and historical loss experience for exposures with credit risk characteristics similar to those in the group.The need for objective evidence in order for the loss to be recognized and effectively the impairment loss to be identified on individual loans, may lead to a delay in the recognition of a loan's impairment, which has already occurred. Within this context and in accordance with IAS 39, it is appropriate to recognize impairment losses for those losses "which have been incurred but have not yet been reported» (Incurred But Not Reported - IBNR).

4. Credit Risk Concentration Management

Concentration Risk is a specific form of credit risk and arises due to the low degree of diversification between counterparties, products or group of counterparties, sectors, geographic regions, or collaterals.

The Bank monitors on a regular basis concentration risk through detail reporting which informs senior management and the Board of Directors. According to the supervisory framework, the Bank complies with the regulatory directives regarding large exposures, while the capital requirements for single name and sector concentration risks are estimated in the context of Pillar 2 of Basel II.

RETAIL BANKING PORTFOLIO

Retail banking involves the lending facilities offered to borrowers

covering traditional banking products and services

such as:

- Housing loans/Mortgages
- Consumer Loans and Credit Cards
- Small companies and small business (SB): Legal entities with turnover up to Euro 2.5 million and credit limit up to Euro 1million.

1. Credit Risk Approval Process

The Bank monitors customer Total Credit Risk Exposure (for individuals and small businesses), which refers to the sum of all revolving limits of an obligor, all the balances of long term facilities and, for the case of legal entities, the total exposure of facilities given to stakeholders of customer companies. Additionally, facilities for which the client is guarantor or co-debtor are also taken into account.

The Bank has developed and implemented a strict framework for the implementation of its credit policy (taking into account the legislative and supervisory/regulatory framework) and has also formulated and put into effect an internal system of credit principles, procedures and rules clearly applicable to the Bank's lending business, in order to promote sound practices for managing credit risk.

Credit policies establish the framework for lending and guide the credit-granting activities of the Bank through:

- Sound lending management.
- Prudent client selection based on certain credit criteria.
- Assessing the risk/return relationship with a respective determination of pricing policy and collateral coverage after taking into account the level of credit risk.
- Monitoring and management of the total credit risk, i.e. the consolidated risk from any type of credit facility granted by the Bank and the Group's companies.

The enforcement of the Credit Policy requires certain criteria to be met. These criteria, which vary based upon whether the obligor is an individual or legal entity, play a significant role in the achievement and maintenance of a healthy portfolio and in the Bank's Capital allocation. The Bank, in order to ensure that all Credit Units fully comply with the Credit Policy, has adopted and introduced a Credit Control mechanism on a monthly basis, so as to review and assess whether the credit policy framework is being consistently followed.

In particular:

<u>**Individuals**</u>

The approval process for credit to individuals (being individual with earnings from salaries/ pensions or other sources of income that are not related to business activity) is performed on the basis of the classification of the borrowers into risk groups, which represent a certain level of undertaken risk. The level of undertaken risk by the Bank is adjusted, when deemed necessary, according to the credit policy of the Bank.

The credit assessment for individuals is based upon the following pillars:

- Application fraud detection;

- Willingness to pay;
- Ability to pay; and
- Collateral risk.

Small Businesses

Small Business are defined as following:

- Personal Companies with turnover up to €2.5 million and a credit limit up to €1 million
- Entrepreneurs with a credit limit up to €1 million
- Legal entities with turnover up to €2.5 million and a credit limit up to €1 million.

The creditworthiness of Small Businesses in the Retail Banking sector is related to the creditworthiness of agencies/competent of the company and vice versa. Therefore the evaluation of claims in this category is based on two dimensions:

- The valuation of the creditworthiness of entities or business managers.
- The valuation of the creditworthiness of the company.

The creditworthiness of a company is based upon specific pillars:

- Willingness to pay
- Ability to pay

Hence, the credit assessment for the small businesses is based on the following:

- Application fraud detection;
- Demographics;
- Financials;
- Behavior;
- Credit Bureau;
- Qualitative data; and
- Collateral risk.

2. Internal Ratings

The fundamental parameter in assessing Retail Banking Credit Risk is the Credit Scoring Models that are developed and employed throughout the credit cycle in Bank. The above models segments populations into homogenous risk groups (pools) and are categorized as follows:

- Behavior Models, which assess the customer's performance and predict the probability of defaulting within the following months;
- Application Credit Scoring Models, which assess application data—mainly demographic- that predict the probability of defaulting within the following months; and
- Basel II Models, according to the regulatory framework,(e.g., IRB compliant models).

These models and the probabilities of default that derive from them, contribute significantly to risk management and decision making throughout the Bank.

Specifically, the models are used in the following segments:

- Decision making of credit assessment and credit limit assignment;
- Impairment tests;
- Predicting future performance of customers belonging to the same pool of common characteristics;
- Tracing high risk accounts in time to schedule all necessary actions so as to reduce expected losses for the Bank; and
- Assessing the Bank's portfolio quality and credit risk.

The parameters taken into account vary, according to the model's type and product category that it assesses. Indicatively, some factors are:

- Personal/ demographic data: the customer's age, profession, marital status, or current address;
- Loan characteristics: product applied for, loan term, loan amount, or financing purpose;
- Behavioral data: payments during latest period of time, maximum delinquency, outstanding loan balance versus loan limit, transaction type;
- Financial data: sales change, liabilities versus sales; and
- Qualitative data: experience, seat of business (company registry).

Models are reviewed, validated and updated on a yearly basis and are subject to quality control so as to ensure at their predictive power at any point in time.

Furthermore, on a regular basis the Bank conducts exercises simulating crisis situations (Stress Tests), which explore the potential impact on the financial results of the Bank due to unfavorable developments both in obligors' transactional behavior as well as in the broader financial macroeconomic environment.

3. Impairment Policy

The process for determining the loans eligible for impairment and the estimation of their provision comprises the following steps:

- Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that impairment loss has occurred;
- Impairment calculation on individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the accounting value of the loan;

- Identification of the loans to be assessed collectively, including cases that have been individually assessed and were found not impaired ; and
- Collective provision calculation for the loans identified in the previous step;

For provision purposes, under collective assessment, loans are seperated based on similar credit risk characteristics. These characteristics are selected based on the future cash flows of the abovementioned Retail Banking loan categories which depict customers' ability to repay their debts according to the contractual agreements.

Loss Rate is calculated based on credit risk characteristics of the segment and portfolio in which the facility or the customer belongs to. The Loss Rate is determined with statistical methods.

3.1 Trigger Events for the Individual Assessed Exposures

For the Retail Banking portfolios, loans are assessed on an individual basis if one of the trigger events mentioned below is met and if the following criteria are met:

- Consumer Loans: Customers with total exposures more than €500 thousand;
- Housing Loans: Customers with total exposures more than €2 million; and
- Small Business Loans: Customers with total exposures more than €850 thousand.

3.1.1 Trigger Events for Individuals

- Customers with loans past due more than 90 days;
- Customers with loans past due more than 30 days and less than 90 days;
- Customers with restructured loans;
- Unemployed Customers;
- Deceased Customers;
- Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.;
- Freelancers or Personal Company owners who ceased their business activity due to retirement;
- Freelancers or Personal Company owners with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.;
- Stakeholders of Companies have filled for inclusion in Article 99 (pre-bankruptcy law);
- Stakeholders of Companies with loans past due more than 90 days (rating D, D0 or D1 or D2 or E) with rating CC- or C;
- Stakeholders of Companies with detrimentals (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees);
- Stakeholders of Companies with interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission);
- Stakeholders of Companies with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.;
- Stakeholders of Companies which operate in industries with significant deterioration in their outlook (taking into account the five higher risk sectors according to Risk Analyst classification);
- Customers with impairment amount in the previous impairment test for which none of the above criteria is met; and
- Customers with detrimental (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts Social Security or employees).

3.1.2 Trigger Events for Legal Entities

- Customers with credit risk rating D, D0 or D1 or D2 or E;
- Customers with loans past due more than 30 days and less than 90 days;
- Customers with rating CC- or C;
- Customers which operate in industries with significant deterioration in their outlook; (taking into account the five higher risk sectors according to Risk Analyst classification)
- Customers with impairment amount in the previous impairment test for which none of the above criteria is met; and
- Customers with detrimentals (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue

amounts to the State, overdue amounts to Social Security or employees);

- Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.;
- Interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission);
- Breach of contract or credit terms and conditions;
- Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems;
- Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.; and

3.1.3 Trigger Events for the Collective assessment per portfolio

The specific trigger events for the collective assessment for the Retail Banking portfolios are the following:

- Accounts up to 89 days past due with signs of unlikeliness to pay;
- Accounts past due more than 30 days and less than 90 days;
- Accounts more than 90 days past due;
- Forborne exposures; and
- Accounts with partial write off.

CREDIT RISK MITIGATION

1. Collaterals

Collaterals are received both for Wholesale and Retail lending in order to mitigate credit risk that may arise from the obligor's inability to fulfill his contractual obligations.

Collaterals include all kind of assets and rights which are made available to the Group either by their debtors or by third parties, in order to be used as complementary liquidity sources of relative loans.

The mitigation tools applied by the Bank include two broad categories: intangible and tangible collaterals.

2. Intangible Collaterals

Intangible collaterals form the framework of the obligations and rights that are typically included and described in specific contractual documents that bind the Bank and the borrowers during the lending process with specific commitments. The commitments involve a third party who substitutes for the primary debtor in the event of the latter's default or the primary debtor itself (natural or legal entities) to honor the contractual loan agreements and their prompt repayment to the Bank and on the other hand the Bank has the right to claim them. The main type of intangible collateral that the Bank uses to protect the Bank against the risk of losses due to debtor insolvency is the Guarantee.

3. Tangible Collaterals

Tangible collaterals provide the Bank with the rights over an asset (movable or immovable),owned by the obligor or the guarantor, providing priority in the satisfaction of the creditor by the liquidation preceeds of the asset.

Tangible collaterals are distinguished between mortgages and prenotation on mortgages which are registered over immovable properties and pledges on movable assets (e.g., commodities, checks, bills of exchange) or on claims and rights.

In order to better secure credit facilities granted, all mortgage and pledged assets are covered by an insurance contract, with assignment of the relevant insurance contract to the Bank.

3.1. Mortgages – Prenotation on Mortgages

Mortgages are registered on real estate or immovable assets which can be liquidated as indicatively reported below:

- Residential Real Estate;
- Commercial Real Estate;
- Industrial Buildings;
- Land;
- Mines;
- Ships and aircrafts; and
- Machinery or other facilities (engineering, mechanical, electrical, etc.), if they are permanently and consistently connected with the mortgaged estate

Periodic revaluation of mortgaged property

According to the Alpha Bank Credit Policy, the existence and the valuation of mortgaged property is closely monitored. The frequency of the appraisal does not usually exceed one year.

Valuations are carried out by certified real estate appraisers either:

- Using statistical indicators (such as PropIndex), depending on the type of property; or

- By qualified engineers, after their visit to the property used as collateral or via desktop assessment.

3.2. Pledges

Pledges provide seniority rights over liquidation proceeds from a movable third party asset.

Pledges can be registered on movable assets or on rights that have not been excluded or banned from exchanges and are liquid , including:

- Raw materials, products or commodities;
- Machinery (movable);
- Bill of Lading;
- Bill of exchange;
- Checques;
- Securities;
- Deposit; and
- Any type of claim that can be pledged

Periodic revaluation of pledges

Depending on the right or the underlying asset on which a pledge is registered, the periodic revaluation varies from one month to one year.

4. Acceptable Value

The Bank calculates the value of the securities/collaterals received based on the potential proceeds that could arise if and when these are liquidated. This calculation refers to the acceptable value/haircut of the securities/collaterals provided to the Bank by its obligors.

For the calculation of the forced-sale value, the following factors are involved in the consideration:

• The quality of the securities/assets;

• Their market value;

• The degree of ability to liquidate;

• The time required for their liquidation;

• Their liquidation cost;

• The current charges on the assets; and

• The privileged priority of third parties on the product of liquidation (e.g. Public Sector, employees, etc.)

The above have to be accounted for when determining the haircuts for each collateral/security. Haircuts, depending on their nature are expressed as a percentage of their market value, their nominal value or their weighted average value.

FORBEARANCE

Maintaining a healthy loan portfolio depends on the constant monitoring and assessment of the borrowers in order to allow early detection of future liquidity problems, which could affect the normal repayment of their obligations to the Bank.

The credit tools which are normally used by the Bank for managing the liquidity problems that borrowers are facing for repaying their obligations are the restructuring of debt through the renegotiation of the original terms and conditions of the loan agreement they have entered into.

The Executive Committee Act 42/30.05.2014 ("Act 42") as amended by the Executive Committee Act 47/09.02.2015 ("Act 47") of the Bank of Greece, has determined the supervisory framework for the management of loans in arrears and non-performing loans, over and above the already applicable requirements of Law 4261/2014, the CRR, and delegated the decision authority to the Bank of Greece.

Furthermore, in the context of the Commission Implementing Regulation (EU) 227/2015 of the European Commission dated January 9, 2015 and the executive technical standards of the European Banking Authority, the Bank assumes the resulting regulatory obligations for forborne exposures.

Forbearance measures should be applied on the basis of the risk, cooperativeness and viability of each debtor and consist of concessions that are robust and sustainable, through the renegotiation of the initial terms and conditions of the debt contract duly taking into account the causes of the debtor's financial difficulties.

Forbearance measures may be applied a) on the basis of a customer's request, b) in accordance with the Code of Conduct under Law 4224/2013, effective January 2015, which is a State initiative under the supervision of the Bank of Greece.

Apart from the forbearance measures applied to existing lending exposures, which are initiated by the Bank in accordance with the directives of the Executive Committee Acts of the Bank of Greece (Act 42 & 47) and Arrears Resolution Process (ARP) of the Code of Conduct under L.4224/2013, there are restructuring solutions according to the Legislative Framework.

The existence of more favorable terms for renegotiating and modifying the terms and conditions of the bilateral arrangement between the Bank and the debtor (concession), who is facing or is about to face difficulties in meeting his financial commitments ("financial difficulty"), are defined with respect to:

- Difference in favour of the debtor between the modified and the previous terms of the contract; and
- Cases where a modified contract includes more favourable terms than other debtors with a similar risk profile could have obtained.

MONITORING OF FORBORNE EXPOSURES

Following Act 42 as subsequently amended by the Act 47 of the Bank of Greece, the Bank has undertaken a series of actions to ensure adherence to the supervisory obligations and requirements arising from the above Acts. These changes cover the following distinct sections:

- Adaptation of Information Systems of the Bank;
- Amendments of the existing processes, such as the customization of new types of forborne exposures according to what is provided in Act 42 and Act 47;
- Creation of data structures (Data Marts) aiming at:
  - Automation of the processes related to the production of both internal (Risk Management) and external (Supervisory) reports;
  - Perform analyses on the portfolio of the Bank; and
  - Production of Management Information Reporting (MIS)

Additionally, the Bank has introduced independent operation management for the “Troubled Assets” (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils.

WRITE-OFFS AND WRITE-DOWNS OF BAD DEBTS

1. Write-offs

Write-offs are defined as the accounting reduction of a debt, which does not entail waiving the legal claim against the debtors and, hence, the debt may be revived.

Proposals for writing-off a part or the whole of the debts may be submitted to the competent committee on condition that the following have been carried out:

- The relevant agreements with the clients have been terminated,
- Payment Orders have been issued against all the liable parties and the procedure for the registration of compulsory encumbrances has commenced;
- At least one real estate property has been auctioned, in order for the privileged claims (through the final creditors priority list) and, as a result, for the possible losses of the Group to be finalized;

Amounts to be written off must be fully provided for from the previous quarter preceding the proposal.

2. Write downs

Write-downs are defined as the permanent accounting reduction of a debt, as a result of a legally binding decision or agreement (court decision , contractual agreement etc.), which is no further claimable and, hence, is considered as definitively non-revivable, whereas it also entails the fact that the Bank definitively and irrevocably waives its right to claim the written-down debt, unless (in case of settlement) it is ascertained that the terms set by virtue of the aforementioned decision or agreement were violated.

Comprehensive assessment of European Central Bank

<u>2015</u>

According to the Agreement for Financial Support to be provided by the European Stability Mechanism, in the third quarter of 2015 a comprehensive assessment ("CA") was conducted for the four Greek systemic financial institutions, by the Single Supervisory Mechanism - SSM. The CA included the following steps (a) Asset Quality Review (AQR),(b) a stress test.

In particular the AQR, as in 2014, was a regulatory exercise that was based upon a single standardized procedure applied by the ECB to assess the quality of the loan portfolio in Greece as of 30.6.2015. The result of the AQR amounted to €1.7 billion before income tax and is further analyzed as follows:

• €531 million from the individual credit file review of a sample of loans,

• €903 million from the collective assessment of loans, out of which €816 million relate to retail lending exposures,

• €290 million from the extrapolation of the results of the credit file review to the remaining portfolio and

• €22 million for additional variations in the derivatives valuation regarding counterparty risk.

According to the Bank’s assessment, the AQR results are not related to accounting errors nor did they lead to a change in accounting policy regarding the recognition of impairment losses on loans and advances to customers as mentioned in note 1.13.

As part of the annual review of the methodology and the parameters used for the impairment of loan and receivables, the Bank assessed the methodology and the results of the AQR adjusting where necessary the relevant parameters applied, taking into account the current market conditions.

As a result, the Bank took into consideration the results from the AQR when calculating the allowance for impairment and considers that AQR findings have been properly addressed.

The Bank estimates that it is not possible to accurately quantify the impact on impairment losses attributed to changes in specific parameters and estimates following the AQR.

Finally, in accordance to the Memorandum of Understanding regarding the economic financial stability signed between Serbia and the International Monetary Fund, an AQR was conducted on entities that were operating in Serbia. This review was a supervisory exercise and was based on a single standard procedure with a common methodology for all participating banks. AQR results were announced on January 29, 2016.

<u>2014</u>

In the context of the transfer of full responsibility for banking supervision from national authorities to the European Central Bank (ECB) in November 2014, the ECB completed the Comprehensive Assessment of the banking system in October 2014. The Comprehensive Assessment was a detailed review of largest banks' balance sheets and their resilience, using a common methodology applied consistently across all participating banks. The Comprehensive Assessment included the following steps: a) a risk assessment for regulatory purposes, b) an Asset Quality Review, c) a stress test in cooperation with the European Banking Authority.

The AQR was a regulatory exercise, based on a uniform standardized approach set by the ECB. The results of the AQR for the Group amounted to €1.1 billion before income tax. The AQR was a regulatory exercise, based on a uniform standardized approach set by the ECB. The results of the AQR for the Group amounted to €1.1 billion before income tax. AQR was a prudential exercise assessing the Bank's and its subsidiaries in Romania and Cyprus assets as of 31.12.2013 and Management after thoroughly reviewed the results of the exercise and the methodologies applied by the ECB estimates that all AQR findings have been covered.

DEFINITIONS:

The following definitions are provided as guidance to tables that follow:

Public Sector

The Public Sector includes:

- The Greek Central Government (all departments or Ministries and Public Administration);
- Local Authorities;
- Companies controlled and fully or partially owned by the State; and
- Companies associated with the State

Past Due Exposures

Past due exposures are defined as exposures that are more than one (1) day past due.

Non-Performing Exposures

An exposure is considered as non-performing when one of the following criteria is satisfied:

- The exposure is more than 90 days past due;
- An exposure against which legal actions have been undertaken by the Bank;
- The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral;
- The exposure is classified as impaired (as defined below);
- The exposure is classified as forborne non-performing exposure, as defined in the commission Implementing Regulation (EU) 2015/227 of January 9, 2015.

A non-performing exposure with forbearance measures include the following:

- Exposures which were non-performing prior to the extension of forbearance measures; and
- Forborne exposures which have been reclassified from the performing exposures category, including exposures under probation (forborne performing having been reclassified out of the Forborne Non Performing Loan (FNPL) status) having been re-forborne or that are more than 30 days past-due.

Performing Exposures

An exposure is considered as performing when the following criteria are met:

- The exposure is less than 90 days past due;
- No legal actions have been undertaken against the exposure;
- The situation of the debtor has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made
- The exposure is not classified as impaired;

  or

- The exposure is classified as forborne performing exposure, as defined in the aforementioned commission Implementing Regulation (EU) 2015/227 of 9 January 2015.

Unlikely to pay exposures for Retail Banking

For the Wholesale Banking Portfolio: Customers assessed as unlikely to pay are the customers that are announced to the Non Performing Loans Division.

For the retail Banking Portfolio, the following exposures are considered as unlikely to pay:

- Customers under the protection of the Law 3869. (Bankrupty Law for Individuals)
- Fraudelent cases
- Deceased Customers
- Unemployed Customers with lack of any source of income
- Customers with heavy health problems
- Insolvent companies.
- Companies which have ceased their operations (inactive)

Impaired Exposures

Impaired exposures are defined as follows:

a. Exposures for which an impairment amount has been allocated following the individual assessment for impairment;

b. Exposures in arrears more than 90 days or under legal workout status, for which an impairment amount has been allocated following the collective assessment for impairment;

c. Exposures of debtors assessed as unlikely to pay; and

d. Forborne Non Performing Exposures that are up to 89 day past due.

Accumulated provision for impairment

The accumulated provision for impairment, for disclosure purposes of credit risk as well as for the monitoring of credit risk, includes the adjustment for the contractual loans which were acquired at fair value during the acquisition of assets or companies (i.e. Emporiki Bank and Citibank's retail operations in Greece), since the Group monitors the respective adjustment as part of the provisions. It is noted that in note 17 Loans and Advances to customers, this adjustment is deducted from the gross balance of loans before impairment.

Collateral value

The collateral's latest market value available. In the case of immovable properties, collateral value is considered the lower figure between the prenotation amount and the market value. All collateral values are capped at 100% of the outstanding amount of the loan.

DUE FROM BANKS

Exposure to credit institutions relates to their own debt securities in issue and shares, loans, interbank transactions (which include positions in derivatives) and International Trade activities. Following the basic rules of designation, monitoring and revision of corporate lending, boundaries are established by the relevant Credit Committees for the monitoring of credit risk for the overall exposure per credit institution counterparty, excluding positions related to bonds issued by them. The approved credit limits are monitored on a daily basis. The validity period of the limits is specified in the approval of the limits in accordance with the counterparty credit institutions rating from international credit rating agencies.

In addition to the regular revisions of counterparty credit institutions limits, interim revisions may be carried out either due to circumstances associated with the trading activity of the Bank or due to markets conditions or problems associated with counterparty credit institutions. Trigger events for an extraordinary review are regularly monitored per counterparty in order to review the relevant limits when such trigger events exist.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective credit institutions are separated to be tested for impairment.
2. Due from Banks will be evaluated individually by credit institution.
3. Credit institutions are reviewed for events that constitute objective evidences for impairment.
4. Impairment provisions per receivable are calculated, as the difference between the recoverable amount and the carrying amount of the claim on an individual basis for the credit institution for which there are objective evidences for impairment.

INVESTMENTS IN DEBT SECURITIES

Investments in debt securities relate to securities that are classified into loans and receivables portfolios, held to maturity and available for sale. If there is a loan relationship with the counterparty issuer at the time of classification of the security position as investment, the Corporate Credit Policy procedures apply. In each case, the classification of the position is subject for approval by the relevant Committee of the Bank. These positions are subject to Bank investment limits and country limits and are monitored on a daily basis.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective securities are separated to be tested for impairment.
2. Securities are reviewed for events that constitute objective evidence for impairment losses.
3. Impairment provisions are calculated on a individual basis per each security, for which there are objective evidences that impairment losses exist, as: a) the difference between the present value of future cash flows and the carrying amount of securities that are classified into loans and receivables portfolio and held to maturity and b) the difference between acquisition costs and current fair value, less the impairment loss which has already been recognized in income statement for securities classified as available for sale.

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2015			31.12.2014*		
	Exposure before impairment	**Impairment**	**Net exposure to credit risk**	**Exposure before impairment**	**Impairment**	**Net exposure to credit risk**
Credit risk exposure relating to balance sheet items						
Balances with Central Banks	362,351		362,351	922,637		922,637
Due from banks	3,415,824	8,965	3,406,859	4,723,516	8,965	4,714,551
Loans and advances to customers	55,063,448	13,505,434	41,558,014	54,238,948	10,763,038	43,475,910
Derivative financial assets	794,471		794,471	1,153,944		1,153,944
Trading securities:						
- Government bonds	1,888		1,888	1,729		1,729
Total	**1,888**		**1,888**	**1,729**		**1,729**
Available for sale securities:						
- Available for sale (Government bonds)	3,831,479		3,831,479	3,396,496		3,396,496
- Available for sale (other)	981,282	55,005	981,277	1,254,542	51,160	1,203,382
Total	**4,812,761**	**55,005**	**4,757,756**	**4,651,038**	**51,160**	**4,599,878**
Held to maturity securities:						
- Held to maturity (Government bonds)				6,107		6,107
- Held to maturity (other)	2,823		2,823	97,334	9,624	87,710
Total	**2,823**		**2,823**	**103,441**	**9,624**	**93,817**
Loans and receivables (HFSF)	4,289,482		4,289,482	4,299,101		4,299,101
Total amount of balance sheet items exposed to credit risk (a)	**68,743,048**	**13,569,404**	**55,173,644**	**70,094,354**	**10,832,787**	**59,261,567**
Other balance sheet items not exposed to credit risk	10,470,548	651,310	9,819,238	8,886,655	513,665	8,372,990
Total assets	**79,213,596**	**14,220,714**	**64,992,882**	**78,981,009**	**11,346,452**	**67,634,557**
Credit risk exposure relating off balance sheet items:						
Letters of guarantee, letters of credit and other guarantees	4,547,648	294,993	4,252,655	4,935,213	276,235	4,658,978
Undrawn loan agreements and credit limits than can not be recalled (committed) **	211,241		211,241	292,363		292,363
Guarantees relating to bonds issued by subsidiaries of the Bank	15,542		15,542	1,759,966		1,759,966
Total amount of off balance sheet items exposed to credit risk (b)	**4,774,431**	**294,993**	**4,479,438**	**6,987,542**	**276,235**	**6,711,307**
Total credit risk exposure (a+b)	**73,517,479**	**13,864,397**	**59,653,082**	**77,081,896**	**11,109,022**	**65,972,874**

The maximum credit risk per category, in which the Bank is exposed, is depicted in the “Net exposure credit risk”.

* *The figures of prior year were restated in order to be comparable.*

** *Undrawn loan agreements and credit limits that can not be recalled (committed) in cases where it becomes apparent that the counterparties will fail to meet their contractual obligations.*

LOANS AND ADVANCES TO CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS BY ASSET QUALITY

(impaired or not impaired – impairment allowance – value of collateral)

	31.12.2015								
	Not impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**10,258,633**	**2,949,320**	**601,753**	**16,598,585**	**30,408,291**	**428,836**	**7,510,245**	**22,469,210**	**19,035,374**
Mortgage	7,343,289	2,175,750	245,881	7,391,165	17,156,085	166,062	2,370,000	14,620,023	14,227,272
Consumer	1,291,566	327,025	63,236	3,540,964	5,222,791	42,337	2,092,264	3,088,190	1,130,477
Credit cards	766,212	110,755		496,282	1,373,249		367,278	1,005,971	37,017
Other (incl. SBL)	857,566	335,790	292,636	5,170,174	6,656,166	220,437	2,680,703	3,755,026	3,640,608
Corporate lending	**12,854,961**	**1,118,435**	**8,976,671**	**323,509**	**23,273,576**	**5,281,899**	**240,560**	**17,751,117**	**13,261,820**
Large	9,573,624	854,795	3,590,909	73,323	14,092,651	1,919,758	108,074	12,064,819	6,998,431
SME	3,281,337	263,640	5,385,762	250,186	9,180,925	3,362,141	132,486	5,686,298	6,263,389
Public sector	**1,335,879**	**1,927**	**42,574**	**1,201**	**1,381,581**	**31,810**	**12,084**	**1,337,687**	**435,793**
Greece	1,251,879	1,927	42,574	1,201	1,297,581	31,810	10,317	1,255,454	425,793
Other countries	84,000				84,000		1,767	82,233	10,000
Total	**24,449,473**	**4,069,682**	**9,620,998**	**16,923,295**	**55,063,448**	**5,742,545**	**7,762,889**	**41,558,014**	**32,732,987**

During the year ended 31.12.2015, balances amounting to €770.7 million were transferred from Corporate lending SME portfolio to the Retail Lending SBL portfolio. The transfer was made to allow for a more efficient management since those customers present similar credit risk characteristics with Small Business Retail lending customers.

	31.12.2014								
	Not impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**11,158,086**	**3,282,782**	**235,521**	**14,914,482**	**29,590,871**	**154,269**	**6,085,233**	**23,351,369**	**19,202,307**
Mortgage	8,013,053	2,376,989	108,812	6,971,533	17,470,387	63,996	1,748,057	15,658,334	15,122,813
Consumer	1,491,706	362,425	20,206	3,192,289	5,066,626	12,390	1,732,805	3,321,431	1,113,969
Credit cards	773,261	149,006		352,831	1,275,098		306,111	968,987	33,592
Other (incl. SBL)	880,066	394,362	106,503	4,397,829	5,778,760	77,883	2,298,260	3,402,617	2,931,933
Corporate lending	**14,259,269**	**429,636**	**8,267,652**	**273,305**	**23,229,862**	**4,333,968**	**160,539**	**18,735,355**	**14,071,065**
Large	10,311,950	276,569	2,669,763	69,496	13,327,778	1,282,019	72,786	11,972,973	7,170,525
SME	3,947,319	153,067	5,597,889	203,809	9,902,084	3,051,949	87,753	6,762,382	6,900,540
Public sector	**1,384,219**	**589**	**33,407**		**1,418,215**	**24,746**	**4,283**	**1,389,186**	**410,977**
Greece	1,289,719	589	33,407		1,323,715	24,746	3,485	1,295,484	410,977
Other countries	94,500				94,500		798	93,702	
Total	**26,801,574**	**3,713,007**	**8,536,580**	**15,187,787**	**54,238,948**	**4,512,983**	**6,250,055**	**43,475,910**	**33,684,349**

The accumulated impairment allowance for collectively assessed loans and advances includes an amount of €667.7 million at 31.12.2015 (31.12.2014: €474.2 million) concerning IBNR provisions.

The impaired loans and advances include also past due exposures up to 89 days that are collectively assessed and amount to €3.2 billion as at 31.12.2015 (31.12.2014: €2.9 billion).

ANALYSIS OF NEITHER PAST DUE NOR IMPAIRED LOANS AND ADVANCES TO CUSTOMERS

	31.12.2015				
	Strong	**Satisfactory**	**Watch list (higher risk)**	**Total neither past due nor impaired**	**Value of collateral**
Retail lending		**10,258,633**		**10,258,633**	**7,404,883**
Mortgage		7,343,289		7,343,289	6,621,722
Consumer		1,291,566		1,291,566	181,956
Credit cards		766,212		766,212	32
Other (incl. SBL)		857,566		857,566	601,173
Corporate lending	**5,072,753**	**6,992,295**	**789,913**	**12,854,961**	**6,449,838**
Large	4,733,629	4,520,050	319,945	9,573,624	3,950,672
SME	339,124	2,472,245	469,968	3,281,337	2,499,166
Public sector	**361,531**	**916,085**	**58,263**	**1,335,879**	**409,395**
Greece	361,531	832,085	58,263	1,251,879	399,395
Other countries	-	84,000	-	84,000	10,000
Total	**5,434,284**	**18,167,013**	**848,176**	**24,449,473**	**14,264,116**

	31.12.2014				
	Strong	**Satisfactory**	**Watch list (higher risk)**	**Total neither past due nor impaired**	**Value of collateral**
Retail lending		**11,158,086**		**11,158,086**	**8,164,062**
Mortgage		8,013,053		8,013,053	7,372,960
Consumer		1,491,706		1,491,706	230,310
Credit cards		773,261		773,261	102
Other (incl. SBL)		880,066		880,066	560,690
Corporate lending	**3,444,393**	**9,482,285**	**1,332,591**	**14,259,269**	**8,139,178**
Large	3,238,541	6,500,060	573,349	10,311,950	5,148,820
SME	205,852	2,982,225	759,242	3,947,319	2,990,358
Public sector	**184,775**	**1,193,339**	**6,105**	**1,384,219**	**389,590**
Greece	184,775	1,098,839	6,105	1,289,719	389,590
Other countries		94,500		94,500	
Total	**3,629,168**	**21,833,710**	**1,338,696**	**26,801,574**	**16,692,830**

AGEING ANALYSIS OF PAST DUE BUT NOT IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2015								
	Retail lending				Corporate lending		Public sector		Total Past due but not impaired
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	
1 - 29 days	1,355,365	215,001	75,371	194,403	388,402	147,798	1,541		2,377,881
30 - 59 days	405,874	67,033	20,965	51,557	252,490	47,569	360		845,848
60 - 89 days	414,511	44,991	14,419	89,830	213,903	68,273	26		845,953
90 - 179 days									
180 - 360 days									
> 360 days									
Total	**2,175,750**	**327,025**	**110,755**	**335,790**	**854,795**	**263,640**	**1,927**		**4,069,682**
Value of collateral	1,892,103	55,720	32	237,723	677,557	217,957	1,897		3,082,989

	31.12.2014								
	Retail lending				Corporate lending		Public sector		Total Past due but not impaired
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	
1 - 29 days	1,510,820	212,758	103,738	246,704	157,413	92,550	240		2,324,223
30 - 59 days	473,238	98,682	28,104	80,752	57,577	13,549	349		752,251
60 - 89 days	392,931	50,985	17,164	66,906	60,229	46,431			634,646
90 - 179 days						30			30
180 - 360 days						89			89
> 360 days					1,350	418			1,768
Total	**2,376,989**	**362,425**	**149,006**	**394,362**	**276,569**	**153,067**	**589**		**3,713,007**
Value of collateral	2,155,202	54,619	53	265,719	255,372	142,089	578		2,873,632

AGEING ANALYSIS OF IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2015								
	Retail lending				Corporate lending		Public sector		Total
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	
Current	642,869	349,902	33,583	179,696	795,213	628,315	6,994		2,636,572
1 - 29 days	247,639	114,686	7,798	71,518	131,596	69,737	50		643,024
30 - 59 days	137,763	111,110	4,444	35,127	55,290	50,127			393,861
60 - 89 days	384,858	100,695	3,414	88,602	181,057	70,936	119		829,681
90 - 179 days	30,236	97,303	16,680	9,767	30,166	82,060	821		267,033
180 - 360 days	154,465	118,302	32,876	82,167	293,432	124,190	13		805,445
> 360 days	3,862,931	657,900	39,507	2,151,588	237,112	1,178,299	3,631		8,130,968
Total net amount	**5,460,761**	**1,549,898**	**138,302**	**2,618,465**	**1,723,866**	**2,203,664**	**11,628**		**13,706,584**
Value of collateral	5,713,447	892,801	36,953	2,801,712	2,370,202	3,546,266	24,501		15,385,882

	31.12.2014								
	Retail lending				Corporate lending		Public sector		Total
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	
Current	722,783	506,359	376	233,798	988,787	791,442	8,528		3,252,073
1 - 29 days	361,447	156,419	148	51,579	38,496	61,164			669,253
30 - 59 days	151,911	129,729	101	26,287	14,047	14,596			336,671
60 - 89 days	332,043	84,644	113	24,774	7,901	48,520			497,995
90 - 179 days	32,045	76,883	13,675	7,087	32,217	58,063			219,970
180 - 360 days	144,639	81,228	9,371	39,172	33,098	77,006			384,514
> 360 days	3,718,297	505,114	43,514	1,803,754	333,017	1,671,216	133		8,075,045
Total net amount	**5,463,165**	**1,540,376**	**67,298**	**2,186,451**	**1,447,563**	**2,722,007**	**8,661**		**13,435,521**
Value of collateral	5,594,971	829,040	33,437	2,105,523	1,766,790	3,768,665	20,809		14,119,235

RECONCILIATION OF IMPAIRED LOANS AND ADVANCES BY PRODUCT LINE

	31.12.2015								
	Retail lending				Corporate lending		Public sector		Total
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	
Balance 1.1.2015	**7,080,345**	**3,212,495**	**352,831**	**4,504,332**	**2,739,259**	**5,801,698**	**33,407**		**23,724,367**
Loans transferred to assets held for sale	(47,516)	(16,832)	(603)	(5,200)	(46,027)	(30,846)			(147,024)
Loans acquired from the merge with Diners			51,288						51,288
New impaired loans	959,829	660,380	109,210	582,769	1,207,705	706,342	1,369		4,227,604
Transfer to non impaired loans	(233,621)	(199,684)	(6,487)	(9,664)	(39,360)	(72,482)			(561,298)
Repayments of impaired loans	(58,001)	(44,274)	(8,913)	(38,401)	(133,694)	(140,149)	(633)		(424,065)
Write-offs of impaired loans and advances	(63,990)	(7,885)	(1,044)	(190,760)	(113,329)	(22,729)			(399,737)
Disposals of impaired loans and advances					(22,801)				(22,801)
Foreign exchange differences and other movements					(21,102)	13,848	9,632		2,378
Reclassification between portfolios				619,734		(619,734)			-
Acquisition of impaired loans					93,581				93,581
Balance 31.12.2015	**7,637,046**	**3,604,200**	**496,282**	**5,462,810**	**3,664,232**	**5,635,948**	**43,775**		**26,544,293**
Accumulated impairment allowance	(2,176,285)	(2,054,302)	(357,980)	(2,844,345)	(1,940,366)	(3,432,284)	(32,147)		(12,837,709)
Net value of impaired loans and advances	**5,460,761**	**1,549,898**	**138,302**	**2,618,465**	**1,723,866**	**2,203,664**	**11,628**		**13,706,584**

	31.12.2014								
	Retail lending				Corporate lending		Public sector		Total
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	
Balance 1.1.2014	**8,427,892**	**3,409,114**	**409,877**	**4,406,131**	**2,433,341**	**5,390,124**	**35,060**		**24,511,539**
New impaired loans	863,758	469,266	31,198	488,632	793,200	823,307	2,408		3,471,769
Transfer to non impaired loans	(2,070,009)	(389,496)	(83,352)	(368,721)	(197,415)	(168,016)	(3,950)		(3,280,959)
Repayments of impaired loans	(142,467)	(98,412)	(11,870)	(51,052)	(33,459)	(81,056)	(111)		(418,427)
Write-offs of impaired loans and advances	(1,447)	(179,496)	(2,702)	(312)	(387,130)	(183,152)			(754,239)
Disposals of impaired loans and advances					(4,761)				(4,761)
Foreign exchange differences and other movements	2,618	1,221	3	324	1,981	1,661			7,808
Acquisition of impaired loans		298	9,677	29,330	133,502	18,830			191,637
Balance 31.12.2014	**7,080,345**	**3,212,495**	**352,831**	**4,504,332**	**2,739,259**	**5,801,698**	**33,407**		**23,724,367**
Accumulated impairment allowance	(1,617,180)	(1,672,118)	(285,531)	(2,317,882)	(1,291,696)	(3,079,693)	(24,746)		(10,288,846)
Net value of impaired loans and advances	**5,463,165**	**1,540,377**	**67,300**	**2,186,450**	**1,447,563**	**2,722,005**	**8,661**		**13,435,521**

RECONCILIATION OF THE ACCUMULATED IMPAIRMENT ALLOWANCE

The accumulated impairment allowance for disclosure purposes of credit risk as well as for credit risk monitoring purposes includes the adjustments for the contractual balances of loans which were acquired at fair value either individually or in the context of acquisitions(eg Emporiki Bank and Citibank Greece), since the Bank monitors such adjustment as part of the impairments. It is noted that in Note 17 Loans and advances to customers this adjustment is deducted from the gross balance of loans before impairments.

	31.12.2015			
	Retail lending	Corporate lending	Public sector	Total
Balance 1.1.2015	**4,054,395**	**2,883,881**	**6,174**	**6,944,450**
Reclass of accumulative provisions to assets held for sale	**(38,430)**	**(63,651)**		(102,081)
Impairment losses for the year	1,338,160	1,341,616	14,225	2,694,001
Change in present value of the allowance account	378,641	95,725	567	474,933
Foreign exchange differences		8,897		8,897
Loans written-off during the year	(185,285)	(57,674)		(242,959)
Reclassification between portfolios	274,510	(274,510)		-
Balance 31.12.2015	**5,821,991**	**3,934,284**	**20,966**	**9,777,241**
Fair value adjustments	2,117,090	1,588,175	22,928	3,728,193
Total 31.12.2015	**7,939,081**	**5,522,459**	**43,894**	**13,505,434**

	31.12.2014			
	Retail lending	Corporate lending	Public sector	Total
Balance 1.1.2014	**3,173,031**	**2,380,864**	**5,496**	**5,559,391**
Impairment losses for the year	724,293	601,795	618	1,326,706
Change in present value of the allowance account	316,772	130,501	60	447,333
Foreign exchange differences		853		853
Loans written-off during the year	(159,701)	(230,132)		(389,833)
Balance 31.12.2014	**4,054,395**	**2,883,881**	**6,174**	**6,944,450**
Fair value adjustments	2,185,107	1,610,626	22,855	3,818,588
Total 31.12.2014	**6,239,502**	**4,494,507**	**29,029**	**10,763,038**

LOAN-TO-VALUE RATIO (LTV) OF MORTGAGE LENDING

	Mortgages	
	31.12.2015	31.12.2014
< 50%	2,763,385	3,265,721
50% - 70%	2,152,167	2,523,820
71% - 80%	1,199,073	1,420,456
81% - 90%	1,260,318	1,461,808
91% - 100%	1,273,561	1,442,492
101% - 120%	2,349,265	2,504,215
121% - 150%	2,676,727	2,491,920
> 150%	3,481,589	2,359,955
Total exposure	**17,156,085**	**17,470,387**
Avg LTV (%)	71	73

REPOSSESSED COLLATERALS

	31.12.2015						
	Balance					Disposals during the year	
	Value of collaterals repossessed 31.12.2015	Of which in 2015	Accumulated impairment allowance 31.12.2015	Of which in 2015	Carrying amount of collaterals repossessed 31.12.2015	Net disposal value	Net gain / (loss) on disosal
Real estate collateral	261,662	4,430	22,871	3,156	238,791	1,931	298
Other collateral	24	193			24	193	

	31.12.2014*						
	Balance					Disposals during the year	
	Value of collaterals repossessed 31.12.2014	Of which in 2014	Accumulated impairment allowance 31.12.2014	Of which in 2014	Carrying amount of collaterals repossessed 31.12.2014	Net disposal value	Net gain / (loss) on disosal
Real estate collateral	259,164	7,950	19,715	5,730	239,449	1,907	(101)
Other collateral	24	52			24	52	

* *Some figures of the previous year have been changed in order to be comparable*.

POLICY OF DISPOSAL OF REPOSSESSED ASSETS

The Bank has assigned to a subsidiary of the Group the management of repossessed assets of Bank and Group's subsidiaries. When a Group company acquires, due to the debtor's default, the legal title of property which had been given as collateral for the respective asset, then the respective company is in charge of legal, accounting and tax settlement of property in cooperation with the competent Bank's division and in parallel, performs a valuation of the asset. Taking into account the characteristics of the asset and based on the market conditions,it assesses the ability of promoting it for sale or leasing. Based on the above assessment, a proposal is submitted to the responsible Committee, which decides the sale or leasing of the assets or their own use from a Group company. Based on the decision, the asset is classified into the suitable category for reporting purposes. Classification of assets is reassessed on a regular basis in order to ensure that the classification is in line with current market conditions.

BREAKDOWN OF COLLATERAL AND GUARANTEES

	31.12.2015				
	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	18,603,452	130,829	301,093	19,035,374	13,304,592
Corporate Lending	8,741,003	1,005,398	3,515,419	13,261,820	3,832,196
Public sector	64,588	39	371,166	435,793	241,834
Total	**27,409,043**	**1,136,266**	**4,187,678**	**32,732,987**	**17,378,622**

	31.12.2014				
	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	18,883,291	133,494	185,522	19,202,307	12,624,310
Corporate Lending	9,106,087	733,036	4,231,942	14,071,065	3,624,692
Public sector	64,412		346,565	410,977	237,830
Total	**28,053,790**	**866,530**	**4,764,029**	**33,684,349**	**16,486,832**

There are no cases of transfer or repledge of collateral received from customer for which a liability to return has been recognized.

LOANS AND ADVANCES TO CUSTOMERS, IMPAIRED LOANS AND IMPAIRMENT ALLOWANCE BY PRODUCT LINE, INDUSTRY AND GEOGRAPHICAL REGION

	31.12.2015					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail Lending	**30,408,291**	**17,200,338**	**7,939,081**			
Mortgage	17,156,085	7,637,046	2,536,062			
Consumer	5,222,791	3,604,200	2,134,601			
Credit cards	1,373,249	496,282	367,278			
Other (incl. SBL)	6,656,166	5,462,810	2,901,140			
Corporate Lending	**20,252,926**	**8,925,167**	**5,347,270**	**3,020,650**	**375,013**	**175,189**
Financial institutions	732,252	7,691	5,822			
Manufacturing	5,080,069	2,199,922	1,358,904	109,854	73,969	31,040
Construction and real estate	3,196,386	1,898,672	1,039,102	482,107	259,504	124,556
Wholesale and retail trade	4,427,286	2,542,376	1,687,159	92,735	6,319	6,589
Transportation	261,159	128,179	70,201			
Shipping	1,835,075	279,881	97,988			
Hotels – Tourism	1,605,491	516,309	258,245	95,511	34,982	12,654
Services and other sectors	3,115,208	1,352,137	829,849	2,240,443	239	350
Public sector	**1,297,581**	**43,775**	**42,127**	**84,000**		**1,767**
Total	**51,958,798**	**26,169,280**	**13,328,478**	**3,104,650**	**375,013**	**176,956**

	31.12.2014					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail Lending	**29,337,662**	**15,080,118**	**6,197,145**	**253,209**	**69,885**	**42,357**
Mortgage	17,318,179	7,033,090	1,789,939	152,208	47,255	22,113
Consumer	4,977,820	3,195,663	1,729,577	88,805	16,832	15,619
Credit cards	1,270,146	352,233	305,524	4,953	598	587
Other (incl. SBL)	5,771,517	4,499,132	2,372,105	7,243	5,200	4,038
Corporate Lending	**21,087,516**	**8,201,344**	**4,324,122**	**2,142,346**	**339,613**	**170,385**
Financial institutions	867,441	46,265	42,152	1,219	427	7
Manufacturing	5,248,558	2,086,560	1,091,071	193,862	62,454	38,578
Construction and real estate	3,385,162	1,648,617	830,439	566,170	212,940	100,175
Wholesale and retail trade	4,749,873	2,387,939	1,349,455	93,492	19,564	11,092
Transportation	340,127	194,124	106,725	10,681	3,056	1,502
Shipping	1,885,747	167,404	52,459			
Hotels – Tourism	1,660,538	508,512	239,491	33,701	25,355	6,973
Services and other sectors	2,950,070	1,161,923	612,330	1,243,221	15,817	12,058
Public sector	**1,323,715**	**33,407**	**28,231**	**94,500**		**798**
Total	**51,748,893**	**23,314,869**	**10,549,498**	**2,490,055**	**409,498**	**213,540**

INTEREST INCOME BY CREDIT QUALITY AND TYPE OF LOANS AND ADVANCES

	31.12.2015		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	721,763	548,779	1,270,542
Corporate lending	742,319	145,378	887,697
Public sector	32,607	399	33,006
Total interest income	**1,496,689**	**694,556**	**2,191,245**

	31.12.2014*		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	811,484	515,552	1,327,036
Corporate lending	729,003	229,039	958,132
Public sector	29,173		29,173
Total interest income	**1,569,750**	**744,591**	**2,314,341**

* *Some figures of the previous year have been changed due to the classification of Bulgarian Branch to Held for Sale.*

FORBORNE LOANS

As at 31.12.2014, the Bank reassessed the perimeter of forborne loans for all the portfolios based on the Executive Regulation (EU) 2015/227 of European commission dated 9 January 2015 and the Executive technical standards of the European banking authority and incorporated the related definitions to its credit risk policy. In this respect, the evolution, the quality and the effectiveness of these loans is monitored according to the above definition.

The forborne loans perimeter include loans:

- which have been restructured within the last 36 months and were not past due more than 90 days and
- Forborne Loans past due more than 90 days.

The restructuring of loans is performed through renegotiation of the original contractual terms and include changes such as:

- Extension of the credit duration
- Write-off of a portion of debtor's amounts due
- Grace period for the principal and interests
- Decrease in interest rate

As a rule forbearance measures which are extended include a combination of the above amendments to the contractual terms. The carrying amount of forborne loans of Bank amounted to €9,400.2 million as at 31.12.2015.

In addition, in the context of renegotiations of the terms of loans granted, the Bank has participated in agreements for the exchange of debt securities or loans with debtors' shares. As at 31.12.2015, the Bank included in its Available for Sale portfolio and in Assets held for Sale shares of fair value amounting to €3.4 million (31.12.2014: €9 million) which were acquired from respective transactions. The shares that have been classified in Assets held for Sale concern SELONDA A.E.G.E. and NIREUS A.E.G.E(note 19).

ANALYSIS OF FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF FORBERANCE MEASURE

	31.12.2015
Interest only payment	184,967
Reduce payments scheme	5,763,240
Grace period	392,033
Loan term extension	1,740,413
Arrears capitalization	968,126
Partial write-off in borrower's obligations	1,766
Hybrid forbearance measure	8,418
Payments other than cash	
Debt for equity transactions	38,396
Breach of loan covenants	
Other	302,817
Total net amount	**9,400,176**

	31.12.2014
Interest only payment	117,132
Reduce payments scheme	4,239,118
Grace period	392,707
Loan term extension	851,987
Arrears capitalization	2,188,204
Partial write-off in borrower's obligations	29
Hybrid forbearance measure	372,918
Payments other than cash	
Debt for equity transactions	24,230
Breach of loan covenants	
Other	664,225
Total net amount	**8,850,550**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2015
Retail lending	**7,718,698**
Mortgage	4,643,306
Consumer	1,727,864
Credit cards	97,025
Other (incl. SBL)	1,250,503
Corporate lending	**1,671,940**
Large	834,601
SME's	837,339
Public sector	**9,538**
Greece	9,538
Total	**9,400,176**

	31.12.2014
Retail lending	**7,384,655**
Mortgage	4,364,118
Consumer	1,806,384
Credit cards	87,593
Other (incl. SBL)	1,126,560
Corporate lending	**1,462,250**
Large	717,135
SME's	745,115
Public sector	**3,645**
Greece	3,645
Total	**8,850,550**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	31.12.2015
Greece	9,291,932
Rest of Europe	108,244
Total	**9,400,176**

	31.12.2014
Greece	8,782,952
Rest of Europe	67,598
Total	**8,850,550**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS ACCORDING TO THEIR CREDIT QUALITY

	31.12.2015		
	Total amount of Loans and Advances	Total amount of Forborne Loans and Advances	Forborne Loans and Advances (%)
Neither past due nor impaired	24,449,473	2,716,895	11
Past due but not impaired	4,069,682	1,785,785	44
Impaired	26,544,293	8,711,466	33
Exposure before impairment	**55,063,448**	**13,214,146**	**24**
Individual Impairment Allowance	(5,742,545)	(916,124)	16
Collective Impairment Allowance	(7,762,889)	(2,897,846)	37
Total net amount	**41,558,014**	**9,400,176**	**23**
Value of collateral	32,732,987	8,417,395	26

	31.12.2014		
	Total amount of Loans and Advances	Total amount of Forborne Loans and Advances	Forborne Loans and Advances (%)
Neither past due nor impaired	26,801,574	2,660,630	10
Past due but not impaired	3,713,007	1,552,195	42
Impaired	23,724,367	6,693,985	28
Exposure before impairment	**54,238,948**	**10,906,810**	**20**
Individual Impairment Allowance	(4,512,983)	(335,535)	7
Collective Impairment Allowance	(6,250,055)	(1,720,725)	28
Total net amount	**43,475,910**	**8,850,550**	**20**
Value of collateral	33,684,349	7,101,746	21

RECONCILIATION OF FORBORNE LOANS AND ADVANCES TO CUSTOMERS

	Forborne loans (net value)
Opening balance 1.1.2015	8,850,550
Transfer of Loans and Advances to Assets Held for sale	(35,655)
Forbearance measures of r Loans and Advances during the period	2,051,671
Interest income	387,373
Repayment of loans (partial or total)	(315,276)
Loans and Advances that exited forbearance status	(400,722)
Impairment loss	(1,167,717)
Other	29,952
Closing balance 31.12.2015	**9,400,176**

BALANCES WITH CENTRAL BANKS – DUE FROM BANKS – DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES – Analysis per rating

	31.12.2015							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and advances securities	Total
AAA					4			4
AA+ to AA-		7,654	60,941				4,289,482	4,358,077
A+ to A-		972,386	248,578		258			1,221,222
BBB+ to BBB-		304,405			3,462			307,867
Lower than BBB-	362,351	2,019,288	484,602	1,888	4,320,871	2,823		7,191,823
Unrated		112,091	350		488,166			600,607
Exposure before impairment	**362,351**	**3,415,824**	**794,471**	**1,888**	**4,812,762**	**2,823**	**4,289,482**	**13,679,600**

	31.12.2014							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and advances securities	Total
AAA	811,688				14,096	6,107		831,891
AA+ to AA-		10,506	55,635			6,129	4,299,101	4,371,371
A+ to A-		1,481,168	260,033		2,535	25,198		1,768,934
BBB+ to BBB-	110,949	329,178	68,856			1,661		510,644
Lower than BBB-		2,885,351	749,059	1,729	4,127,720	53,498		7,817,357
Unrated		17,313	20,361		506,687	10,848		555,209
Exposure before impairment	**922,637**	**4,723,516**	**1,153,944**	**1,729**	**4,651,038**	**103,441**	**4,299,101**	**15,855,406**

BALANCES WITH CENTRAL BANKS – DUE FROM BANKS – DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES – Analysis by credit quality

	31.12.2015							
	Balances with Central Banks	**Due from Banks**	**Derivative Financial Instruments**	**Trading securities**	**Available for sale securities**	**Held to maturity securities**	**Loans and receivables securities**	**Total**
Neither past due nor impaired	362,351	3,406,859	794,471	1,888	4,747,046	2,823	4,289,482	13,604,919
Past due but not impaired								-
Impaired		8,965			65,716			74,681
Exposure before impairment	**362,351**	**3,415,824**	**794,471**	**1,888**	**4,812,762**	**2,823**	**4,289,482**	**13,679,600**
Less: Allowance for impairment losses		(8,965)			(55,005)			(63,970)
Net exposure	**362,351**	**3,406,859**	**794,471**	**1,888**	**4,757,757**	**2,823**	**4,289,482**	**13,615,630**

	31.12.2014							
	Balances with Central Banks	**Due from Banks**	**Derivative Financial Instruments**	**Trading securities**	**Available for sale securities**	**Held to maturity securities**	**Loans and receivables securities**	**Total**
Neither past due nor impaired	922,637	4,714,551	1,153,944	1,729	4,586,216	93,817	4,299,101	15,771,995
Past due but not impaired								-
Impaired		8,965			64,822	9,624		83,411
Exposure before impairment	**922,637**	**4,723,516**	**1,153,944**	**1,729**	**4,651,038**	**103,441**	**4,299,101**	**15,855,406**
Less: Allowance for impairment losses		(8,965)			(51,160)	(9,624)		(69,749)
Net exposure	**922,637**	**4,714,551**	**1,153,944**	**1,729**	**4,599,878**	**93,817**	**4,299,101**	**15,785,657**

The following tables present the financial instruments exposed to credit risk by sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2015										
	Financial Institutions and other financial services	**Manufacturing**	**Construction and real estate**	**Wholesale and retail trade**	**Public sector/ Government securities/ Derivatives**	**Transportation**	**Shipping**	**Hotels-Tourism**	**Services and other sectors**	**Retail**	**Total**
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	362,351										362,351
Due from banks	3,415,824										3,415,824
Loans and advances to customers	732,252	5,189,923	3,678,493	4,520,021	1,381,581	261,159	1,835,075	1,701,002	5,355,651	30,408,291	55,063,448
Derivative financial assets	328,443	14,408	57,511	794	362,700	7	10,637	13,235	6,736		794,471
Trading securities					1,888						1,888
Available for sale securities	483,199	220,979		16,604	3,831,479				260,500		4,812,761
Held to maturity securities	2,486		337								2,823
Loans and receivables securities	4,289,482										4,289,482
Total amount of balance sheet items exposed to credit risk (a)	**9,614,037**	**5,425,310**	**3,736,341**	**4,537,419**	**5,577,648**	**261,166**	**1,845,712**	**1,714,237**	**5,622,887**	**30,408,291**	**68,743,049**
Other balance sheet items not exposed to credit risk	2,801,964	43,252	251,764	36,726		6,770		7,723	7,093,479	228,870	10,470,548
Total assets	**12,416,001**	**5,468,562**	**3,988,105**	**4,574,145**	**5,577,648**	**267,936**	**1,845,712**	**1,721,960**	**12,716,366**	**30,637,161**	**79,213,596**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	546,722	604,932	1,626,418	499,439	132,406	51,917	961	93,027	991,826		4,547,648
Undrawn loan agreements and credit limits that can not be recalled (committed)		85,846	79,517		20,000		5,511		20,367		211,241
Guarantees for bonds issued by subsidiaries of the Bank									15,542		15,542
Total amount of off balance sheet items exposed to credit risk (b)	**546,722**	**690,778**	**1,705,935**	**499,439**	**152,406**	**51,917**	**6,472**	**93,027**	**1,027,735**	**-**	**4,774,431**
Total credit risk exposure (a+b)	**10,160,759**	**6,116,088**	**5 442.276**	**5,036,858**	**5,730,054**	**313,083**	**1,852,184**	**1,807,264**	**6 650.622**	**30,408,291**	**73,517,479**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2014										
	Financial Institutions and other financial services	**Manufacturing**	**Construction and real estate**	**Wholesale and retail trade**	**Public sector/ Government securities/ Derivatives**	**Transportation**	**Shipping**	**Hotels-Tourism**	**Services and other sectors**	**Retail**	**Total**
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	922,637										922,637
Due from banks	4,723,516										4,723,516
Loans and advances to customers	868,660	5,442,420	3,951,332	4,843,365	1,418,215	350,808	1,885,747	1,694,239	4,193,291	29,590,871	54,238,948
Derivative financial assets	457,601	25,457	66,942	884	566,070	1,240	11,941	14,243	9,235	331	1,153,944
Trading securities					1,729						1,729
Available for sale securities	899,013	63,842		12,175	3,396,496				279,512		4,651,038
Held to maturity securities	61,603		468		6,107				35,263		103,441
Loans and receivables securities	4,299,101										4,299,101
Total amount of balance sheet items exposed to credit risk (a)	**12,232,131**	**5,531,719**	**4,018,742**	**4,856,424**	**5,388,617**	**352,048**	**1,897,688**	**1,708,482**	**4,517,301**	**29,591,202**	**70,094,354**
Other balance sheet items not exposed to credit risk	2,502,540	4,699	189,083	1,497		404			6,188,432		8,886,655
Total assets	**14,734,671**	**5,536,418**	**4,207,825**	**4,857,921**	**5,388,617**	**352,452**	**1,897,688**	**1,708,482**	**10,705,733**	**29,591,202**	**78,981,009**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	505,826	593,994	2,210,198	510,833	164,515	45,856	1,091	104,585	798,315		4,935,213
Undrawn loan agreements and credit limits that can not be recalled (committed)		75,000	162,421				4,942		50,000		292,363
Guarantees for bonds issued by subsidiaries of the Bank									1,759,966		1,759,966
Total amount of off balance sheet items exposed to credit risk (b)	**505,826**	**668,994**	**2,372,619**	**510,833**	**164,515**	**45,856**	**6,033**	**104,585**	**2,608,281**	**-**	**6,987,542**
Total credit risk exposure (a+b)	**12,737,957**	**6,200,713**	**6,391,361**	**5,367,257**	**5,553,132**	**397,904**	**1,903,721**	**1,813,067**	**7,125,582**	**29,591,202**	**77,081,896**

The balancing figures of prior year were reclassified to be comparable.

EXPOSURE IN CREDIT RISK FROM DEBT ISSUED BY THE PERIPHERAL EUROZONE COUNTRIES

Due to the prolonged turmoil in the Eurozone countries, and the issues which the Greek economy faces, concerning the service of public debt, the Bank monitors credit risk from its exposure to the Greek State as well as the remaining peripheral countries.

i. Exposure to the Greek State

The table below presents the Bank's total exposure in Greek Government securities:

	31.12.2015		31.12.2014	
Portfolio	**Nominal value**	**Carrying amount**	**Nominal value**	**Carrying amount**
Available for sale	4,537,722	3,831,479	4,360,221	3,396,496
Trading	2,783	1,888	2,675	1,729
Total	**4,540,505**	**3,833,367**	**4,362,896**	**3,398,225**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value.

In addition, the public entities securities on 31.12.2015 amounted to €150.7 million (31.12.2014: €27.6 million).

The Bank's exposure to Greek State from other financial instruments, excluding securities and loans and advances is depicted in the table below:

On balance sheet exposure

	31.12.2015	31.12.2014
	Carrying amount	**Carrying amount**
Derivative financial instruments - assets	362,700	566,070
Derivative financial insturments - liabilities	(271,711)	(290,879)

Derivative financial liabilities to public sector entities amounted to €16.6 million on 31.12.2015 (31.12.2014: €29.1 million).

The Bank exposure in loans to public entities/organizations of Greek State on 31.12.2015 amounted €1,297.6 million (31.12.2014: €1,323.7 million). The Bank for the above receivables has recognized impairment amounted to €42.1 million as at 31.12.2015 (31.12.2014: €28.2 million).

In addition the balance of Bank's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPE, Loans guaranteed by Common Ministerial Decisions) on 31.12.2015 amounted to €764.0 million (31.12.2014: €725.4 million). For these loans the Bank has recognized impairment amounted to €144.3 million as at 31.12.2015 (31.12.2014: €141.7 million).

Off balance sheet exposure

	31.12.2015		31.12.2014	
	Nominal value	**Fair value**	**Nominal value**	**Fair value**
Bonds used as collaterals for refinancing operation	-	-	105,641	65,202

ii. Exposure to other peripheral Eurozone countries debt

The Bank holds a bond of Cyprus Popular Bank (senior term) of zero book value (31.12.2014: €1.6 million) after the impairment amounting to €1.6 million which was recorded in the income statement of 2015 and an amount of €31.8 million which had been recorded in the income statement of 2013.

As at 31.12.2015 the Bank had no exposure to bonds issued by Italy, Spain, Portugal and Ireland.

38.2 Market risk

Market risk is the risk of losses arising from unfavourable changes in the value or volatility of interest rates, foreign exchange rates, stock exchange indices, equity prices and commodities. Losses may also occur either from the trading portfolio or from the Assets-Liabilities management.

i. Trading portfolio

The market risk is measured by the Value at Risk – VAR. The method applied for calculating Value at Risk is historical simulation.

The Bank applies a holding period of one and ten days, depending on the time required to liquidate the portfolio.

1 day value at risk, 99% confidence interval (2 years historical data)

(In Euro)

	2015					2014
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	1,824,535	158,967	31,710	(199,739)	1,815,473	1,210,695
Average daily value (annual)	1,712,290	178,084	24,414	(189,292)	1,725,496	1,268,641
Maximum* daily value (annual)	3,079,349	200,201	25,620	(160,222)	3,144,948	3,030,455
MInimum* daily value (annual)	692,364	201,874	25,662	(178,833)	741,067	784,305

* refers to total value at risk (within the year)

The Value at Risk methodology is complemented with scenario analysis and stress testing, in order to estimate the potential size of losses that could arise from the trading portfolio for hypothetical (scenarios) as well as historical extreme movements of market parameters (stress-testing).

Within the scope of policy-making for financial risk management, exposure limits, maximum loss (stop loss) and value at risk for various products of the trading positions have been set.

In particular the following limits have been set for the following risks:

- Foreign currency risk regarding spot and forward positions and FX options
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options
- Price risk regarding positions in shares, Index Futures and Options, Commodity Futures and Swaps
- Credit risk regarding interbank transactions and bonds

Positions held in these products are monitored on a continuous basis and are examined for the corresponding limit percentage cover and for any limit excess.

ii. The financial risks of the banking portfolio

The market risk is possible to be arisen not only from the trading portfolio, but also from the structure of assets- liabilities items and the portfolio of loans and deposits of the Bank. This risk consists of foreign currency and interest rate risk.

a. Foreign currency risk

The Bank undertakes foreign currency risk due to the volatility of foreign exchange rates.

The open position per currency resulting from all operations is managed centrally. Bank policy is that positions are closed out promptly using spot or FX derivative transactions. All resulting open positions are subject to the Foreign currency risk limits that are set within the scope of policy-making for financial risk management and monitored accordingly. During 2015 the open FX position in RON and CHF increased mainly due to the imposition of capital controls and the reduction or withdrawal of interbank credit lines for FX funding transactions. As market conditions improve, the Bank gradually reduces these positions.

The total open position arises from the net balance sheet position and derivatives forward position are presented in the tables below:

	31.12.2015								
	USD	**GBP**	**CHF**	**JPY**	**RON**	**RSD**	**Other F/C**	**Euro**	**Total**
ASSETS									
Cash and balances with Central Banks	2,687	635	176	20	-	-	494	694,718	698,730
Due from banks	71,638	(125,129)	4,926	11,489	180	98,910	6,504	3,338,341	3,406,859
Trading securities	1							1,887	1,888
Derivative financial assets								794,471	794,471
Loans and advances to customers	1,747,604	121,039	1,337,408	5,415	3,078	-	(1)	38,343,471	41,558,014
Investment securities									
- Available for sale	21,595	11	-	-	-	-	-	4,869,285	4,890,891
- Held to maturity	-	-	-	-	-	-	-	2,823	2,823
- Loans and receivables								4,289,482	4,289,482
Investments in subsidiaries, associates and joint ventures	9,259	69,659	-	-	169,879	220,809	3,344	1,614,436	2,087,386
Investment property								28,813	28,813
Property, plant and equipment	-	-	-	-	-	-	-	691,847	691,847
Goodwill and other intangible assets	-	-	-	-	-	-	-	299,821	299,821
Deferred tax assets								4,372,486	4,372,486
Other assets and assets held for sale	949	52	278	2	-	-	10	1,868,080	1,869,371
Total Assets	**1,853,733**	**66,267**	**1,342,788**	**16,926**	**173,137**	**319,719**	**10,351**	**61,209,961**	**64,992,882**
LIABILITIES									
Due to banks and customers	1,356,615	103,909	88,604	822	203		200,038	51,154,125	52,904,316
Derivative financial liabilitie								1,556,555	1,556,555
Debt securities in issue and other borrowed funds	315,570							90,661	406,231
Liabilities for current income tax and other taxes								21,108	21,108
Employee defined benefit obligations								105,816	105,816
Other liabilities	516	104	447	524			11	1,168,775	1,170,377
Provisions								410,446	410,446
Total liabilities	**1,672,701**	**104,013**	**89,051**	**1,346**	**203**	**-**	**200,049**	**54,507,486**	**56,574,849**
Net balance sheet position	181,032	(37,746)	1,253,737	15,580	172,934	319,719	(189.698)	6,702,475	8,418,033
Derivatives forward foreign exchange position	(173,205)	73,612	(1,061,559)	(15,470)	(122,900)		195,716	896,487	(207,319)
Total Foreign exchange position	**7,827**	**35,866**	**192,178**	**110**	**50,034**	**319,719**	**6,018**	**7,598,962**	**8,210,714**
Undrawn loan agreements and credit limits than can not be recalled (committed)	5,511							205,730	211,241

	31.12.2014								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	4,190	1,296	402	14			32,231	1,227,309	1,265,442
Due from banks	116,647	(27,181)	12,582	32,614	599	102,952	5,354	4,470,984	4,714,551
Trading securities								1,729	1,729
Derivative financial assets								1,153,944	1,153,944
Loans and advances to customers	1,741,618	87,515	939,051	5,721	6,355		105,317	40,590,333	43,475,910
Investment securities									-
- Available for sale	8,351						6	4,630,468	4,638,825
- Held to maturity	1,661							92,156	93,817
- Loans and receivables								4,299,101	4,299,101
Investments in subsidiaries, associates and joint ventures	8,011	65,774			174,265	226,226	30,191	1,568,222	2,072,689
Investment property							1,277	30,662	31,939
Property, plant and equipment							6,653	722,932	729,585
Goodwill and other intangible assets							3,430	257,921	261,351
Deferred tax assets							6,346	3,597,733	3,604,079
Other assets and assets held for sale	801	435	1	290			114,849	1,175,219	1,291,595
Total Assets	**1,881,279**	**127,839**	**952,036**	**38,639**	**181,219**	**329,178**	**305,654**	**63,818,713**	**67,634,557**
LIABILITIES									
Due to banks and customers	2,192,430	130,337	53,356	1,078	941		491,972	52,505,795	55,375,909
Derivative financial liabilities								1,946,401	1,946,401
Debt securities in issue and other borrowed funds	396,710							1,624,455	2,021,165
Liabilities for current income tax and other taxes							148	47,671	47,819
Employee defined benefit obligations								94,683	94,683
Other liabilities	6,968	155	403	761			(1,151)	986,751	993,887
Provisions							788	332,732	333,520
Total liabilities	**2,596,108**	**130,492**	**53,759**	**1,839**	**941**	**-**	**491,757**	**57,538,488**	**60,813,384**
Net balance sheet position	(714,829)	(2,653)	898,277	36,800	180,278	329,178	(186,103)	6,280,225	6,821,173
Derivatives forward foreign exchange position	671,439	36,113	(908,855)	(35,831)	(371,271)		232,655	(398,666)	(774,416)
Total Foreign exchange position	**(43,390)**	**33,460**	**(10,578)**	**969**	**(190,993)**	**329,178**	**46,552**	**5,881,559**	**6,046,757**
Undrawn loan agreements and credit limits than can not be recalled (committed)	4,942							287,421	292,363

The open foreign exchange position as at 31.12.2015 presents the following sensitivity analysis:

Currency	**Exchange rate variation scenario against Euro (%)**	**Impact on net income before tax**
USD	Appreciation USD 5%	412
	Depreciation USD 5%	(373)
GBP	Appreciation GBP 5%	1,888
	Depreciation GBP 5%	(1,708)
CHF	Appreciation CHF 5%	10,115
	Depreciation CHF 5%	(9,151)
RON	Appreciation RON 5%	2,633
	Depreciation RON 5%	(2,383)
RSD	Appreciation RSD 5%	16,827
	Depreciation RSD 5%	(15,225)
ALL	Appreciation ALL 5%	176
	Depreciation ALL 5%	(159)

b. Interest rate risk

In the context of analysis of the Banking portfolio, Interest Rate Gap Analysis is performed. In particular, assets and liabilities are allocated into time bands (Gaps) according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments.

During 2015, there was a conversion from term deposits to saving and current deposits and borrowing from the emergency liquidity assistance of Bank of Greece. As a result, the cumulative interest rate gaps for the first months was negative. An interest rate gap analysis of Assets and Liabilities is set out in the table below.

	31.12.2015							
	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	362,351						336,379	698,730
Due from Banks	1,636,387	1,536,169	44,174	5,161	27,033	157,935		3,406,859
Trading securities					349	1,539		1,888
Derivative financial assets	794,471							794,471
Loans and advances to customers	20,677,942	7,227,296	2,554,524	1,085,269	6,184,056	3,828,927		41,558,014
Investment securities								-
- Available for sale	548,922	1,004,810	882,898	49,538	994,293	1,410,430		4,890,891
- Held to maturity	337		2,486					2,823
- Loans and receivables			4,289,482					4,289,482
Investments in subsidiaries, associates and joint ventures							2,087,386	2,087,386
Investment property							28,813	28,813
Property, plant and equipment							691,847	691,847
Goodwill and other intangible assets							299,821	299,821
Deferred tax assets							4,372,486	4,372,486
Other assets							1,421,770	1,421,770
Non-current assets held for sale							447,601	447,601
Total Assets	**24,020,410**	**9,768,275**	**7,773,564**	**1,139,968**	**7,205,731**	**5,398,831**	**9,686,103**	**64,992,882**
LIABILITIES								
Due to banks	23,119,721	250,465			1,800,451			25,170,637
Derivative financial liabilities	1,556,555							1,556,555
Due to customers	5,797,398	4,027,887	5,345,689	1,485,061	6,848,790	4,228,854		27,733,679
Debt securities in issue and other borrowed funds	310,914	40,968			50,627	3,722		406,231
Liabilities for current income tax and other taxes							21,108	21,108
Employee defined benefit obligations							105,816	105,816
Other liabilities							831,557	831,557
Provisions							410,146	410,446
Liabilities related to assets held for sale							338,820	338,820
Total Liabilities	**30,784,588**	**4,319,320**	**5,345,689**	**1,485,061**	**8,699,868**	**4,232,576**	**1,707,747**	**56,574,849**
EQUITY								
Share capital							461,064	461,064
Share premium							10,790,870	10,790,870
Reserves							153,631	153,631
Retained earnings							(2,987,532)	(2,987,532)
Total Equity							**8,418,033**	**8,418,033**
Total Liabilities and Equity	**30,784,588**	**4,319,320**	**5,345,689**	**1,485,061**	**8,699,868**	**4,232,576**	**10,125,780**	**64,992,882**
Open exposure	**(6,764,178)**	**5,448,955**	**2,427,875**	**(345,093)**	**(1,494,137)**	**1,166,255**	**(439,677)**	
Cumulative exposure	**(6,764,178)**	**(1,315,223)**	**1,112,652**	**767,559**	**(726,578)**	**439,677**		

	31.12.2014							
	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	922,637						342,805	1,265,442
Due from Banks	2,780,333	1,646,010	46,490	45,977	37,665	158,076		4,714,551
Trading securities					656	1,073		1,729
Derivative financial assets	1,153,944							1,153,944
Loans and advances to customers	22,543,223	6,524,765	3,398,525	2,206,917	8,798,117	4,363		43,475,910
Investment securities								-
- Available for sale	749,371	1,093,487	553,270	5,146	959,263	1,278,288		4,638,825
- Held to maturity	28,471	15,024	11,096	1,771	35,262	2,193		93,817
- Loans and receivables			4,299,101					4,299,101
Investments in subsidiaries, associates and joint ventures							2,072,689	2,072,689
Investment property							31,939	31,939
Property, plant and equipment							729,585	729,585
Goodwill and other intangible assets							261,351	261,351
Deferred tax assets							3,604,079	3,604,079
Other assets							1,289,764	1,289,764
Non-current assets held for sale							1,831	1,831
Total Assets	**28,177,979**	**9,279,286**	**8,308,482**	**2,259,811**	**9,830,963**	**1,443,993**	**8,334,043**	**67,634,557**
LIABILITIES								
Due to banks	14,624,870	1,065,492	65,725		1,802,375			17,558,462
Derivative financial liabilities	1,946,401							1,946,401
Due to customers	10,129,920	5,886,232	7,648,986	6,331,808	6,491,268	1,329,233		37,817,447
Debt securities in issue and other borrowed funds	389,934	423,204	59,452		878,997	269,578		2,021,165
Liabilities for current income tax and other taxes							47,819	47,819
Employee defined benefit obligations							94,683	94,683
Other liabilities							993,887	993,887
Provisions							333,520	333,520
Total Liabilities	**27,091,125**	**7,374,928**	**7,774,163**	**6,331,808**	**9,172,640**	**1,598,811**	**1,469,909**	**60,813,384**
EQUITY								
Share capital							3,830,718	3,830,718
Share premium							4,858,216	4,858,216
Reserves							53,351	53,351
Retained earnings							(1,921,112)	(1,921,112)
Total Equity							**6,821,173**	**6,821,173**
Total Liabilities and Equity	**27,091,125**	**7,374,928**	**7,774,163**	**6,331,808**	**9,172,640**	**1,598,811**	**8,291,082**	**67,634,557**
Open exposure	**1,086,854**	**1,904,358**	**534,319**	**(4,071,997)**	**658,323**	**(154,818)**	**42,961**	
Cumulative exposure	**1,086,854**	**2,991,212**	**3,525,531**	**(546,466)**	**111,857**	**(42,961)**		

From the Interest Rate Gap Analysis and from the application of alternative scenarios regarding the changes in market interest rates or changes in the Bank's base interest rates, the Bank is able to calculate the immediate changes in net interest income and equity relating to available for sale securities. In the interest rate decrease scenarios the change is assessed up to a feasible point (interest rate set to zero) in accordance with the effective yield curves per currency.

Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of Equity
-100	-7,074,85	+115,211
+100	+4,032,59	-130,263

38.3 Liquidity risk

Liquidity risk relates to the Bank's ability to maintain sufficient funds to cover its planned or extraordinary obligations. In fact, the total funding can be divided into two main categories:

A. Customer deposits

1. Customer deposits on demand for cash flow needs

Deposits that are intended to meet short term needs of customers are the savings accounts and the sight deposits. Although these deposits may be withdrawn on demand, the number of accounts and type of depositors ensure that unexpected significant fluctuations are limited Therefore, these deposits constitute a significant factor of stability of the deposit base.

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2. Customer term deposits and bonds for investment purposes

The customer term deposits and bonds for investment purposes issued by the Group companies usually consist of customer deposits for a certain period and customer repurchase agreements (repos), whereas the bonds issued by the Group companies are disposed through outright sale. Customers have the ability of early withdrawal of deposits or early liquidation of bonds which may result in potential need of finding alternative liquidity in case of extensive outflows.

For this purpose and for the general safety of customer deposits, the Bank takes care for the existence of adequate liquidity surpluses which are calculated based on stress testing exercises due to loss of liquidity or the existence of sufficient credit lines of financial instruments as shown below.

B. Wholesale funding

1. Medium-term borrowing from international capital markets

The Bank's constant aspiration is to cooperate with international investors who may offer medium term financing through purchase of securities issued by the Group companies. For this purpose, the Bank retains special financing programs appealing to international investors and provides adequate coverage of credit needs through international capital markets by planning asset level needs on an annual basis. However, the Bank acknowledges that the demand of these bonds may not be enough to fully meet the needs in specific time intervals as a result of factors which concern the credit assessment in the domestic and international economic environment.

2. Funding by Central Banks

An An alternative way of Bank funding is the liquidity from financial instruments of the Central Banks- Euro system and especially from the European Central Bank (ECB). This funding regards loan granted with pledge of assets according to instructions and the eligible assets determined by the ECB. During the last years this additional source funding has become a major financial instrument by hedging the inadequate or loss of basic forms of Bank funding. Furthermore, under the period on which Greece is under the restructuring program of economy and fiscal improvement of financial figures and simultaneously servicing financing needs of the network of institutions that have the supervision of the program, the Bank can use available assets in order to increase liquidity from the Eurosystem to cover any financing gap. The Bank recognizes the short-term nature of this liquidity source and pursues gradually to release, if circumstances allow. However, for as long as the country is experiencing financial and economic crisis, the Bank ensures the smooth financing from these financial instruments which may be either conventional marginal lending from the ECB (MRO), or Emergent Liquidity Assistance from Bank of Greece (ELA). The Bank ensures the adequacy of collateral required in order to serve the financing from the above financial instruments, while recognizing both the type and the amount of financing that is under the discretion of the Eurosystem.

The political developments in Greece created temporary significant uncertainty which led to outflows of deposits. These outflows, despite the fact that due to the capital controls imposed, had been reduced during the second semester of 2015, finally amounted to €9.6 billion for 2015, resulting in the increase of borrowings from the European System of Central Banks which amounted to €24 billion.

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time periods in accordance with the contractual maturity date or an estimated date based on a statistical analysis (convention). An exception to the above, are the securities portfolios, which can contribute directly to raise liquidity, and they are allocated in the first period under the condition they have not been used to raise liquidity either by the Central Bank or through interbank repos.

Bank’s borrowing on 31.12.2015 had short duration as customer term deposits changed to saving and current deposits and borrowing from the emergency funding mechanism of Bank of Greece.

	31.12.2015					
	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	698,730					698,730
Due from banks	1,113,928	326,784	304,961	376,516	1,284,670	3,406,859
Trading securities	1,888					1,888
Derivative financial assets	794,471					794,471
Loans and advances to customers	2,661,435	1,785,012	1,492,925	2,356,747	33,261,895	41,558,014
Investment securities						
- Available for sale	4,257,410				633,481	4,890,891
- Held to maturity			2,486		337	2,823
- Loans and receivables					4,289,482	4,289,482
Investments in associates and joint ventures					2,087,386	2,087,386
Investment property					28,813	28,813
Property, plant and equipment					691,847	691,847
Goodwill and other intangible assets					299,821	299,821
Deferred tax assets					4,732,486	4,732,486
Other assets					1,421,770	1,421,770
Non current assets held for sale		447,601				447,601
Total Assets	**9,527,862**	**2,559,397**	**1,800,372**	**2,733,263**	**48,371,988**	**64,992,882**
LIABILITIES						
Due to banks	23,119,720	1,819	928	2,747	2,045,423	25,170,637
Derivative financial liabilities	1,556,555					1,556,555
Due to customers	5,797,397	4,027,887	2,603,288	1,698,322	13,606,785	27,733,679
Debt securities in issue and other borrowed funds					406,231	406,231
Liabilities for current income tax and other taxes		21,108				21,108
Employee defined benefit obligations					105,816	105,816
Other liabilities	191,101				640,456	831,557
Provisions				64,300	346,146	410,446
Liabilities related to assets held for sale		338,820				338,820
Total Liabilities	**30,664,773**	**4,389,634**	**2,604,216**	**1,765,369**	**17,150,857**	**56,574,849**
EQUITY						
Share capital					461,064	461,064
Share premium					10,790,870	10,790,870
Reserves					153,631	153,631
Retained earnings					(2,987,532)	(2,987,532)
Total Equity					**8,418,033**	**8,418,033**
Total Liabilities and Equity	**30,664,773**	**4,389,634**	**2,604,216**	**1,765,369**	**25,568,890**	**64,992,882**
Open Exposure	**(21,136,911)**	**(1,830,237)**	**(803,844)**	**967,894**	**22,803,098**	**-**
Cumulative Exposure	**(21,136,911)**	**(22,967,148)**	**(23,770,992)**	**(22,803,098)**	**-**	**-**

	31.12.2014					
	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	1,265,442					1,265,442
Due from banks	1,541,873	442,312	21,141	80,920	2,628,305	4,714,551
Trading securities	1,729					1,729
Derivative financial assets	1,153,944					1,153,944
Loans and advances to customers	2,708,383	1,757,198	1,620,293	2,855,649	34,534,387	43,475,910
Investment securities						-
- Available for sale	1,972,987				2,665,838	4,638,825
- Held to maturity				7,900	85,917	93,817
- Loans and receivables					4,299,101	4,299,101
Investments in associates and joint ventures					2,072,689	2,072,689
Investment property					31,939	31,939
Property, plant and equipment					729,585	729,585
Goodwill and other intangible assets					261,351	261,351
Deferred tax assets					3,604,079	3,604,079
Other assets					1,289,764	1,289,764
Non current assets held for sale	1,831					1,831
Total Assets	**8,646,189**	**2,199,510**	**1,641,434**	**2,944,469**	**52,202,955**	**67,634,557**
LIABILITIES						
Due to banks	14,332,819	1,106,222	66,794	3,052	2,049,575	17,558,462
Derivative financial liabilities	1,946,401					1,946,401
Due to customers	8,966,169	5,623,638	5,013,887	6,025,080	12,188,673	37,817,447
Debt securities in issue and other borrowed funds	3,668	26,339	59,589		1,931,569	2,021,165
Liabilities for current income tax and other taxes	2,861	44,958				47,819
Employee defined benefit obligations					94,683	94,683
Other liabilities	280,764				713,123	993,887
Provisions					333,520	333,520
Total Liabilities	**25,532,682**	**6,801,157**	**5,140,270**	**6,028,132**	**17,311,143**	**60,813,384**
EQUITY						
Share capital					3,830,718	3,830,718
Share premium					4,858,216	4,858,216
Reserves					53,351	53,351
Retained earnings					(1,921,112)	(1,921,112)
Total Equity					**6,821,173**	**6,821,173**
Total Liabilities and Equity	**25,532,682**	**6,801,157**	**5,140,270**	**6,028,132**	**24,132,316**	**67,634,557**
OPEN EXPOSURE	**(16,886,493)**	**(4,601,647)**	**(3,498,836)**	**(3,083,663)**	**28,070,639**	
CUMULATIVE EXPOSURE	**(16,886,493)**	**(21,488,140)**	**(24,986,976)**	**(28,070,639)**		

Held for trading and available for sale portfolios are listed based on their liquidation potential and not according to their maturity.

Cash flows arising from financial liabilities including derivative financial liabilities, are allocated into time bands according to their maturity date. Estimated interest payments are also included. Liabilities in foreign currency have been converted into Euro. Outflows and inflows relating to derivatives are estimated according to their contractual terms.

	31.12.2015						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
Non-derivative liabilities							
Due to banks	25,170,637	(23,146,290)	(43,252)	(77,386)	(155,071)	(2,790,532)	(26,212,531)
Due to customers	27,733,679	(5,811,215)	(4,055,516)	(2,644,761)	(1,783,635)	(14,042,094)	(28,337,221)
Debt securities in issue held by institutional investors and other borrowed funds	406,231	(2)	(52)	(489)	(106)	(427,660)	(428,309)
Other liabilities	831,557	(191,101)				(640,456)	(831,557)
Derivatives held for assets fair value hedge	11,528						-
- Outflows		(128)	(317)	(40,004)	(30)	(843,004)	(883,483)
- Inflows		-	22	10,050	20,133	809,469	839,674
Derivatives held for liabilities fair value hedge	568,037						-
- Outflows		(72)	(8,601)	(9,425)	(21,299)	(1,335)	(40,732)
- Inflows		-	7,297	7,443	16,363	1,746	32,849
Derivatives held for trading	977,260						-
- Outflows		(567,523)	(468,079)	(562,877)	(508,115)	(4,777,526)	(6,884,120)
- Inflows		504,894	468,976	488,021	466,908	4,658,274	6,587,073
Total	**55,698,659**	**(29,211,437)**	**(4,099,522)**	**(2,829,428)**	**(1,964,852)**	**(18,053,118)**	**(56,158,357)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(211,241)					(211,241)
Financial guarantees		(27,906)	(21,314)	(12,676)	(40,233)	(259,945)	(362,074)
Total off Balance sheet items		**(239,147)**	**(21,314)**	**(12,676)**	**(40,233)**	**(259,945)**	**(573,315)**

	31.12.2014						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
Non-derivative liabilities							
Due to banks	17,558,462	(14,341,989)	(1,107,221)	(67,259)	(3,618)	(2,102,112)	(17,622,199)
Due to customers	37,817,447	(8,971,878)	(5,711,185)	(5,140,522)	(6,278,407)	(13,286,339)	(39,388,331)
Debt securities in issue held by institutional investors and other borrowed funds	2,021,165	(3,669)	(37,122)	(79,213)	(6,500)	(2,090,993)	(2,217,497)
Other liabilities	993,887	(280,764)				(713,123)	(993,887)
Derivatives held for assets fair value hedge	13,669						-
- Outflows		(105)	(4,073)	(4,826)	(12,477)	(22,501)	(43,982)
- Inflows		24	3,649	3,720	10,147	20,918	38,458
Derivatives held for liabilities fair value hedge	643,985						-
- Outflows		(4)	(49)	(40,055)	(125)	(883,451)	(923,684)
- Inflows		15	27	9,858	19,780	849,469	879,149
Derivatives held for trading	1,288,747						-
- Outflows		(1,388,453)	(1,737,043)	(1,393,429)	(1,222,934)	(3,552,319)	(9,294,178)
- Inflows		1,349,816	1,721,266	1,237,244	1,060,410	3,018,729	8,387,465
Total	**60,337,362**	**(23,637,007)**	**(6,871,751)**	**(5,474,482)**	**(6,433,724)**	**(18,761,722)**	**(61,178,686)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(292,363)					(292,363)
Financial guarantees		(33,686)	(27,471)	(16,052)	(44,050)	(265,057)	(386,316)
Total off Balance sheet items		**(326,049)**	**(27,471)**	**(16,052)**	**(44,050)**	**(265,057)**	**(678,679)**

38.4 Fair value of financial assets and liabilities

Hierarchy of financial instruments not measured at fair value

	31.12.2015				
	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Amount
Financial Assets					
Loans and advances to customers			41,493,462	41,493,462	41,558,014
Investment securities					
- Held to maturity			2,561	2,561	2,823
- Loans and receivables		4,364,715		4,364,715	4,289,482
Financial liabilities					
Due to customers			27,724,167	27,724,167	27,733,679
Debt securities in issue (1)		48,041	283,973	332,014	381,631

	31.12.2014				
	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Amount
Financial Assets					
Loans and advances to customers			43,199,945	43,199,945	43,475,910
Investment securities					
- Held to maturity	53,335	14,396	21,366	89,097	93,817
- Loans and receivables		4,370,874		4,370,874	4,299,101
Financial liabilities					
Due to customers			37,551,523	37,551,523	37,817,447
Debt securities in issue (1)	513,360	869,504	361,366	1,744,230	1,956,565

The above table presents the fair value as well as the carrying amount of financial instruments measured at amortized cost classified by fair value hierarchy.

The fair value of loans is estimated based on the interbank market yield curves by adding a liquidity premium and spread per loan category and business unit for the expected loss. The fair value of deposits is estimated based on the interbank market yield curves by deducting customer's spread depending on the type of deposit. In both above mentioned cases, the future cash flows (floating rate) are calculated based on the implied forward rates until their maturity.

The held to maturity securities and debt securities in issue whose fair value is calculated based on market prices, are classified into Level 1.

The held to maturity securities and securities in issue whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of income approach methodology using interest rates and credit spreads which are observable in the market, are classified into Level 2. The fair value of the loans and receivables securities relating to securities issued by the European Financial Stability Facility (E.F.S.F.), was determined by discounted cash flows using relevant E.F.S.F. issues inputs.

(1) Debt securities in issue do not include the convertible bond loan issued by the Bank in the context of the agreement with Credit Agricole S.A. regarding the acquisition of Emporiki Bank since this security is measured at fair value.

Level 3 classification includes the securities and debt securities in issue of which the fair value, estimated using significant unobservable inputs. In this case the fair value is quoted by the issuers of the securities and confirmed by the Bank or calculated by the Bank.

In addition, Level 3 includes a liability of the Bank to the SPE entity which is related to the securitization of shipping loans whose fair value was defined with discount of future cash flows using unobservable inputs of market.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

Hierarchy of financial instruments measured at fair value

	31.12.2015			
	Level 1	Level 2	Level 3	Total Carrying Amoun
Derivative Financial Assets	6,661	784,280	3,530	794,471
Trading securities				
- Bonds and treasury bills	1,888			1,888
Available for sale securities				
- Bonds and treasury bills	4,086,826	651,470	19,460	4,757,756
- Shares	113,142		12,803	125,945
- Other variable yield securities	7,190			7,190
Derivative Financial Liabilities		1,556,555		1,556,555
Convertible bond			24,600	24,600

	31.12.2014			
	Level 1	Level 2	Level 3	Total Carrying Amoun
Derivative Financial Assets	12,360	1,141,545	39	1,153,944
Trading securities				
- Bonds and treasury bills	1,729			1,729
Available for sale securities				
- Bonds and treasury bills	3,787,720	796,448	15,710	4,599,878
- Shares	10,786		19,046	29,832
- Other variable yield securities	9,115			9,115
Derivative Financial Liabilities	74	1,940,895	5,432	1,946,401
Convertible bond		64,600		64,600

The tables above present the fair value hierarchy of financial instruments which are measured at fair value based on the inputs used for the fair value measurement.

Securities which are traded in an active market and exchange-traded derivatives are classified into Level 1.

The available for sale securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2. Level 3 classifications include securities whose fair value is estimated using significant unobservable inputs. The fair value of non listed shares, as well as shares not traded in an active market is determined based on the estimations made by the Bank which relate to the future profitability of the issuer taking into account the expected growth rate of its operations, as well as the weighted average rate of capital return which is used as discount rate. Given that the above parameters are mainly non observable, the valuation of these shares is classified in Level 3.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 or otherwise as Level 2.

The Bank recognizes the transfer between fair value hierarchy Levels at the end of the reporting period.

Within the year, €83.3 million of Greek corporate bonds were transferred from Level 2 to Level 1 due to the satisfaction of the active market criteria. Also €141.6 million of Greek corporate bonds were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) was above the limit set for the characterization of market as active according Bank's policy. Within the year 2014, €8.7 million were transferred from Level 2 to Level 1 due to the satisfaction of the criteria of active market. In addition, within the period, €32.7 million were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	31.12.2015			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Significant non-observable inputs**
Derivative Financial Assets	3,530	3,185	Discounted cash flows with interest being the underlying instrurments, taking into account the counterparty's credit risk	The probability of default and the loss given default of the counterparty is calculated with an internal model
		345	Discounted cashflows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale shares	19,460	19,460	Based on issuer price	Price
Available for sale shares	12,803	12,803	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Convertible bond loan	24,600	24,600	Discounted cash flows Multiples valuation method	Future profitability of the issuer

	31.12.2014			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Significant non-observable inputs**
Derivative Financial Assets	39	39	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale bonds	15,710	15,710	Based on issuer price	Price
Available for sale shares	19,046	19,046	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	5,432	20	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		5,412	Discounted cashflows with interest rate being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends

For all financial instruments measured at fair value classified in Level 3 due to the limited exposure of the Bank on the specific financial instruments, a reasonable variation in non-observable inputs would not affect significantly the results of the Bank.

A reconciliation for the movement of financial instruments measured at fair value in Level 3 is depicted below.

	31.12.2015			
	Assets		**Liabilities**	
	Available for sale securities	**Derivative financial assets**	**Derivative financial liabilities**	**Convertible bond loan**
Opening balance 1.1.2015	**34,756**	**39**	**(5,432)**	**-**
Total gain or loss recognized in Income Statement	(7,028)	2,527	5,412	
Total gain or loss recognized in Equity	350			
Purchases/ Issues	12,622			
Sales/ Repayments/ Settlements	(8,448)		20	
Transfers in level 3 from level 2	11	964		(24,600)
Balance 31.12.2015	**32,263**	**3,530**	**-**	**(24,600)**
Amounts included in the Income Statement for financial instruments held at the end of the reporting year.	(7,151)	7,978		

During the period 2015, purchases of corporate bonds amounting to €11.6 million as well as other variable yield securities amounting to €1 million took place, that were classified in Level 3, since non observable parameters were used for valuation purposes. In addition, sales-repayments of foreign corporate bonds amounting to €7.9 million and other variable yield securities sales amounting €0.5 million took place. During the period, a transfer of derivatives from Level 2 to Level 3 occurred since the use of non-observable inputs was significant.

Finally during 2015 a transfer of convertible bond from Level 2 to Level 3 occurred as a different valuation method was applied. In particular, the value of the share was considered the most appropriate valuation basis to determine the fair value of the bond as opposed to the fair value of subordinated bonds used until the third quarter of 2015, as it was considered that it was consistent with the way that the bond is expected to be settled at the maturity date. The estimate of the value of the share at the maturity date of the bond was based on the unobservable parameter of future profitability, as reflected in Bank's business plan.

	31.12.2014			
	Assets		Liabilities	
	Available for sale securities	Derivative financial assets	Derivative financial liabilities	Convertible bond loan
Opening balance 1.1.2014	**30,854**	**64**	**(646)**	**-**
Total gain or loss recognized in Income Statement	(1,657)	(25)	(4,804)	
Total gain or loss recognized in Equity	820			
Purchases/ Issues	753			
Sales/ Repayments/ Settlements	(3,892)		18	
Transfers in level 3 from level 1	7,164			
Transfers in level 3 from level 2	714			
Balance 31.12.2014	**34,756**	**39**	**(5,432)**	**-**
Amounts included in the income statement for financial instruments held at the end of the reporting year.	(1,634)	(25)	(4,804)	

During the period 2014, the transfer to Level 3 from Level 2 of available for sale securities regards a securitized issue which was valued with the use of non-observable parameters. In addition, there were transfers to Level 3 from Level 1 of listed shares of €7.2 million due to lack of trading in an active market.

38.5 Transfers of financial assets

The Bank in its ordinary course of business, transfers financial assets. In cases that, despite the fact that the contractual right to receive cash flows has been transferred the risks and rewards remain with the Bank, these assets continue to be recognized on the balance sheet.

On 31.12.2015, the financial assets that have not been derecognized despite the contractual transfer of their cash flows, are derived from the following two categories of transactions:

a) Securitizations of financial assets

The Bank has securitized corporate, consumer loans and credit cards in order to absorb liquidity from the Eurosystem. In the context of these transactions, these items have been transferred to special purpose entities, which have issued bonds. These loans and credit cards continue to be recognized as loans and advances to customers, since the Bank continues in all cases to retain the rewards and risks associated with them. This is justified by several factors which include the fact that the Bank owns these bonds and the entitlement to the deferred consideration from the transfer. Given that bonds are owned by the Bank, there are no liabilities for the Bank which actually arises from the transfer. The carrying amount of the securitized loans and credit cards on 31.12.2015 amounts to €2,954,606 (31.12.2014: €3,289,192).

In addition, during the current year, the Bank proceeded to a shipping loan securitization transaction through the fully consolidated special purpose company Alpha Shipping Finance Ltd. These loans are recognized in the category of loans and trade receivables as the Bank retains the risks and benefits of the portfolio through entitlement to deferred consideration paid. The carrying amount of the securitized shipping loans and the bonds which are issued of the SPE, which are not held, as at 31.12.2015 amounted to €639,654 and €310,268 respectively (31.12.2014: €658,685 and €365,577 respectively). The fair value of loans as at 31.12.2015 amounted to €587,737 (31.12.2014: €646,279) and the debt security at €283,973 (31.12.2014: €358,439).

b) Sale and repurchase agreements of debt securities

The Bank on 31.12.2015 proceeded with the transfer of, bonds of other issuers with a repurchase agreement. These securities are still included in the Bank's investment portfolio and the respective figures are presented in the following table.

	31.12.2015			
	Available for sale portfolio		Held to maturity	Loans and receivables bonds
	Greek Government Bonds	Bonds of other issuers	Bonds of other issuers	EFSF Bonds
Carrying amount of transferred securities		422,013		
Carrying amount of related liability		(269,292)		
Fair value of transferred securities		422,013		
Fair value of related liability		(269,292)		
Equity		**152,721**		

	31.12.2014			
	Available for sale portfolio		Held to maturity	Loans and receivables bonds
	Greek Government Bonds	Bonds of other issuers	Bonds of other issuers	EFSF Bonds
Carrying amount of transferred securities	18,236	201,498	2,341	76,015
Carrying amount of related liability	(13,416)	(159,089)	(2,031)	(75,244)
Fair value of transferred securities	18,236	201,498	2,544	76,554
Fair value of related liability	(13,416)	(159,089)	(2,031)	(75,244)
Equity	**4,820**	**42,409**	**513**	**1,310**

The Bank on 31.12.2014 had proceeded with the transfer of Greek Government bonds, bonds of other issuers and bonds issued by EFSF with a repurchase agreement. These securities had been included in the Bank's investment portfolio and the respective figures are presented in the above table.

On 31.12.2014 the Bank had proceeded to the transfer of covered bonds securitized by mortgages issued by the Bank with a repurchase agreement. These bonds did not exist in the balance sheet because they were held by the Bank. The carrying amount of the liability of the above repurchase agreements at 31.12.2014 amounted to €1,432,179.

38.6 Offsetting financial assets - liabilities

The following tables present derivative transactions under contracts of the International Swaps and Derivatives Association (ISDA), which are signed with credit institutions as counterparties. In accordance with these contracts, the Bank is able to offset its assets and liabilities relating to a counterparty in case of a credit default.

Financial assets subject to offsetting

	31.12.2015					
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Related amounts not offset		Net amount
				Financial instruments	Cash collateral received	
Derivatives	682,676		682,676	(497,643)	(53,942)	131,091

	31.12.2014					
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Related amounts not offset		Net amount
				Financial instruments	Cash collateral received	
Derivatives	998,080		998,080	(517,120)	(188,404)	292,556

Financial liabilities subject to offsetting

	31.12.2015					
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset	Net amount of financial liabilitiespresented in the balance sheet	Related amounts not offset		Net amount
				Financial instruments	Cash collateral given	
Derivatives	1,527,244		1,527,244	(497,643)	(1,019,181)	10,420

	31.12.2014					
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset	Net amount of financial liabilitiespresented in the balance sheet	Related amounts not offset		Net amount
				Financial instruments	Cash collateral given	
Derivatives	1,878,470		1,878,470	(517,120)	(1,347,427)	13,923

Reconciliation of the net amount of financial assets and liabilities presented in the balance sheet

	31.12.2015			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	682,676	794,471	111,795

	Note	Net amount presented in the balance sheet	Carrying amount of financial liabilities in the balance sheet	Financial liabilities not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,527,244	1,556,555	29,311

	31.12.2014			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	998,080	1,153,944	155,864

	Note	Net amount presented in the balance sheet	Carrying amount of financial liabilities in the balance sheet	Financial liabilities not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,878,470	1,946,401	67,931

39. Recapitalization framework - Restructuring Plan

Recapitalization framework

On 23.7.2015, Law 4335/2015 was voted that incorporates European Directive 2014/59, in relation to recovery and resolution of credit institutions and investment firms. This Directive established a set of rules to deal with banking crises across the EU, in order to avoid significant adverse effects on financial stability and to ensure that shareholders and creditors (including unsecured depositors) will share the burden of a potential recapitalization and/or the liquidation of troubled banks.

In accordance with Law 4335/2015 the Bank of Greece is designated as the resolution authority and has the power to apply resolution tools and exercise resolution powers.

The main resolution tools provided by Law that may be applied individually or in any combination, in cases where the institution is considered insolvent or under imminent insolvency threat, are the following:

- the sale of business tool,
- the bridge institution tool,
- the asset separation tool (the legal framework states that this tool should be applied only in conjunction with other resolution tools), and
- the bail-in tool (write-down or/and conversion of capital instruments and liabilities).

Exceptionally, however, Law 4335/2015 provides that in cases of exceptional systemic crisis the Ministry of Finance has the ability to provide extraordinary state financial support through state financial stabilization measures.

Where the institution is not insolvent or on imminent insolvency situation, it may receive capital support for preventive recapitalization purposes. The support measures in this case have a preventive and temporary nature and are limited to the necessary funds to overcome the capital shortfall that derived from stress tests or asset quality review.

In this context, on 1.11.2015 came into force, pursuant to Law 4340/2015, some amendments to the provisions of Law 3864/2010 for the operation of the Financial Stability Fund. These changes, among others, laid the conditions for providing capital support for preventive recapitalization purposes to Greek banks by the Financial Stability Fund.

In particular, in order for a credit institution to be eligible to receive preventive capital support, the following two conditions must be met:

- coverage of the Capital Requirements for Existing Losses (base scenario) and
- mandatory burden sharing for holders of capital instruments and other liabilities of the receiving institution, without these measures to cause or trigger contractual clauses or to account for as non-fulfillment of contractual obligations.

In particular with respect to capital support, this is provided through the participation of the Fund in the share capital increase of the credit institution through the issuance of common shares with voting rights or the issuance of contingent convertible bonds or other convertible instruments.

During the year and due to significant deterioration of the economic environment the need of recapitalization of Greek credit institutions arose based on the above framework.

According to the Agreement for Financial Support to be provided by the European Stability Mechanism, in the third quarter of 2015 a comprehensive assessment ("CA") was conducted for the four Greek systemic financial institutions, by the Single Supervisory Mechanism - SSM. The CA included the following two steps (a) Asset Quality Review (AQR) and (b) a stress test. The minimum capital threshold for the baseline scenario was a CET1 ratio of 9.5% and for the adverse scenario was a CET1 ratio of 8%. Although the above CA was based on the methodology applied for the comprehensive assessment conducted by the ECB in 2014 for the total of the banks that it supervises, the parameters and assumptions currently applied were more adverse due to the current economic circumstances. The CA was conducted with a reference date of 30.6.2015. As part of the asset quality review a portfolio of Greek loans was reviewed in terms of credit risk, adequacy of provision coverage and management practices. In the context of the stress test, SSM conducted, with the support of appointed financial advisors, an estimation of the future impairment losses of the Group's loans with a two and a half years horizon, for a base and an adverse macroeconomic scenario. The assumptions of the two scenarios were defined by the SSM. In addition, the SSM took into consideration the financial projections and estimations of future profitability made by the financial institutions, based on commonly accepted levels of macroeconomic indices for the base scenario, while the development of the macroeconomic figures in the adverse scenario was configured by the ECB.

The assessment of capital needs was performed based on adjustments to the above figures according to the methodological approach of the SSM and was calculated from the differences between the Common Equity Tier I ratio that arose for credit institutions for each year until 2017 against a limit of 9.5% and 8% for the base and adverse scenario respectively.

According to C.A. results, which were announced on 31.10.2015, the Group presented zero capital needs as a result of the AQR, which amounted to provisions of €1.7 billion (note 38.1 – detailed presentation of AQR results), and also presented low capital needs amounting to €262.6 million under the base scenario. Under the adverse scenario the capital needs amounted to €2,743 million, however, they were reduced to €2,563 million after consideration of the third quarter before impairment result.

The Group covered the total of its capital needs through an exchange offer for securities issued and share capital increase of the Bank with cash.

Specifically, on 28.10.2015 the Bank announced separate invitations to holders of all outstanding series of securities issued by the Group's subsidiaries, Alpha Credit Group Plc, Emporiki Group Finance Plc and Alpha Group Jersey Limited to offer all outstanding securities for exchange with non-transferable receipts issued by the Bank (Liability Management Excercise).

The Proposal concerned Senior securities of €985 million and Subordinated and Hybrid securities of a total amount of €100.9 million. The total amount of securities to be exchanged amounted to about €1.1 billion.

Through the exchange offers funds amounting to €1,011 million arose which oversubscribed the capital needs of the basic scenario as these arose from the Comprehensive Assessment which was conducted by the Single Supervisory Mechanism.

Furthermore, on 25.11.2015, the Bank completed its share capital increase through a private placement to qualified and other eligible investors, which amounted to €1,552 million.

The total funds raised, amounting to €2,563 million, covered the basic and adverse scenario and as a result the Bank did not receive capital support for preventive recapitalization purposes.

Restructuring Plan

After the respective request of the Directorate-General Competition (DG Comp) of the European Committee on 21 September 2015, the Bank proceeded in reconsideration of the Restructuring Plan so as to represent the current conditions, including the recapitalization of the Bank. The revised Restructuring Plan was approved by the DG Comp on 26 November 2015.

The revised Restructuring Plan includes the following main commitments for the Bank:

- Reduction of the number of branches in Greece up to a maximum of 563 by the end of year 2017.
- Limiting the number of employees in Greece, inbanking and non-banking activities, up to a maximum of 9,504 by the end of year 2017.
- Reduction of the total costs ot the Bank in Greece (Greek banking and non-banking activities) up to a maximum amount of €933 million, by the end of the year 2017, with the exemption of redundancy scheme costs and costs related to the Bank's contribution in favor of deposit guarantee funds, or resolution funds.
- Reduction of the cost of funding through the decrease of cost of deposits collected in Greece, taking into account the macroeconomic factors at each time.
- To further strengthen Bank's balance sheet through compliance to net loans to deposits ratio, up to a maximum of 119% on 31 December 2018, as regards to Greek banking activities.
- Reduction of the total size of the portfolio of foreign assets by 30 June 2018.
- Restriction on providing additional capital to foreign subsidiaries.
- Divestment of listed and unlisted companies' securities portfolio (except for specific cases).
- Reduction of the Bank's venture portfolio to € 40 million up to the end of year 2017.
- Restriction on the purchase of non-investment grade securities.
- Apply a maximum limit of annual remuneration packages that the Bank pays to any employee or manager up to the end of year 2017.
- Adoption of guidelines regarding Group credit policy, and the corporate governance framework, as well as,

other commitments, which include restrictions on Bank's ability to proceed to specific acquisitions.

It is noted that in the revised Restructuring Plan there are no longer restrictions on the distribution of dividends over securities included in equity or subordinated securities. Also there are no restrictions on repurchases or the exercise of prepayment options for securities included in equity or subordinated securities.

The macroeconomic estimates and assumptions on which the provisions of the revised Restructuring Plan were based, are listed below:

	2014	2015	2016	2017	2018
Nominal GDP Growth Rate (%)	(1.8)	(3.2)	(0.7)	3.4	4.1
Real GDP Growth Rate (%)	0.8	(2.3)	(1.3)	2.7	3.1
Unemployment rate (%)	26.5	26.9	27.1	25.7	24.2
Inflation Rate (%)	(1.4)	(0.4)	1.5	0.9	1.0

40. Capital adequacy

The Bank's policy is to maintain a robust capital base to safeguard the Bank's development and retain the trust of depositors, shareholders, markets and business partners.

Share capital increases are performed after Shareholders' General Meeting or Board of Directors' decisions in accordance with the articles of association or the relevant laws.

Treasury shares are allowed to be purchased based on the terms and conditions of law.

The capital adequacy is supervised by Single Supervising Mechanism of ECB, to which reports are submitted every quarter. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Bank are stipulated by Bank of Greece Governor's Acts.

The capital adequacy ratio compares regulatory capital with the risks assumed by the Bank (risk-weighted assets). Regulatory capital includes Tier I capital (share capital, reserves and non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading portfolio and operational risk.

Since January 1, 2014 EU Directive 2013/36/EU dated 26 June 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013 "CRD IV" came into force, which gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

From 1.1.2014, besides the 8% Capital Adequacy Limit, limits of 4.5% for Common Equity Tier I ratio and 6% for Tier I ratio were set according to Regulation 575/2013 and the transitional provisions for the calculation of own funds as adopted by the Bank of Greece. These limits should be satisfied on a standalone and on a consolidated basis.

In the context of the regulation review and the new financial support programme of Greece from August 2015 an exercise of evaluation of Greek Banks by the Single Supervisory Mechanism (SSM) of ECB was conducted. The exercise included Asset Quality Review (AQR) and Stress Tests. The results as well as the ratios that should be met were announced on October 31, 2015 as referred specifically in note 39.

	31.12.2015 (Estimation)	31.12.2014
Common Equity Tier I	17.0%	14.7%
Tier I	17.0%	14.7%
Capital Adequacy Ratio	**17.1%**	**14.9%**

In accordance with Articles 36, 38, 39, 48 and 478 of the Regulation (EU) No 575 / 26.6.2013 and Decision No 114 / 4.8.2014 of the Bank's of Greece Credit and Insurance Committee, the amount of deferred tax assets which is included in the Bank's regulatory capital, according to its characteristics, is amortized within five or ten years. The amount of deferred tax assets (DTA) which is allowed to be included in capital is up to a maximum 10% of equity and it is weighted by 250%.

Pursuant to the Law. 4302/2014, the Article 27a of the Law. 4172/2013 (hereinafter "Context DTA") was added in order the credit institutions from 2017, to be able under certain conditions to convert the deferred tax assets ("DTA"), that arouse from the participation in the PSI and from accumulated provisions and general losses, which have been recorded up to 30 June 2015, as final and settled claims against the Greek State (hereinafter "Tax receivables").

The Tax receivables are determined by multiplying the above mentioned deferred tax asset with a ratio that represents the accounting loss after tax of the period as a percentage of total equity as shown in the annual financial statements of the credit institutions.

The above mentioned Article 27a allows to Greek credit institutions to fully recognize the Tax Assets in equity without the assumption of "future profitability" according to CRD IV, and thus not to be deducted from CET1 regulatory capital but as a 100% weighted asset with a corresponding beneficial effect on the capital position of the credit institution.

In December 2015 the DTA which are included within the scope of DTA framework for the Bank amounted to € 3.386,4 million and constitute 77.4% of the Bank's total DTA and 6.8% of the corresponding Risk Weighted Assets. According to the current legal framework the Bank's CET I is estimated at 16.4% in 2024 (assuming full application of regulatory framework) whilst if the positive impact of the relevant legislation will not be taken into consideration the above mentioned ratio is estimated at 10.8% for 2024 when the transitional period is ended. In 31 December 2015 the Bank's estimated ratios of CET I and of capital adequacy amounted to 17.0% and 17.1% respectively.

41. Related-party transactions

The Bank enters into a number of transactions with related parties in the normal course of business. These transactions are performed at arms length and are approved by the Bank's committees.

a. The outstanding balances of the Bank's transactions with key management personnel consisting of members of the Bank's Board of Directors and Executive Committee, their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	31.12.2015	31.12.2014
Assets		
Loans and advances to customers	11,460	32,529
Liabilities		
Due to customers	13,418	42,582
Employee defined benefit obligations	453	387
Total	**13,871**	**42,969**
Letters of guarantee and approved limits	**11,689**	**11,917**

	From 1 January to	
	31.12.2015	**31.12.2014**
Income		
Interest and similar income	208	922
Fee and commission income	142	129
Total	**350**	**1,051**
Expenses		
Interest expense and similar charges	158	1,355
Fees paid to key management and close family members	3,469	3,418
Total	**3,627**	**4,773**

b. The outstanding balances with the Bank's subsidiaries, associates and joint ventures as well as the results related to these transactions are as follows:

i. Subsidiaries

	31.12.2015	31.12.2014
Assets		
Due from banks	1,959,026	2,783,157
Derivative financial assets	1,462	12,959
Loans and advances to customers	3,184,277	2,271,310
Available for sale securities	302,442	753,009
Other assets	2,690	6,483
Total	**5,449,897**	**5,826,918**

	31.12.2015	31.12.2014
Liabilities		
Due to banks	67,650	322,834
Due to customers	1,027,650	630,046
Derivative financial liabilities	6,077	20,381
Debt securities in issue and other borrowed funds	328,039	2,081,452
Other liabilities	58,108	5,746
Total	**1,487,524**	**3,060,459**
Letters of guarantee and other guarantees	**773,629**	**1,157,316**

Additional funding of Bank's subsidiaries which have issued bonds from the Bank, guarantees have been given on 31.12.2015 amounting to €15,542 (31.12.2014: €1,759,966).

	From 1 January to	
	31.12.2015	31.12.2014
Income		
Interest and similar income	103,838	90,344
Fee and commission income	14,808	18,487
Gains less losses on financial transactions	6,498	20,435
Other income	5,458	4,415
Total	**130,602**	**133,681**
Expenses		
Interest expense and similar charges	80,648	78,383
Commission expense	3,029	1,935
General administrative expenses	15,258	20,087
Total	**98,935**	**100,405**

ii. Joint ventures

	31.12.2015	31.12.2014
Assets		
Loans and advances to customers	158,665	168,507
Other assets	-	15
Total	**158,665**	**168,522**
Liabilities		
Due to customers	21,257	7,120

	From 1 January to	
	31.12.2015	**31.12.2014**
Income		
Interest and similar income	5,712	5,912
Fee and commission income	4	3
Other income	26	27
Total	**5,742**	**5,942**
Expenses		
Interest expense and similar charges	263	96
General administrative expenses	-	5,652
Total	**263**	**5,748**

iii. Associates

	31.12.2015	31.12.2014
Assets		
Loans and advances to customers	3,044	3,044
Liabilities		
Due to customers	201	207
	From 1 January to	
	31.12.2015	**31.12.2014**
Income		
Interest and similar income	9	-

c. Until 25.8.2015 the Supplementary Fund of former Alpha Credit Bank's employees held bonds of the subsidiary Alpha Credit Group Plc. The interest income of those bonds amounted to €647, while its deposits in Alpha Bank amount to €4,590 (31.12.2014: €29,876). The interest expense related to deposits amount to €66. In addition, Alpha Bank's shares of €114 (31.12.2014: €1,075) are included in the assets of the Supplementary Fund.

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, in the context of Law 3864/2010 and based to Relationship Framework Agreement (FRA) signed on 23.11.2015 and replace the previous signed in 2013, HFSF has participation in the Board of Directors and other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Bank.

The outstanding balances and the results related to these transactions are analyzed as follows:

	From 1 January to	
	31.12.2015	**31.12.2014**
Income		
Interest and similar income	-	289
Fee and commission income	49	133
Total	**49**	**422**

42. Auditors' fees

During 2015, the total fees of "KPMG Certified Auditors A.E.", statutory auditor of the Bank, are analyzed below, as stated in paragraph 2 and 32, article 29, of Law 4308/2014.

	1.1 - 31.12.2015	1.1 - 31.12.2014
Fees for statutory audit	1,200	950
Fees for the issuance of tax certificate	165	400
Fees for other audit related services	460	367
Fees for other non-audit services	26	26
Total	**1,851**	**1,743**

43. Acquisition of the Retail Banking operations of Citibank and Diners Club Greece A.E.P.P.

On 30.09.2014, the acquisition by the Bank of the Retail Banking operations of Citibank, including the company Diners Club Greece A.E.P.P. was completed, following the agreement signed on 13.6.2014 between the Bank and Citibank International plc (hereinafter "CIP") and Citibank Overseas Investment Corporation and the receipt of the required regulatory approvals.

a. CIP Transaction

An analysis of the above transactions is included in Note 43 of the 2014 Bank's financial statements. The measurement at fair value of the net assets acquired through the acquisition of the retail banking operations of CIP, had not been completed as of 31.12.2014, due to the short period of time between the completion of the transaction and the annual financial statements publication. Within the first quarter of 2015 the Bank completed the valuation process of the net assets acquired in the context of the above mentioned transaction without any adjustment in the provisional fair values disclosed in the annual financial statements of 31.12.2014.

The following table presents the final fair values as of 30.9.2014 for the assets acquired from the acquisition of the retail banking operations of CIP.

CIP transaction

(Amounts in Thousand of Euro)

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	20,279
Loans and advances to customers	227,466
Tangible assets	458
Other intangible assets	60,079
Funding Gap	680,950
Other assets	695
Total Assets	**989,927**
Liabilities	
Due to customers	927,343
Employee defined benefit obligations	2,936
Other liabilities and provisions	12,948
Total Liabilities	**943,227**
Net Assets	**46,700**
Consideration	(46,700)
Negative goodwill	**-**

b. Merger of Company Diners Club Greece A.E.P.P.

On 30.9.2014 the Bank obtained the control of Diners Club Greece A.E.P.P. after the acquisition of 100% of the share capital of the company. Since that date the company constitutes a subsidiary of the Bank.The details of this transaction and the accounting effects of the merger at a Group level are included in note 47 of the consolidated financial statements of the fiscal year 2014 and in Note 22 of the interim consolidated financial statements as at 31.3.2015.

On 2.6.2015, pursuant to the 59073/2.6.2015 resolution of the Directorate of companies and General Commercial Register of the Ministry of Finance, Infrastructure, Shipping and Tourism, with registration number 367376/2.6.2015 the merger of the Bank and Diners Club was approved through absorption of the second company from the first.

The transaction of absorption of a subsidiary by the holding company constitutes business combination under joint control and hence its accounting depiction is not covered by the provisions of IFRS. In these cases IAS 8 requires that the company to implement an accounting policy which is relevant and reliable according to the provisions of IAS for similar and relevant transactions and any relevant provisions of other accounting principles except for IAS. The Bank's accounting policy is the accounting recognition of all business combinations according to IFRS 3 even for cases of companies which were under Bank's control.

The valuation of Diners' net assets on 30.9.2014 according to the provisions of IFRS 3 for preparation of the consolidated financial statements purposes, was completed within the first quarter of 2015. Due to the short period of time between the date of acquisition (30.9.2014) and the date of merger (2.6.2015) it is estimated that any changes in the fair value of Diners' net assets are not significant and therefore a new valuation of Diners' net assets will not be conducted on 2.6.2015 for the purpose of presenting the merger in the Bank's separate financial statements. The Bank recognized the acquired Diners' net assets at the values of 2.6.2015 as these resulted by adjusting their fair value on 30.9.2014 for the transactions and financial results of Diners of the period 30.9.2014 – 2.6.2015.

The table below depicts the final values of Diners Club Greece A.E.P.P. net assets recognized in Bank's financial statements as of 2.6.2015.

Diners Club Greece A.E.P.P.

(Amounts in Thousand of Euro)

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	895
Loans and advances to customers	139,021
Intangible assets	22,995
Other assets	141
Total Assets	**163,052**
Liabilities	
Due to customers	85,656
Employee defined benefit obligations	5,875
Deferred tax liabilities	6,692
Other liabilities and provisions	15,155
Total Liabilities	**113,378**
Net Assets	**49,674**
Consideration (Cost of Acquisition)	(1,437)
Negative goodwill	**48,237**

In intangible assets an amount of €22.9 million that was recognized relates to the value which was attributed to the customer relationships of the credit cards operations.

In addition, deferred tax liabilities amount of €6.7 million were recognized arising from taxable temporary differences between the tax base and the accounting value which is recognized according to IFRS 3. These differences mainly concern the intangible asset of the acquired customer relationships.

The amount of €48.2 million that has been recognized in "Negative Goodwill from acquisitions" in the Income Statement, represents the amount of negative goodwill arising from fair values. The negative goodwill arose from the very low acquisition price of the company (€1.4 million, which is the acquisition cost of the total share capital of Diners Club Greece A.E.P.P. as at 30.9.2014) in relation with the estimated value of its loan portfolio and the acquired customer relationships. The respective amount did not constitute taxable item during the legal merger of Alpha Bank with Diners Club Greece A.E.P.P..

The balance of Loans and Advances acquired from the merger of Diners before impairment amounted to €170.8 million. Regarding the estimation for the amounts that are expected not to be recovered, it is noted that the Bank examines the loans in the context of the impairment policy that follows and the credit risk policy is analyzed in note 38.1 of the Bank's annual financial statements of the fiscal year 2015.

The table below presents the total income, expenses and results before and after tax that would have arisen for the Bank if the acquisition of Diners had taken place on 1.1.2015. Due to the legal merger the separate presentation of Diners Club Greece A.E.P.P. results after 2.6.2015 is not feasible.

	Results of Bank 1.1 - 31.12.2015
Total assets	**1,885,049***
Total expenses	**(3,689,974)**
Profit/(Loss) before income tax	(1,804,925)
Profit/(Loss) after income tax	(1,024,831)

* This amount includes the negative goodwill amounting to €48.2 million.

44. Current assets held for sale and discontinued operations

Bank's branch in Bulgaria

On 17.7.2015, the Bank and Eurobank, with joint referred communication, notified their agreement, in main terms, for the transfer of operations of Bank's Bulgaria Branch to Eurobank's subsidiary in Bulgaria (Postbank). On 6.11.2015 the Bank and Postbank by signing the respective contract, finalized the terms of the transfer that was completed on 1.3.2016.

On 30.6.2015 the assets of Bulgaria Branch, and direct related liabilities, meet the qualification requirements as "Held for sale" in accordance with IFRS 5, as at that date the management had decided to sell the unit and was already in the process of negotiations with the prospective buyer. Simultaneously, the Bulgaria Branch is a distinct geographical area of operations for the Bank included in the Southeast Europe for information purposes per operating segment. Following the characterization of Bulgarian Branch, which is the only company in the banking sector through which the Bank operates in Bulgaria, as asset held for sale, its activities are classified as "discontinued operations" for the Bank.

Therefore, for the purpose of preparation of the Bank's interim financial statements, the Bank valued the assets and liabilities of Bulgarian Branch at the lowest price between the book value and fair value less selling costs recognizing the difference which was amounted to €34.007 as loss in the category "Profit/(loss) after income tax from discontinued operations" of the Income Statement.

It is noted that the valuation difference at fair value is different from the amount that was recognized during the second and the third quarter since according to the final terms of the sale, as these terms were reflected at the contract of 6.11.2015, part of the Branch's financing from the Bank was undertaken from another Group company. After the above valuation, Branch's assets as at 31.12.2015 amount to €444,401 and are presented in the Balance Sheet as ''Assets held for sale''. Branch's liabilities amounting to €338,820 are presented in the Balance Sheet as "Liabilities related to assets held for sale''.

The above figures of Bulgarian Branch analyzes in the table below:

(Amounts inThousand of Euro)

	31.12.2015
ASSETS	
Cash and balances with Central Banks	152,860
Due from banks	15,591
Loans and advances to customers	297,610
Investment securities	
- Available for sale	6
Investment property	1,240
Property, plant and equipment	4,514
Goodwill and other intangible assets	2,994
Other assets	2,775
	477,589
Difference due to valuation at fair value	(33,189)
Assets held for sale	**444.401**
LIABILITIES	
Due to customers	280,228
Liabilities for current income tax and other taxes	158
Other liabilities	57,889
Provisions	545
Liabilities related to assets held for sale	**338,820**

The results and cash flows of Bulgaria Branch are presented as "discontinued operations" in the Income Statement, with a corresponding restatement of comparative period 1.1.2014 to 31.12.2014 and in the cash flow statement with a restatement of comparative period 1.1.2014 to 31.12.2014. The following table analyzes the amounts presented in the Income Statement.

Income Statement

(Amounts in thousand of Euro)

	From 1 January to	
	31.12.2015	31.12.2014
Interest and similar income	22,954	32,119
Interest expense and similar charges	(5,981)	(14,294)
Net interest income	16,973	17,825
Fee and commission income	6,184	6,607
Commission expense	(397)	(470)
Net fee and commission income	5,787	6,137
Dividend income	2	3
Gains less losses on financial transactions	538	641
Other income	844	446
	1,384	1,090
Total income	**24,144**	**25,052**
Staff costs	(9,626)	(10,116)
General administrative expenses	(15,292)	(15,692)
Depreciation and amortization	(2,803)	(3,165)
Other expenses	(37)	(194)
Total expenses	**(27,758)**	**(29,167)**
Impairment losses and provisions to cover credit risk	(5,303)	(6,953)
Profit/(loss) before income tax	**(8,917)**	**(11,068)**
Income tax		
Profit/(loss) after income tax	**(8,917)**	**(11,068)**
Difference due to valuation at fair value	(34,007)	
Profit /(loss) after income tax, from discontinued operations	**(42,924)**	**(11,068)**

Investment in subsidiary Alpha Bank AD Skopje

The Bank, during the fourth quarter of 2015, began the process of selling its subsidiary Alpha Bank Skopje (ABS), under the framework of the approved restructuring plan and the fulfillment of the relevant commitment for deleveraging the assets of its international activities. The ABS Group is the smallest subsidiary in the Balkans and it has a small presence in the local market in Skopje (market share <2%). As part of this process, investors, which were shortlisted from a broader investor list, were invited to submit their bids on the acquisition of the 100% of the ABS shares and on the 100% of the hybrid instrument (subordinated loan) which were allocated to the ABS from the parent company (both of them were combined "Transaction Perimeter").

On 31.12.2015 the Bank's participation in the subsidiary and the hybrid instrument satisfy the conditions for classification as "held for sale" in accordance with IFRS 5. Therefore, for the preparation of 31.12.2015 financial statements the participation in the subsidiary company and the hybrid instrument was valued at the lower of book and fair value less cost of sale, recognizing the difference amounted to €28,553 as a loss in gains less losses on financial transactions. The fair value was determined based on the financial bids which were received from the potential investors for the Transaction Perimeter and the assessment of the Bank for the final price.

Investment in subsidiary Alpha Insurance Ltd

During 2014 the Bank's participation in the subsidiary Alpha Insurance Ltd was classified in assets held for sale as the sale agreement on 11.12.2014 met the relevant criteria. From this classification no impairment occurred as the book value of the investment amounting to €1.8 million, was not less than the fair value less cost of sale. The sale was completed on 16.1.2015.

It is noted that both the sale of Branch in Bulgaria and Alpha Insurance Ltd are integrated into the framework of the commitments undertaken by the Bank to implement, in the approved by the European Commission its Restructuring Plan (note39).

At each reporting date of the financial statements, the Bank assesses the actions undertaken within the context of the restructuring plan's implementation in order to classify as held for sale the assets and liabilities that are directly associated with them, for the cases that the criteria of IFRS 5 are met (listed in note 1.16).

45. Disclosures of Law 4151/2013

According to Article 6 of Law 4151/2013, the capitals from dormant deposit accounts will be used by the Greek State to cover government needs, after the write off of rights of depositors or their legal heirs.

According to Law 3601/2007, dormant deposit account to credit Institution is an account on which no transaction by depositors has been recorded for a period of 20 years from the day following the last transaction. The crediting or capitalizing of interest to an account will not constitute a transaction and not interrupt the prescription.

Following the expiry of the 20-year period, the credit institutions in Greece are obliged to: a) transfer to the State the aggregate balance of dormant deposit accounts, including any interest, by the end of April of each year by depositing the relevant amount in a special account in the Bank of Greece b) notify the General Accounting Office (GAO) and the General Directorate of Public Property to fulfill the obligations arising from the Law 4151/2013 and c) to provide information to beneficiaries and heirs after the lapse of 20 years for the transfer of the respective amounts, if asked. The abovementioned amounts will be recorded as income in the Annual State Budget.

The auditors in the notes to the published annual financial statements of credit institutions will confirm whether or not they complied with the provisions of the law on dormant deposits indicating the amount that was transferred to the State.

Based on the combined provisions of paragraph 6 of Article 1 from 07/18/2015 PNP as amended and currently in force and ratified by the Law no. 4350/2015 and the corresponding Articles 7 & 8 of Law 4151/2013 (A'103) the Bank must return until the end of April of 2016 the balances of the dormant deposits that complete 20 years period until Friday 17th of June, 2015. After this date the deadline of Articles 7 and 8 of above mentioned Law is suspended.

In the context of fulfillment of the above Bank's obligations, the estimated payable amount of dormant deposits accounts for the financial year 2015 amounts to €0.7 million and corresponds to 3,813 deposit accounts (31.12.2014: €1.1 million, number of deposit accounts 4,232).

46. Corporate events

a. On 16.1.2015 the sale of the Bank's participation in the insurance company "Alpha Insurance Ltd" in Cyprus was completed, as stated in note 44.

b. On 23.1.2015 the Bank proceeded to the sale of the total number of shares of the joint venture Management and Electronic Trading Network Operation "Cardlink". From the transaction a gain of €5.95 million incurred and was recognized in "Gain Less Losses from financial transactions".

c. On 16.2.2015 the Bank's Board of Directors approved the initiation of the procedures to merge and absorb Diners Club Greece A.E.P.P. with the Bank, by absorption of the second from the first, in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 18(a) and (d)(1) of Law 2515/1997 and also in accordance with article 54 of Law 4172/2013, that was completed on 2.6.2015 by absorption of the company Diners Club Greece A.E.P.P from the Bank.

d. On 17.3.2015 the Bank in respect according to the relevant restructuring agreement of the debt obligations of the company SELONDA AEGE, it acquired 23.01% of its shares. The fair value of the shares which were acquired was defined to the amount of one Euro (note 19).

e. On 27.3.2015 the merger of Alpha Bank Cyprus Ltd and Emporiki Bank Cyprus Ltd was completed through absorption of the second from the first.

f. On 20.7.2015 the Bank's participation in the share capital increase of the joint venture "APE Investment Property SA" by contributing its share amounting to €11.8 million.

g. On 2.9.2015 and on 30.10.2015 the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd, by contributing €28.15 million and €6.85 million respectively.

h. On 30.9.2015 the process of liquidation of the subsidiary company of the Bank, Emporiki Media Advertising EPE was completed.

i. On 7.10.2015 the Bank in respect according to the relevant loan restructuring agreement of the company Nireus AEGE, acquired in the share capital of the company which on 31.12.2015 amounted to 20.72% (note 19).

j. In December 2015 the Visa Europe informed its members about the forthcoming sale of 100% of its share capital to Visa Inc. The sale, which is subject to the required regulatory approvals, is expected to be completed in the second quarter of 2016. The calculation of the transaction price is based on the net income of Visa Europe which each member has contributed for a specific period of time. The transaction price was set at €16.5 billion, out of which €11.5 billion will be paid in cash and €5 billion in preference shares. The Bank will recognize its attributable amount based on its contribution to the net income of Visa Europe, on the completion of the transaction in 2016. Furthermore it is noted that within four years from the completion of the transaction, the members are expected to receive a total amount of €4.7 billion depending on the net income which each member will contribute during the period.

47. Restatement of financial statements

During the current period the Bank modified the way of disclosing legal fees which, according to loan agreements, were charged to the loan accounts. Those expenses, which so far were included in general administrative expenses, are offset, for disclosure purposes, with the relevant income arising during the debit of the loan accounts, which is included in the fee and commission income.

The modification of the legal fees and of the relevant income disclosure was chosen because the substance of the transaction is reflected better in this way, since in the amounts of expenses no longer are included amounts that in essence are not charged to the Bank, and also corresponding to amounts of income do not included amounts that are not provided as service by the Bank.

As a result of this change, some funds of the income statement of the comparative period were restated without changing the result.

The restated statements of income and cash flows for the period ended 31.12.2014 after the change of the presentation of legal expenses and related revenues and designation of Branch Bank in Bulgaria as discontinued operation and adjustment of the index basic and diluted earnings / (loss) per share.

Income Statement

(Amounts in Thousands of Euro)

	From 1 January to 31.12.2014				
	Published Amounts	**Restatements due to changes in the presentation of Legal Expenses**	**Restated Amounts**	**Discontinued operations**	**Continuing operations**
Interest and similar income	2,788,599		2,788,599	32,118	2,756,481
Interest expense and similar charges	(1,245,900)		(1,245,900)	(14,294)	(1,231,606)
Net interest income	1,542,699		1,542,699	17,824	1,524,875
Fee and commission income	380,900	(56,076)	324,824	6,607	318,217
Commission expense	(46,903)		(46,903)	(469)	(46,434)
Net fee and commission income	333,997	(56,076)	277,921	6,138	271,783
Dividend income	52,027		52,027	4	52,023
Gains less losses on financial transactions	16,145		16,145	641	15,504
Other income	18,171		18,171	446	17,725
	86,343		86,343	1,091	85,252
Total income	**1,963,039**	**(56,076)**	**1,906,963**	**25,053**	**1,881,910**
Staff costs	(528,342)		(528,342)	(10,116)	(518,226)
Voluntary Separation Scheme cost	(200,800)		(200,800)	-	(200,800)
General administrative expenses	(496,326)	56,076	(440,250)	(15,692)	(424,558)
Depreciation and amortization expenses	(62,719)		(62,719)	(3,165)	(59,554)
Other expenses	(16,952)		(16,952)	(195)	(16,757)
Total expenses	**(1,305,139)**	**56,076**	**(1,249,063)**	**(29,168)**	**(1,219,895)**
Impairment losses and provisions to cover credit risk	(1,393,551)		(1,393,551)	(6,953)	(1,386,598)
Profit/(Losses) before income tax	**(735,651)**		**(735,651)**	**(11,068)**	**(724,583)**
Income tax	677,122		677,122		677,122
Profit/(Losses) after income tax	**(58,529)**		**(58,529)**	**(11,068)**	**(47,461)**
Basic and diluted earnings/(losses) per share (€ per share):	(0.005)		(0.240)	(0.040)	(0.190)

Statement of Cash Flows

(Amounts in thousands of Euro)

	From 1 January to 31.12.2014		
	Published amounts	Restated amounts from Discontinued operations	Restated amounts
Cash flows from continuing operating activities			
Profit / (loss) before income tax	(735,651)	(11,068)	(724,583)
Adjustments for gain/(losses) before income tax for:			
Depreciation /impairment of fixed assets	44,127	2,709	41,418
Amortization of intangible assets	27,723	644	27,079
Impairment losses from loans, provisions and staff leaving indemnity	1,420,292	7,325	1,412,967
Impairment of investments	42,334		42,334
(Gains)/losses from investing activities	(162,215)		(162,215)
(Gains)/losses from financing activities	151,292		151,292
	787,902	**(390)**	**788,292**
Net (increase)/decrease in assets relating to continuing operating activities:			
Due from banks	537,192	(7,615)	544,807
Securities held for trading and derivative financial assets	(340,761)	(3,753)	(337,008)
Loans and advances to customers	(329,667)	(40,599)	(289,068)
Other assets	116,698	322	116,376
Net increase /(decrease) in liabilities relating to continuing operating activities:			
Due to banks	(1,796,867)	2,583	(1,799,450)
Derivative financial liabilities	344,280	(28)	344,308
Due to customers	(844,233)	50,439	(894,672)
Other liabilities	(164,033)	(2,180)	(161,853)
Net cash flows from continuing operating activities before taxes	**(1,689,489)**	**(1,221)**	**(1,688,268)**
Income taxes and other taxes paid	(267)	(191)	(76)
Net cash flows from continuing operating activities	**(1,689,756)**	**(1,412)**	**(1,688,344)**
Net cash flows from discontinued operating activities			**(1,412)**
Cash flows from continuing investing activities			
Investments in subsidiaries,associates and joint ventures	(38,945)		(38,945)
Acquisitions of retail banking operations of Citibank	643,941		643,941
Dividends received	52,027		52,027
Acquisitions of fixed and intangible assets	(54,696)	(252)	(54,444)
Disposals of fixed and intangible assets	(2,110)	1,149	(3,259)
Net (increase)/decrease in investment securities	518,678		518,678
Net cash flows from continuing investing activities	**1,118,895**	**897**	**1,117,998**
Net cash flows from discontinued investing activities			**897**
Cash flows from continuing financing activities			
Share capital increase	1,200,000		1,200,000
Repayment of preference shares	(940,000)		(940,000)
Share capital increase expenses	(48,329)		(48,329)
Dividends paid	(604)		(604)
Proceeds from debt securities in issue and other borrowed funds	913,343		913,343
Repayments of debt securities in issue and other borrowed funds	(81,367)		(81,367)
Net cash flows from financing activities	**1,043,043**	**-**	**1,043,043**
Effect of exchange rate fluctuations on cash and cash equivalents	1,848		1,848
Net increase/(decrease) in cash flows from continuing activities	**474,030**	**(515)**	**474,545**
Net increase/(decrease) in cash flows from discontinued activities			**(515)**
Cash and cash equivalents at the beginning of the year	**748,999**	**12,973**	**748,999**
Cash and cash equivalents at the end of the year	**1,223,029**	**12,458**	**1,223,029**

48. Events after the balance sheet date

a) On 26.1.2016 the Bank participated in Aktua Hellas Holding SA establishment, which is registered in Greece with 45% and share capital of €25 thousand.

b) On 18.2.2016 the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd by paying the amount of € 57.82 million.

c) On 18.2.2016 the the legislation 'Deposit Guarantee Schemes, Deposit and Investment Guarantee Fund and other provisions " was submitted to the Ministry of Finance under this law the Directive 2014/49 / EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (DGSD) is incorporated in our legislation, whereas the provisions of law. 3746/2009 for Deposit Guarantee Schemes (DGS) are replaced and abolished. The Directive 2014/49 / EU establishes common rules for all DGSD's, in order to provide a uniform level of protection for depositors throughout the EU, and ensuring the same level of stability for the DGSDs.

d) On 1.3.2016 the transfer of Alpha Bank Bulgarian Branch operations in Eurobank Bulgaria AD, a subsidiary of Eurobank Ergasias AE was completed.

Athens, 3 March 2016

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS **ID No AI 666242**	**DEMETRIOS P. MANTZOUNIS** **ID No I 166670**	**VASILEIOS E. PSALTIS** **ID No AI 666591**	**MARIANNA D. ANTONIOU** **ID No X 694507**

FINANCIAL INFORMATION OF ALPHA BANK A.E. AND THE GROUP

For the year from January 1, 2015 to December 31, 2015

(Published in accordance with Codified Law 2190/20, article 135 concerning businesses that prepare annual financial statements, consolidated or not, in accordance with I.F.R.S.)

(Amounts in thousands of Euro)

The financial information derived from the financial statements, provide a general presentation of the financial position and results of Alpha Bank A.E. and the Group. Therefore, we recommend to the reader, before any investment decision or transaction is performed with the Bank,to visit the web site of the Bank www.alpha.gr, where the financial statements, as well as the auditor's report are available.

INFORMATION OF ALPHA BANK:

Registered office:	40 Stadiou Street- 102 52, ATHENS
G.C.R. Number:	223701000
(former S.A. Registration Number:	6066/06/B/86/05)
Supervising authority:	Bank of Greece Ministry of Economy, Development and Tourism
Date of approval of the Financial Statements by the Board of Directors (from which the financial information were derived):	March 3, 2016
Certified Auditors:	Nikolaos E.Vouniseas (A.M. SOEL 18701) Ioannis A.Achilas (A.M. SOEL 12831)
Audit Firm:	KPMG Certified Auditors A.E. (A.M. SOEL 114)
Type of Auditors' Report:	Unqualified opinion - Emphasis of matter
Website address:	www.alpha.gr

MEMBERS OF THE BOARD OF DIRECTORS:

CHAIRMAN
(Non - Executive Member)
Vasileios T.Rapanos

VICE CHAIRMAN
(Non-Executive Independent Member)
Minas G.Tanes

MANAGING DIRECTOR - CEO
(Executive Member)
Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS
(Executive Members)
Spyros N. Filaretos (COO)
Artemis Ch. Theodoridis
George C. Aronis

NON-EXECUTIVE MEMBERS
Efthimios O. Vidalis
Ioanna E. Papadopoulou

NON-EXECUTIVE INDEPENDENT MEMBERS
Pavlos A. Apostolides
Evangelos J. Kaloussis
Ioannis K. Lyras
Ibrahim S. Dabdoub
Shahzad A. Shahbaz

NON-EXECUTIVE MEMBER
(in accordance with Law 3723/2008)
Marika S. Ioannou-Frangakis
(replacing Sarantis-Evangelos G. Lolos from 17.3.2015)

NON-EXECUTIVE MEMBER
(in accordance with Law 3864/2010)
Panagiota S. Iplixian

BALANCE SHEET

	Consolidated		Alpha Bank	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS				
Cash and balances with Central Banks	1,730,327	2,019,017	698,730	1,265,442
Due from banks	1,976,273	2,771,739	3,406,859	4,714,551
Securities held for trading	2,779	4,189	1,888	1,729
Derivative financial assets	793,015	1,148,476	794,471	1,153,944
Loans and advances to customers	46,186,116	49,556,985	41,558,014	43,475,910
Investment securities				
- Available for sale	5,794,484	5,688,286	4,890,891	4,638,825
- Held to maturity	79,709	310,818	2,823	93,817
- Loans and receivables	4,289,482	4,299,101	4,289,482	4,299,101
Investments in subsidiaries, associates and joint ventures			2,087,386	2,072,689
Investments in associates and joint ventures	45,771	46,383		
Investment property	623,662	567,212	28,813	31,939
Property, plant and equipment	860,901	1,083,348	691,847	729,585
Goodwill and other intangible assets	342,251	331,424	299,821	261,351
Deferred tax assets	4,398,176	3,689,446	4,372,486	3,604,079
Other assets	1,510,225	1,365,066	1,421,770	1,289,764
	68,633,171	72,881,490	64,545,281	67,632,726
Non-current assets held for sale	663,063	53,971	447,601	1,831
Total Assets	**69,296,234**	**72,935,461**	**64,992,882**	**67,634,557**
LIABILITIES				
Due to banks	25,115,363	17,300,114	25,170,637	17,558,462
Derivative financial liabilities	1,550,529	1,948,541	1,556,555	1,946,401
Due to customers			27,733,679	37,817,447
(including debt securities in issue)	31,434,266	42,900,633		
Debt securities in issue held by institutional investors and other borrowed funds	400,729	1,523,521	406,231	2,021,165
Liabilities for current income tax and other taxes	38,192	61,794	21,108	47,819
Deferred tax liabilities	20,852	25,502		
Employee defined benefit obligations	108,550	105,353	105,816	94,683
Other liabilities	910,622	1,091,747	831,557	993,887
Provisions	296,014	212,712	410,446	333,520
	59,875,117	65,169,917	56,236,029	60,813,384
Liabilities related to non-current assets held for sale	366,781	58,994	338,820	
Total Liabilities (a)	**60,241,898**	**65,228,911**	**56,574,849**	**60,813,384**
EQUITY				
Share Capital	461,064	3,830,718	461,064	3,830,718
Share premium	10,790,870	4,858,216	10,790,870	4,858,216
Reserves	301,223	105,712	153,631	53,351
Amounts recognized directly in Equity, related to Assets held for Sale	8,834	(25)		
Retained earnings	(2,546,885)	(1,142,801)	(2,987,532)	(1,921,112)
Equity attributable to Equity owners of the Bank	9,015,106	7,651,820	8,418,033	6,821,173
Non-controlling interests	23,998	23,266		
Hybrid securities	15,232	31,464		
Total Equity (b)	**9,054,336**	**7,706,550**	**8,418,033**	**6,821,173**
Total Liabilities and Equity (a)+(b)	**69,296,234**	**72,935,461**	**64,992,882**	**67,634,557**

STATEMENT OF CASH FLOWS

	Consolidated		Alpha Bank	
	From 1 January to		From 1 January to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net cash flows from continuing operating activities	(1,320,644)	(1,317,796)	(1,695,169)	(1,688,344)
Net cash flows from discontinued operating activities	13,365	(4,052)	15,340	(1,412)
Net cash flows from operating activities (a)	**(1,307,279)**	**(1,321,848)**	**(1,679,829)**	**(1,689,756)**
Net cash flows from continuing investing activities	(44,970)	516,019	(142,253)	1,117,998
Net cash flows from discontinued investing activities	9,949	(125)	(460)	897
Net cash flows from investing activities (b)	**(35,021)**	**515,894**	**(142,713)**	**1,118,895**
Net cash flows from continuing financing activities	1,479,523	1,021,950	1,362,631	1,043,043
Net cash flows from financing activities (c)	**1,479,523**	**1,021,950**	**1,362,631**	**1,043,043**
Net increase/(decrease) in cash and cash equivalents of the period(a)+(b)+(c)	**137,223**	**215,996**	**(459,911)**	**472,182**
Effect of exchange rate fluctuations on cash and cash equivalents	(3,334)	5,081	2,130	1,848
Total cash flows for the period	**133,889**	**221,077**	**(457,781)**	**474,030**
Cash and cash equivalents at the beginning of the period	**1,194,244**	**973,167**	**1,223,029**	**748,999**
Cash and cash equivalents at the end of the period	**1,328,133**	**1,194,244**	**765,248**	**1,223,029**

STATEMENT OF CHANGES IN EQUITY

	Consolidated		Alpha Bank	
	From 1 January to		From 1 January to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Equity at the beginning of the period (1.1.2015 and 1.1.2014 respectively)	**7,706,550**	**8,367,735**	**6,821,173**	**7,147,306**
Total comprehensive income for the period, after income tax	(1,166,544)	(884,895)	(928,895)	(550,369)
Share capital increase through private placement in cash	1,552,169	1,200,000	1,552,169	1,200,000
Share capital increase through capitalization of financial receivables	1,010,831		1,010,831	
Redemption of preference shares		(940,000)		(940,000)
Share capital increase related expenses, after income tax	(43,506)	(35,764)	(43,506)	(35,764)
Change of ownership interests in subsidiaries		(333)		
Effect due to change of the income tax rate at share capital increase expenses	6,261		6,261	
(Purchases), (Redemptions)/Sales of hybrid securities, after income tax	(11,425)	(236)		
Other		43		
Equity at the end of the period (31.12.2015 and 31.12.2014 respectively)	**9,054,336**	**7,706,550**	**8,418,033**	**6,821,173**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Interest and similar income	3,014,436	3,247,017	2,647,094	2,756,481
Interest expense and similar charges	(1,082,721)	(1,327,591)	(1,037,928)	(1,231,606)
Net interest income	1,931,715	1,919,426	1,609,166	1,524,875
Fee and commission income	383,410	391,322	315,702	318,217
Commission expense	(68,684)	(57,108)	(59,348)	(46,434)
Net fee and commission income	314,726	334,214	256,354	271,783
Dividend income	3,308	1,552	35,465	52,023
Gains less losses on financial transactions	(45,047)	40,361	(91,280)	15,504
Other income	63,202	64,442	16,868	17,725
	21,463	106,355	(38,947)	85,252
Total income	**2,267,904**	**2,359,995**	**1,826,573**	**1,881,910**
Staff costs	(533,114)	(649,621)	(401,781)	(518,226)
Cost/Provision of Voluntary Separation Scheme	(64,300)	(200,800)	(64,300)	(200,800)
General administrative expenses	(560,219)	(540,029)	(443,556)	(424,558)
Depreciation and amortization expenses	(105,001)	(94,341)	(71,336)	(59,554)
Other expenses	(42,069)	(69,055)	(7,057)	(16,757)
Total expenses	**(1,304,703)**	**(1,553,846)**	**(988,030)**	**(1,219,895)**
Impairment losses and provisions to cover credit risk	(3,019,806)	(1,847,037)	(2,699,237)	(1,386,598)
Negative goodwill from acquisitions		40,287	48,237	
Share of profit/(loss) of associates and joint ventures	(9,821)	(10,759)		
	(3,029,627)	(1,817,509)	(2,651,000)	(1,386,598)
Profit/(Loss) before income tax	**(2,066,426)**	**(1,011,360)**	**(1,812,457)**	**(724,583)**
Income tax	806,758	696,439	823,105	677,122
Profit/(Loss) after income tax from continuing operations	**(1,259,668)**	**(314,921)**	**(989,352)**	**(47,461)**
Profit/(Loss) after income tax from discontinued operations	(111,786)	(14,787)	(42,924)	(11,068)
Profit/(Loss) after income tax (a)	**(1,371,454)**	**(329,708)**	**(1,032,276)**	**(58,529)**
Profit/(Loss) attributable to:				
Equity owners of the Bank				
- from continuing operations	(1,259,928)	(315,022)	(989,352)	(47,461)
- from discontinued operations	(111,786)	(14,787)	(42,924)	(11,068)
	(1,371,714)	**(329,809)**	**(1,032,276)**	**(58,529)**
Non-controlling interests				
- from continuing operations	260	101		
Other comprehensive income recognized directly in Equity:				
Items that may be reclassified subsequently to profit or loss				
Change in available for sale securities' reserve	217,034	(481,006)	67,378	(400,381)
Change in cash flow hedge reserve	52,313	(224,342)	52,408	(227,861)
Exchange differences on translation and hedging of net investments in foreign subsidiaries	1,072	(2,875)		
Change in share of other comprehensive income from associates and joint ventures	(547)	(1,318)		
Income tax	(68,051)	182,822	(19,506)	164,034
Items that may be reclassified subsequently to profit or loss from continuing operations, after income tax	**201,821**	**(526,719)**	**100,280**	**(464,208)**
Items that may be reclassified subsequently to profit or loss from discontinued operations, after income tax	47	(34)		
	201,868	**(526,753)**	**100,280**	**(464,208)**
Items not reclassified to profit or loss from continuing operations				
Change in actuarial gains/(losses) of defined benefit obligations	941	(38,364)	1,025	(37,341)
Income tax	2,101	9,930	2,076	9,709
	3,042	**(28,434)**	**3,101**	**(27,632)**
Total of other comprehensive income recognized directly in Equity, after income tax (b)	**204,910**	**(555,187)**	**103,381**	**(491,840)**
Total comprehensive income for the period, after income tax (a)+(b)	**(1,166,544)**	**(884,895)**	**(928,895)**	**(550,369)**
Total comprehensive income for the period attributable to:				
Equity owners of the Bank				
- from continuing operations	(1,055,033)	(870,141)	(885,971)	(539,301)
- from discontinued operations	(111,786)	(14,787)	(42,924)	(11,068)
	(1,166,819)	**(884,928)**	**(928,895)**	**(550,369)**
Non-controlling interests				
- from continuing operations	275	33		
Earnings/(Losses) per share:				
Basic and diluted (€ per share)	(3.5602)	(1.3370)	(2.6792)	(0.2373)
Basic and diluted from continuing operations (€ per share)	(3.2701)	(1.2770)	(2.5678)	(0.1924)
Basic and diluted from discontinued operations (€ per share)	(0.2901)	(0.0599)	(0.1114)	(0.0449)

ADDITIONAL DATA AND INFORMATION

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2015, as well as the applied consolidation method, are presented in note 38 of the Consolidated Financial Statements as at 31.12.2015. Companies, not included in the Consolidated Financial Statements, are also listed in this note.
2. During the period from 1.1.2015 until 31.12.2015 the following changes took place in the Consolidated Financial Statements:

   a. concerning companies which are fully consolidated:
   - New Companies: On 3.2.2015, the Group's subsidiary, AGI-SRE Ariadni Ltd acquired the total number of shares of AGI-SRE Ariadni DOO, registered in Serbia. On 16.4.2015 the subsidiary of the Bank, Alpha Group Investments Ltd founded the company Alpha Investment Property Kefalariou A.E. On 30.4.2015, the Group's subsidiary, AGI-RRE Participations 1 Ltd acquired 99.996% of the shares of Asmita Gardens Srl, registered in Romania. On 7.5.2015 the Group subsidiary, AGI-RRE Poseidon Ltd acquired 2.97% of minority shareholder of Romfelt Real Estate S.A. and therefore the Group holds 98.86%. On 23.9.2015 the subsidiary of the Bank, Alpha Group Investments Ltd, founded the company Alpha Bank Debt Notification Services A.E. On 8.10.2015 the Group's subsidiaries AGI RRE Artemis Ltd and Alpha Group Investments Ltd acquired 100% of the shares of Ashtrom Residents Srl. On 30.10.2015 the subsidiary company of the Group, AGI-BRE Participations 5 Ltd founded the company AGI-BRE Participations 5 EOOD, registered in Bulgaria. On 10.11.2015 the Bank's subsidiary, Alpha Group Investments Ltd founded the company Alpha Investment Property Nea Erithrea A.E. On 08.12.2015, the Group's subsidiaries, AGI-RRE Arsinoe Ltd and AGI-RRE Cleopatra Ltd acquired 100% of the shares of Cubic Center Development S.A. based in Romania. On 24.12.2015, the Bank's subsidiary, Alpha Group Investments Ltd acquired 100% of the shares of Anaplasi Plagias A.E.
   - Liquidations/Sales: On 16.1.2015, the sale of the total number of shares of the subsidiary Alpha Insurance Ltd in Cyprus was completed. On 29.7.2015 the subsidiary of the Bank, Emporiki Development and Real Estate Management S.A. sold all the shares held in the company «Marina Zea SA». On 30.9.2015 the process of liquidation of the subsidiary company of the Bank, Commercial Media Advertising EPE was completed.
   - Changes/Renames: On 6.2.2015, the Group's subsidiary, AGI-Cypre Arsinoe Ltd was renamed to AGI-RRE Arsinoe Ltd. On 27.3.2015 the merger of Alpha Bank Cyprus Ltd and Emporiki Bank Cyprus Ltd was completed, through absorption of the second from the first

   b. concerning companies consolidated under the equity method:
   - Liquidations/Sales: On 23.1.2015 the Bank proceeded in the sale of the total number of shares of the joint venture Cardlink.
3. On 2.6.2015, the merger of the Bank with its subsidiary, since 30.9.2014, Diners Club SA was approved, through absorption of the second from the first, pursuant to the Decision No 59073/2.6.2015 of the Company's and General Commerce Division of the Ministry of Economy, Infrastructure, Shipping and Tourism, with registration No 367376/2.6.2015 in the General Commercial Register.
4. The unaudited tax years of the Bank and the Group companies are listed in notes 37b and 36b of the Financial Statements as at 31.12.2015 of the Group and the Bank respectively.
5. There are neither pending legal cases nor issues in progress, nor decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operation of the Group and the Bank. The Group and the Bank have raised a provision for them which amounts to Euro 29 mil. and Euro 26.8 mil. respectively. Additionally, the Group and the Bank have raised a provision for the Voluntary Separation Scheme (note 7 and 31 of the Financial Statements as at 31.12.2015 of the Group and the Bank respectively) amounting to Euro 64.3 mil. as well as other provisions amounting to Euro 202.7 mil. and Euro 319.3 mil. respectively.
6. The Bank and the Group companies did not hold any treasury shares as at 31.12.2015.
7. The total number of employees of the Group as at 31.12.2015 was 14,779 (31.12.2014: 15,193) and of the Bank was 9,729 (31.12.2014: 9,648) out of which the respective number of employees for the companies/branches, presented as discontinued operations as at 31.12.2015, was 932 employees for the Group and 694 employees for the Bank.
8. The results arising from the related party transactions during the period 1.1.2015 until 31.12.2015 are as follows:

   With members of the Board of Directors and other key management personnel:

   a) of the Group: income Euro 389 thousand, expenses Euro 3,635 thousand

   b) of the Bank: income Euro 350 thousand, expenses Euro 3,627 thousand.

   With other related parties:

   a) of the Group: income Euro 6,367 thousand, expenses Euro 3,017 thousand

   b) of the Bank: income Euro 136,402 thousand, expenses Euro 99,264 thousand.

   The balances as at 31.12.2015 of the receivables and liabilities arising from the above transactions are as follows:

   With members of the Board of Directors and other key management personnel:

   a) of the Group: receivables Euro 11,460 thousand, liabilities Euro 26,653 thousand, letters of guarantee Euro 11,689 thousand

   b) of the Bank: receivables Euro 11,460 thousand, liabilities Euro 13,871 thousand, letters of guarantee Euro 11,689 thousand.

   With other related parties:

   a) of the Group: receivables Euro 162,417 thousand, liabilities Euro 26,084 thousand

   b) of the Bank: receivables Euro 5,611,606 thousand, liabilities Euro 1,513,572 thousand, letters of guarantee and other guarantees Euro 773,629 thousand.
9. The income and expense items recognized directly in Equity are analyzed in the "Statement of total comprehensive income", as presented above.
10. Due to the fact that no distributable profits exist for the Bank as at 31.12.2014 according to the article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders decided at 26.6.2015:
    - the non distribution of dividends to the common shareholders of the Bank and
    - the non payment to the Greek State of the respective return for the year 2014 on the preference shares it owned until 17.4.2014, under article 1 paragraph 3 of Law 3723/2008

    The above are valid for the year 2015 and the Board of Directors of the Bank will propose to the Annual General Meeting of the Shareholders the non distribution of dividend to the holders of the Bank's common shares
11. The figures of the comparative periods of the Financial Statements of the Group and the Bank were restated and presented in the notes 50 and 47 of the Financial Statements of the Group and the Bank respectively.
12. Profits and losses from discontinued operations are stated in detail in note 48 and 44 of the Financial Statements of the Group and the Bank as at 31.12.2015, respectively.
13. On 24.11.2015 a share capital increase of amount Euro 1,010,830,828.00 was held through capitalization on monetary claims in the framework of the optional exchange of securities which participated in the Liability Management Exercise and of amount Euro 1,552,169,172.00 through private placement in cash.
14. The emphasis of matter concerns the existence of uncertainty that could affect the going concern assumption, as referred to the disclosures made in note 1.29.1 and 1.31.1 of the Financial Statements of the Group and the Bank respectively.
15. The accounting policies applied by the Group and the Bank for the preparation of the Financial Statements as at 31.12.2015, are in accordance with the requirements of International Financial Reporting Standards (I.F.R.S.) and are presented in note 1 of the Financial Statements as at 31.12.2015 of the Group and the Bank.

Athens, March 3, 2016

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS ID. No. AI 666242	DEMETRIOS P. MANTZOUNIS ID. No. I 166670	VASSILIOS E. PSALTIS ID. No. AI 666591	MARIANNA D. ANTONIOU ID. No. X 694507

Report on the Use of Funds raised from the Share Capital Increase of ALPHA BANK AE through Cash Payment with cancelation of the pre-emption rights of existing shareholders and their issuance/distribution through Private Placement to Qualified Investors and Capitalization of Monetary Claims in the context of the Voluntary Exchange of Securities that participated in Liability Management Exercise

In accordance with the Extraordinary General Shareholders Meeting of the Bank on 14.11.2015 which was specified by the Bank's Board of Directors held on 19.11.2015.

It is confirmed that in accordance with article 4.1.2 of the Athens Stock Exchange (A.S.E.), regulation of the A.S.E. Board of Directors' 25/17.7.2008 decision and of the Hellenic Capital Market Commission Board of Directors' decision 7/448/11.10.2007, is hereby notified that funds amounting to €2,563,000,000 have been raised by the Bank. Specifically, the Bank's share capital increased through cash payment of the amount of €232,825,375.80 and through capitalization of monetary clamis by the amount of €151,624,624.2 with the issuance and distribution of 1,281,500,000 new ordinary, registered, voting, non-paper shares of nominal value and offer price of €0.30 and €2.00 each, respectively. The difference between the nominal value and the offer price of the new shares amounting to €2,178,550,000 was credited to the caption "Share premium".

The issuance costs before income tax amounted to €61,276,035.60 and they were covered entirely by the funds raised through the share capital increase.

The certification of the Share Capital Increase payment was granted by the Bank's Board of Directors Meeting held on 24.11.2015.

On 27.11.2015 the issuance of new shares for trading in the Large Cap category of the Securities Market of the ASE was approved by the Board of Directors of Athens Stock Exchange. The new shares were listed on 2.12.2015.

The purpose of the fund raising was to cover in full of its total recapitalization requirement under the adverse scenario of the Single Supervisory Mechanism comprehensive assessment.

TABLE FOR THE USE OF PROCEEDS FROM THE SHARE CAPITAL INCREASE

Description of the use of raised funds	Amount of funds raised	Funds utilized until 31.12.2015	Balance of funds as at 31.12.2015
cover in full of its total recapitalization requirement under the adverse scenario of the Single Supervisory Mechanism comprehensive assessment	2,563,000,000.00	2,563,000,000.00	-
Issue cost of new shares	(61,276,035.60)	(61,276,035.60)	-
Total	**2,501,723,964.40**	**2,501,723,964.40**	**-**

Athens, 3 March 2016

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS **ID No AI 666242**	**DEMETRIOS P. MANTZOUNIS** **ID No I 166670**	**VASILEIOS E. PSALTIS** **ID No AI 666591**	**MARIANNA D. ANTONIOU** **ID No X 694507**

Report of factual findings

(Translation from the original in Greek)

To the Board of Directors of
Alpha Bank A.E.

According the instructions received from the Board of Directors of Alpha Bank A.E. (the "Bank") we have performed the agreed upon procedures enumerated below with respect to the data of the "Table for the use of proceeds from the share capital increase" (the "Table"). Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. We have agreed to perform the following procedures and report to you the factual findings resulting from our work.

Procedures performed

Our procedures are summarized as follows:

1) We compared the amounts reported as allocated funds in the attached "Table for the use of proceeds from the share capital increase" with the respective amounts recorded in the Bank's books and records during the related period.

2) We examined and verified the consistency of the Table's data with the Prospectus issued by the Bank on 26 November 2015 for this purpose as well as with the relative announcements and decisions from the responsible bodies of the Bank.

We report our findings below:

a) With respect to item 1 we found that the allocated funds per year as shown in the attached "Table for the use of proceeds from the share capital increase" are in agreement with the Bank's books and records for the respective periods.

b) With respect to item 2 we confirmed that the amounts in the column "Use of raised funds" are derived from the prospectus of Alpha Bank A.E. issued on 26 November 2015.

Since the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements we do not express any assurance in addition to those mentioned above.

Had we performed additional procedures or had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report in compliance with the obligations to the Supervisory Authorities, and is not be used for any other purpose.

This report relates only to the data specified above and does not extend to any financial statements of the Bank, taken as a whole.

Athens, 4 March 2016

KPMG Certified Auditors AE
AM SOEL 114

Nikolaos Vouniseas, Certified Auditor Accountant
AM SOEL 18701

Information Pursuant to article 10 of Law 3401/2005

Corporate announcements of the year 2015 are available on the website of the Bank
http://www.alpha.gr/page/default.asp?la=1&id=14135

Notification of important changes concerning voting rights under L. 3864/2010	23.12.2015
Notification of important changes concerning voting rights under L. 3556/2007	21.12.2015
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants)	11.12.2015
Notification of important changes concerning voting rights under L. 3864/2010	08.12.2015
Notification of important changes concerning voting rights under L. 3864/2010	07.12.2015
Notification of important changes concerning voting rights under L. 3864/2010	07.12.2015
Notification of important changes concerning voting rights under L. 3864/2010	07.12.2015
Notification of important changes concerning voting rights under L. 3556/2007	07.12.2015
Notification of important changes concerning voting rights under L. 3556/2007	07.12.2015
Notification of important changes concerning voting rights under L. 3556/2007	03.12.2015
Adjustment of the exercise terms and conditions of the Titles representing Share Ownership Rights (Warrants)	03.12.2015
Notification of important changes concerning voting rights under L. 3864/2010	02.12.2015
Exercise process of the titles representing share ownership rights (warrants) and settlement process of participation orders	30.11.2015
Approval of Alpha Bank's restructuring plan	27.11.2015
Commencement of Trading of the New Shares as a result of the completed Share Capital Increase	27.11.2015
Publication of Prospectus	26.11.2015
Commencement of Trading of Shares as a result of the Reverse Split	25.11.2015
Alpha Bank Announces the Completion of a Euro 2.563 Billion Share Capital Increase	25.11.2015
Announcement of share price and results of meetings of the holders	23.11.2015
Alpha Bank Capital Raising Plan - Allocation of New Shares	23.11.2015
Completion of the Book-building Process and Setting of the Offer Price of New Shares	19.11.2015
Announcement	17.11.2015
Resolutions of the Extraordinary General Meeting of Shareholders of Alpha Bank on 14.11.2015 (article 32 para. 1 of codified law 2190/1920, para. 4.1.3.3. of the Athens Exchange Regulations)	14.11.2015
Announcement of results of exchange offers	13.11.2015
Announcement	11.11.2015
Announcement	11.11.2015
Capital Increase 2015	11.11.2015
Notice	09.11.2015
Announcement	09.11.2015
Announcement	06.11.2015
Announcement	06.11.2015
Invitation to the Extraordinary General Meeting	03.11.2015
Nine Month 2015 Results after Tax at Euro -838.4 million	31.10.2015
Alpha Bank announces 2015 ECB's Comprehensive Assessment result Low capital shortfall of Euro 263 million under baseline scenario Adverse scenario capital requirements at Euro 2.7 billion	31.10.2015
Nine Month 2015 and First Half 2015 results announcement scheduled for October 31, 2015	30.10.2015
Announcement of tender offer for Senior, Subordinated Debt and Hybrid Capital	28.10.2015
Announcement	03.08.2015
Press Release	17.07.2015

Notification of important changes concerning voting rights under L. 3864 / 2010	01.07.2015
Resolutions of the Ordinary General Meeting of Shareholders of Alpha Bank on 26.6.2015 (article 32 para. 1 of codified law 2190/1920, para. 4.1.3.3. of the Athens Exchange Regulations)	26.06.2015
Ordinary General Meeting of the Shareholders of Alpha Bank, on June 26 2015	26.06.2015
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants)	15.06.2015
Exercise process of the titles representing share ownership rights (warrants) and settlement process of participation orders	29.05.2015
First Quarter 2015 results after Tax at Euro -115.8 million	28.05.2015
Invitation to the Ordinary General Meeting	28.05.2015
New interest rates by Alpha Bank	12.05.2015
First Quarter 2015 results announcement scheduled for May 28, 2015	07.05.2015
Notification of important changes concerning voting rights under L.3864/2010	02.04.2015
Full Year 2014 Results after tax at Euro -329.7 million	19.03.2015
Announcement	19.03.2015
Notification of important changes concerning voting rights under L.3864/2010	17.03.2015
Notification of important changes concerning voting rights under L.3864/2010	13.03.2015
Full Year 2014 Results Announcement scheduled for March 19, 2015	05.03.2015
Announcement	23.01.2015
Announcement	16.01.2015

Availability of Annual Financial Report

The Annual Financial Report as at 31.12.2015, which includes:

- The Statement by the Members of the Board of Directors
- The Board of Directors' report
- The Explanatory Report of the Board of Directors
- The Corporate Governance Report
- The Independent Auditors' Report
- The Annual Financial Statements of the Bank and the Group
- The Financial Information of the Bank and the Group

are available on the website address

http://www.alpha.gr/page/default.asp?la=1&id=14560

The Annual Financial Statements, the Independent Auditors' report and the Board of Directors' Report of consolidated companies are available on the website

http://www.alpha.gr/page/default.asp?la=1&id=15789